

Announcement # 25-24

Date: February 28, 2025

Freddie Mac: Rent Payment History Included in the LPA Assessment Update

As announced in Freddie Mac Bulletin 2025-01, Freddie Mac previously updated Loan Product Advisor (LPA) to assess rent payment history in the credit assessment (an asset report identifying rent payments is required). LPA has been enhanced to allow **approved Freddie Mac Sellers** to indicate in the submission when a borrower's rent payment history has or can be documented **utilizing borrower provided documentation**.

Important: Correspondent clients wishing to take advantage of this enhancement must obtain written approval directly from Freddie Mac. Pennymac's approval does not apply to correspondent clients.

For certain mortgages, the borrower's rent payment history may impact the LPA credit assessment by upgrading a mortgage's Risk Class from Caution to Accept.

- When successful, the LPA feedback certification will include a message (FCL0438) indicating the borrower's rent payment history (utilizing borrower provided documentation) was included in the credit assessment and that additional documentation must be maintained in the loan file.
- The last feedback certificate must confirm the inclusion of the rent payment history in the credit assessment.

When borrower provided documentation is utilized, the positive rental history must be indicated in the LPA submission and **all** of the following documentation must be retained in the mortgage file as outlined in the Freddie Mac Seller Guide:

- Executed lease(s) for the most recent 12 months as of the application date
- Proof of timely rent payments (i.e., no 30-day or greater late payments) for the most recent 12 months as of the application date, evidenced by one or more of the following:
 - Canceled checks
 - Asset account statements
 - Third-party asset verifications
 - Verification reports described in Freddie Mac Selling Guide section 5201.1(f)(iii)(A)
 - Evidence of rent payments transferred from the borrower's bank account to the landlord through a third-party money transfer application
- The documentation used to support the borrower's rent payment history must comply with the age of documentation requirement in Freddie Mac Selling Guide section 5102.4.
- Loans not meeting the documentation requirements will be subject to repurchase. This includes loans delivered utilizing borrower-provided documentation without Freddie Mac's written approval.

All other eligibility requirements apply when rent payment history is included in the LPA assessment. Refer to the Freddie Mac Seller Guide for complete requirements.

Pennymac will begin accepting loans with the above enhancement effective with new loan deliveries on and after 03/07/2025. Note: Pennymac will be conducting pre-purchase reviews on all files delivered with this enhancement. Please contact your Sales Representative with any questions.