

Powering Efficiency in the Mortgage Market with Freddie Mac



Sonu Mittal
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Innovation, collaboration and technology are a few of the things that drive Freddie Mac in today's lending environment. Sonu Mittal, executive vice president and head of the Freddie Mac Single-Family Acquisitions Division, is responsible for seller engagement, credit, products and affordable mission goals, as well as the operations and technology functions that support these activities. Mittal sat down with National Mortgage News to discuss the mortgage market and how Freddie Mac is enabling lenders to be more successful and efficient in every part of the loan cycle. What follows is an excerpt of the conversation.

How would you characterize mortgage conditions and the overall market today?

Overall, the mortgage market is functioning well, though there continue to be supply and affordability challenges. At Freddie Mac, we continue to invest in technology to streamline the origination process, reduce friction and help our lenders to do business with us more efficiently and cost-effectively. This helps us reduce housing costs and reach more qualified borrowers than ever before. This is the exciting part for me – as a former lender, I enjoy working closely with the industry, to listen and learn how we can reduce pain points, lower costs and make homeownership more attainable.

With only a few months left in 2025, what stands out to you and what's ahead for Freddie Mac?

It's hard to believe we're in the latter part of 2025. What stands out is how we continue supporting the single-family market in all economic conditions. In fact, in the first half of 2025, we provided \$172 billion in liquidity through more than 1,000 lenders. This helped nearly half a million families buy or refinance a home in the first half of the year, with 53 percent of those homes affordable to low- to moderate-income families. Of those borrowers purchasing a primary residence, more than half were first-time homebuyers.

This is outstanding progress and, in the months ahead, we'll build on the foundation we've laid with our technology offerings and relationships with our partners. We look forward to working with all our lenders and partners to better serve the market, save costs, manage risk and bring the dream of homeownership to millions more families.

What role has technology played in Freddie Mac's success to advance homeownership?

Put simply, technology is driving much of the efficiency and cost savings we bring to lenders. We pioneered automated underwriting 30 years ago and today Loan Product Advisor® (LPA®), our automated underwriting system, continues that tradition of innovation. We continue to evolve LPA with enhancements that reduce pain points, better manage risk and save time and money for lenders and borrowers alike. For example, automated collateral evaluation (ACE) appraisal waivers have saved families over \$2.3 billion in appraisal costs since their launch in 2017. Also, on average, lenders who use LPA digital capabilities can save up to \$1,500 per loan and five days in cycle time.

We are also adapting our technology to the different types of jobs people are working in today. For many, the working landscape has changed dramatically over the last two-plus decades. Fewer people are in traditional 9-to-5 roles, and many work in the gig economy. To address these shifts, we have innovated to allow lenders to verify a borrower's assets, income and employment status by examining bank data. With borrower permission, LPA can assess monthly cash flow activity and paystub details through direct deposit and consider positive rent payments in the loan decisioning process.

Do you have any new products that have come to the market?

Yes, we recently expanded LPA to include new feedback messaging that empowers loan officers to make quicker and more informed decisions with actionable guidance. This expansion, known as LPA Choice®, has assisted lenders in qualifying nearly an additional 100,000 borrowers for mortgages, and of those more than half were first-time homebuyers. These loans were "cautions" that ended up being "accepts" thanks to the actionable LPA Choice feedback messages.

We also introduced the Freddie Mac Income Calculator, which allows lenders to calculate borrower income more accurately. This new tool is part of our efforts to support access to homeownership and to improve loan quality. Since the launch of the tool in mid-May, there have been 15,000 calculator submissions and more than 1,000 sellers are already using the tool. There is more to come from a technology standpoint. It's at the center of how we enhance safety and soundness as well as lender and borrower satisfaction.

Can you give us an example of how lenders are benefitting from your new products?

Absolutely – both [Citizens Bank](#) and [KeyBank](#) are excellent examples of how implementing LPA can drive business growth and savings. We've dedicated teams to help lenders implement and optimize their use of LPA and its automated capabilities. These two organizations demonstrate how an initial conversation can open the door to more business, gain efficiencies and reduce costs in the loan process.

Both organizations were able to increase their approval rates by running LPA as another automated underwriting system. Case in point, KeyBank saw a 15 percent increase in their loan approvals by leveraging LPA within the first few months.

The bottom line is that by driving efficiency in every part of the loan cycle, Freddie Mac is leading a new, exciting phase for mortgage finance.