

Understanding Loan Product Advisor® - Advanced Guidelines and Updates

November 2019



YOU-CENTRIC SOLUTIONS THAT MATTER

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Genworth 
Mortgage Insurance

Agenda

Loan Product Advisor

- Resources
- Recent Updates
- Data Integrity Reminders
- Documentation Matrix
- Help Tools and Training
- Genworth Mortgage Insurance

Today's Session Covers Conventional Loans Only

Freddie Mac Updates - Where To Get Them

Freddie Mac's Website

- <http://www.freddiemac.com/loanadvisorsuite/>
- Single Family News
- Pending Loan Product Advisor Enhancements
- Subscription Center
- Links to www.freddiemac.com
- Learning Center

www.FreddieMac.com

The image shows two overlapping screenshots of the Freddie Mac Single-Family website. The top screenshot is the homepage, featuring a blue header with 'Contact Us 1-800-FREDDIE' and 'Explore Freddie Mac'. The main navigation bar includes 'Home', 'Working with Us', 'Tools & Learning', 'News & Insights', and 'About'. The central headline reads 'Helping every business in the housing value chain thrive.' The bottom screenshot shows the 'Tools & Learning' section, which lists 'Featured Solutions' such as 'Seller / Servicer Guide', 'Servicer Performance Profile', 'Home Value Suite', 'Loan Advisor', 'ECO | Evaluate Compare Optimize', 'Reimbursement System', 'Freddie Mac Learning', 'Uniform Mortgage Data Program', 'Service Loans Application', 'Access Manager', and 'Uniform Collateral Data Portal'. It also features a 'News & Insights' section with 'Browse' and 'Featured Topics' like 'Borrower of the Future', 'Market of the Future', and 'All News & Announcements'.

Contact Us 1-800-FREDDIE Explore Freddie Mac ...

Freddie Mac Single-Family Home Working with Us Tools & Learning News & Insights About

Helping every business in the housing value chain thrive.

Freddie Mac Single-Family Home Working with Us Tools & Learning News & Insights About

Tools & Learning →

Featured Solutions

Seller / Servicer Guide	Servicer Performance Profile	Home Value Suite
Loan Advisor	ECO Evaluate Compare Optimize	Reimbursement System
Freddie Mac Learning	Uniform Mortgage Data Program	Service Loans Application
Access Manager	Uniform Collateral Data Portal	

News & Insights →

Browse

- Featured Insights
- All Insights & Research
- All News & Announcements

Featured Topics

Borrower of the Future	Business
Mortgage Technology	Market of the Future

Advanced Loan Product Advisor

Freddie Mac Seller Servicer Guide

THE SINGLE-FAMILY SELLER/SERVICER GUIDE

Search the Guide



[BROWSE THE GUIDE](#)[RECENT BULLETINS](#)[FORMS & DOCUMENTS](#)[UPCOMING CHANGES](#)

[Guide Home](#) / [Selling](#) / [Series 5000: Origination and Underwriting](#)

Series 5000

Origination and Underwriting

Series 5000 covers underwriting the Borrower and determining the adequacy of the property securing the Mortgage.

Topic 5100	Determining Borrower Eligibility
Topic 5200	Credit Assessment
Topic 5300	Stable Monthly Income and Asset Qualification Sources
Topic 5400	Evaluation of Monthly Obligations
Topic 5500	Assets

Freddie Mac Communications

Bulletins


Bulletin 2019-22

Selling Updates

Highlights include the following:

Mortgages secured by properties subject to income-based resale restrictions - announces new and revised requirements to facilitate a secondary market for Mortgages secured by income-based resale restricted properties that use deed restrictions, subordinated loans, or similar legal mechanisms that include provisions to keep a home affordable for individuals and households with very low-, low-, or moderate-incomes

Affordable Seconds® - eliminating the limits on the share of appreciation (equity sharing) an Agency or subsidy provider funding an Affordable Second can receive when the Agency or subsidy provider is managing an eligible income-based resale restriction program and meets other eligibility criteria



Bulletin

TO: Freddie Mac Sellers

November 6, 2019 | 2019-22

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Duty to Serve

- New and revised underwriting flexibilities for Mortgages secured by [income-based resale restricted properties](#) and for [Affordable Seconds®](#), including Affordable Seconds used to subsidize the purchase of such properties – March 1, 2020
- Guidance concerning [property eligibility and appraisal](#) requirements, with a focus on rural markets and property types

Condominium Projects

- Updates to our requirements for [Condominium Unit Mortgages](#) with approved Project Waiver Requests (PWRs) – February 6, 2020

Automated Clearing House (ACH) drafting

- Revisions to reflect that Freddie Mac will draft Gold Rush® fees and adjustments, buyup and buydown adjustments and guarantor settlement interest under the daily [ACH process](#) – February 6, 2020

Single premium lender-paid mortgage insurance

- Updates to our requirements for the delivery of Mortgages with [single premium lender-paid mortgage insurance](#)

Additional Guide updates

- Further updates as described in the [Additional Guide updates](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

DUTY TO SERVE

Promoting housing affordability is fundamental to Freddie Mac's community mission. In our [Duty to Serve plan](#), we committed to increasing our support for affordable homeownership preservation through shared equity homeownership programs. These programs provide homeownership opportunities to families with very low-, low- and moderate-incomes. Shared equity homeownership programs are managed by subsidy providers or program administrators that make a one-time investment to create homeownership opportunities with lasting affordability for homebuyers who meet certain income requirements. In exchange for participation in the programs, eligible homebuyers agree to certain restrictions that include limitations on returns upon resale or limitations on conveyance of the property. In effect, homeowners "share" some of the proceeds from resale to pay the opportunity forward to the next homebuyer with very low-, low- or moderate-income.

https://guide.freddiemac.com/app/guide/content/a_id/1003478

Bulletin 2019-22

Selling Updates- *continued*

Highlights include the following:


Property eligibility and appraisal requirements - In response to Seller and industry stakeholder inquiries and as part of our Duty to Serve plan, Freddie is providing additional guidance for:

- Appraisal adjustments, recognizing that large adjustments are common and acceptable in rural markets. Freddie Mac does not have limitations on gross or net adjustment percentages, and recognizes that the income approach, cost analysis and market surveys are appropriate for supporting adjustments.
- The acceptability of non-traditional types of properties (examples include “barndominiums” (barn conversions or barn-style buildings), “shouses” (living-space and work/storage combinations), berm homes, log homes and geodesic dome dwellings)

Condominium unit mortgages with project waiver requests – Freddie is requiring Sellers to deliver Mortgages with approved Project Waiver Requests (PWRs) within 120 days after the Note Date

Single premium lender-paid mortgage insurance - Sellers may now deliver Mortgages with single-premium lender-paid mortgage insurance regardless of whether the entire mortgage insurance premium is paid by the Seller prior to the Delivery Date provided that the mortgage insurance for the Mortgage is in full force and effective on the Delivery Date of the Mortgage.

https://guide.freddiemac.com/app/guide/content/a_id/1003478



Bulletin

TO: Freddie Mac Sellers

November 6, 2019 | 2019-22

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Loan Product Advisor Documentation Matrix

Tool to help document files

Loan Product Advisor® Documentation Matrix



Use the following information as a reference for documenting your Loan Product Advisor loans. For complete documentation information and specific program eligibility requirements, refer to the [Freddie Mac Single-Family Seller/Service Guide \(Guide\)](#). We recommend bookmarking the Guide link (<https://guide.freddiemac.com/app/guide/>) for easy access.*

What Has Changed in this Reference?

This reference is updated to coincide with new and significant changes to documentation requirements announced in Guide Bulletins. Recent changes include:

Topic	Change	Effective Date	Bulletin Announcement
Gaps in Employment	Although a letter of explanation of recent employment gaps is not required, stability of employment is required, which may require analysis of recent employment gaps.	Immediately	Bulletin 2019-20
Employer Assisted Homeownership (EAH) Benefits	Revising requirements regarding use of funds, repayment and required terms of the EAH benefit.	Immediately	Bulletin 2019-20
New Guide Chapter 4305 Purchase Transaction Mortgages	This new chapter specifies acceptable uses of the proceeds from a purchase as well as when a borrower may receive cash back.	Immediately Guide Chapter Link: Chapter 4305	Bulletin 2019-20
Monthly Housing Expense Calculation and DTI ratios	Flood insurance and special assessments with more than 10 monthly payments remaining must be included in the monthly debt to income ratio.	January 2, 2020	Bulletin 2019-20
Exclusion of Student Loan Payment	When excluding the student loan payment, adding that documentation indicating the borrower is eligible or approved for the forgiveness, cancellation, discharge or employment-contingent repayment program is required.	January 2, 2020	Bulletin 2019-20
Employed Income Analysis and Calculation	Updating requirements regarding base hourly employment earnings as well as additional fluctuating employment earnings such as overtime, bonus, commission and tips.	April 20, 2020 but can implement immediately	Bulletin 2019-20

Note: Vertical revision bars " | " are also used in the margin of this reference to highlight these new requirements and significant changes.

* The [Guide on AllRegs](#) is the official electronic version of the *Single-Family Seller/Service Guide*.

October 2019

Freddie Mac Learning

https://sf.freddiemac.com/content/_assets/resources/pdf/update/docmatrix.pdf

Bulletin 2019-20

Selling Updates

Revisions to requirements for employed income analysis and calculation – Required by April 2, 2020

Revisions to Employer Assisted Homeownership (EAH) Benefits that are unsecured loans or secured loans

New Guide Chapter 4305 with requirements specific to purchase transaction Mortgages

- The new chapter specifies acceptable uses of the proceeds from a purchase transaction Mortgage as well as the circumstances under which the Borrower may receive cash back


Updates to requirements for excluding monthly payments on certain student loans from the monthly debt payment-to-income (DTI) ratio – Effective January 2, 2020

Revisions to requirements for calculating the monthly housing expense-to-income and DTI ratios – Effective January 2, 2020

Updates to requirements for Condominium Projects – Multiple effective dates

Revisions to certain post-funding quality control review requirements

Updates to Seller in-house quality control program requirements



Bulletin

TO: Freddie Mac Sellers

October 2, 2019 | 2019-20

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Mortgage eligibility and origination and underwriting

- Revisions to our requirements for [employed income analysis and calculation](#) – April 2, 2020
- Revisions to [Employer Assisted Homeownership \(EAH\)](#) Benefits that are unsecured loans or secured loans
- New [Guide Chapter 4305](#) with requirements specific to [purchase transaction Mortgages](#)
- Updates to our requirements for excluding monthly payments on certain [student loans](#) from the monthly debt payment-to-income (DTI) ratio – January 2, 2020
- Revisions to our requirements for calculating the [monthly housing expense-to-income and DTI ratios](#) – January 2, 2020

Condominium Projects

- Updates to our requirements for [Condominium Projects](#) – Multiple effective dates

Cash-Released XChangeSM

- Changes reflecting that a Transferee Servicer no longer has to first notify Freddie Mac before terminating a Seller's ability to transfer [Servicing Contract Rights](#) to such Transferee Servicer
- Revisions to our requirements for [Servicing-Released Premium refunds](#) – November 1, 2019

Quality control

- Revisions to certain Freddie Mac [postfunding quality control review](#) requirements
- Updates to Seller [in-house quality control program](#) requirements

Document custody

- Changes to our [document custody](#) requirements – Multiple effective dates

Additional Guide updates

- Further updates as described in the [Additional Guide updates](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

<https://guide.freddiemac.com/ci/okcsFattach/get/1003437> 7

Servicing Bulletins

Bulletin 2019-23 Servicing

11/13/2019

This Bulletin announces updates regarding Servicing Gateway, Servicing Mortgages secured by properties subject to resale restrictions, reimbursement of legal fees and costs, flood insurance and additional updates as described in the additional Guide updates and reminders section of this Bulletin.

Bulletin 2019-21 Servicing

10/09/2019

This Guide Bulletin announces updates related to Servicing Gateway, document custody, charge-offs, Freddie Mac access to Mortgage records, and additional updates as described in the additional Guide updates and reminders section of this Bulletin.

Bulletin 2019-19 Freddie Mac Servicing Gateway

09/18/2019

This Guide Bulletin announces Servicing Gateway – one platform, one login, one doorway to most Freddie Mac Servicing Tools.

Bulletin 2019-18 Servicing Updates

08/14/2019

This Guide announces new requirements for eSignatures on Electronic modifications of paper Notes and eMortgages, new Freddie Mac Servicing Data Corrections, and further updates as described in the Additional Guide updates section of this Bulletin.

<https://guide.freddiemac.com/app/guide/bulletins>



URLA February 1, 2020 Mandate Rescheduled; New Requirements Provided

At the direction of the Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac (the GSEs) announced in June 2019 that the optional use period for the redesigned Uniform Residential Loan Application (URLA) and automated underwriting system (AUS) implementations would be postponed. FHFA has now directed the GSEs to make specific modifications to the URLA form. To allow industry participants time to make the necessary changes, FHFA and the GSEs will be extending the deadlines for implementation of the URLA and AUS datasets; the mandatory use of the redesigned form and data will no longer begin on February 1, 2020.

The GSEs will make the following changes to the redesigned URLA form:

- The following questions will be removed from the redesigned URLA form. Instead, a voluntary consumer information form, which will not be part of the URLA form, will be developed to collect this information.
 - The Language Preference question (Borrower Information, Section 1a.)
 - The Homeownership Education and Housing Counseling question (Lender Loan Information, Section L5.)
- In the Borrower Information, Section 6: *Acknowledgments and Agreements*, the statement on "Use and Sharing of Information" will be revised to address specific uses of borrower data.
- The Military Service question (Borrower Information, Section 1a.) will be moved to a new section adjacent to Section 7: *Demographic Information*.
- Minor edits for consistency and usability will be made throughout the URLA form.

The GSEs and FHFA will assess the impact of these changes to the timeline and will provide more information about the new implementation dates as soon as it is available.

Please send questions or concerns to ULAD@fanniemae.com or ULAD@freddiemac.com. The GSEs will compile questions and other feedback for discussion with FHFA and will address questions as the project evolves.


Loan Product Advisor - September 2019 Feedback Messages Updates

Prior Version Message Category	Prior Version Message Code	New Version Message Code	Original or Existing Message Text (if applicable)	New Message Text	Feedback Certificate, Error Page	Purpose
Loan Product Advisor Feedback Optimization - Effective October 17, 2019						
Revised Message						
DOC	B8	FAR0103	If gift used to qualify: If gift or gift of equity from a Related Person, obtain gift letter in accordance with the Guide Section 5501.3. Provide evidence gift has been deposited in borr's account or transferred from donor to borr. A gift of equity must be reflected on the Settlement/Closing Disclosure Statement. If wedding gift: Provide copy of marriage license/certificate and verification gift funds have been deposited in borr's account within 60 days of the date of the marriage license/certificate.	Loan was submitted with \$~GiftFund~ in gift funds. For Gift/Gift of Equity from Related Person, obtain gift letter per Guide Sec. 5501.3. Provide evidence gift was deposited in borrower(s) acct. or transferred from donor to borr. A Gift of Equity must appear on Settlement/Closing Disclosure Statement. For wedding gift, provide copy of marriage license/cert. and evidence gift funds have been deposited in borrower(s) account w/in 60 days of the date of license/cert.	Feedback Certificate	Combine messages LPN G2 with DOC B8 and update text.
DOC	NW	FAR0104	If gift or grant from an Agency: For each gift or grant used to qualify, obtain documentation establishing funds were provided by an Agency with an established gift/grant program, that the funds do not have to be repaid and were received by the borrower or by the Seller on the borrower's behalf. Examples of acceptable documentation include copies of grant program materials, award letters or terms and conditions provided to the borrower.	For gift or grant from an Agency: obtain documentation establishing funds were provided by an Agency with an established gift/grant program, that the funds do not have to be repaid and were received by the borrower or by the Seller on the borrower's behalf. Examples of acceptable documentation include copies of grant program materials, award letters or terms and conditions provided to the borrower.	Feedback Certificate	DOC NW updated text will display in combination with DOC B8.
Retired Message						
LPN	G2	FAR0037	This loan was submitted with \$~GiftFund~ in gift funds.	N/A	Feedback Certificate	Retire message LPN G2 and add verbiage to the existing message, DOC B8, NW shown above.
Credit and Liabilities						
Supressed Messages						
CRW	D2	FCL0012	Credit Warranty: Not required to determine the borrower's willingness to repay or an acceptable credit reputation is evidenced.	N/A	Feedback Certificate	Supress message on Accept risk class only; the message may still be returned on Caution loans, if applicable.
CRW	A5	FCL0011	Ratio Warranty: Not required to determine if the borrower's primary housing expense-to-income and total obligation-to-income ratios meet Freddie Mac requirements.	N/A	Feedback Certificate	Supress message on Accept risk class only; the message may still be returned on Caution loans, if applicable.
Property & Appraisal						
Revised Messages						
COW	L5	FPA0035	Form 70 is minimum assessment required for sale to Freddie Mac.	Uniform Residential Appraisal Report (Form 70) is required.	Feedback Certificate	Provide specificity of the required appraisal report.
COW	50	FPA0051	Form 72 is minimum assessment required for sale to Freddie Mac.	Small Residential Income Property Appraisal Report (Form 72) is required.		
COW	L3	FPA0041	Form 465 is minimum assessment required for sale to Freddie Mac.	Individual Condominium Unit Appraisal Report (Form 465) is required.		
COW	L2	FPA0045	Form 70B is minimum assessment required for sale to Freddie Mac.	Manufactured Home Appraisal Report (Form 70B) is required.		
Employment & Income						
Revised Message						

[https://sf.freddiemac.com/content/assets/resources/pdf/press-release/sept_loan_product_advisor_feedback_messages-\(1\).pdf](https://sf.freddiemac.com/content/assets/resources/pdf/press-release/sept_loan_product_advisor_feedback_messages-(1).pdf)

Bulletin 2019-17

- Escrow accounts - Requirements related to Escrow accounts – (Effective 11/7)
- Employee relocation programs - Requirements and flexibilities for Mortgages made pursuant to employee relocation programs (Effective immediately)
- Property eligibility for Manufactured Homes - Guidance on the use of alternative documentation, when the HUD data plate is not present or legible, to evidence Manufactured Home property eligibility (Effective immediately)
- Properties located in Eligible Disaster Areas - Clarification to age of documentation requirements for property valuation – (Effective 10/27)



Bulletin

TO: Freddie Mac Sellers

August 7, 2019 | 2019-17

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Escrow accounts

- Guidance and requirements related to [Escrow accounts](#) – November 7, 2019 (New)

Employee relocation programs

- Requirements and flexibilities for Mortgages made pursuant to [employee relocation programs](#) – New

Property eligibility for Manufactured Homes

- Additional guidance on the use of alternative documentation to evidence [Manufactured Home property eligibility](#)

Properties located in Eligible Disaster Areas

- Clarification to our [age of documentation flexibilities and requirements for property valuation](#) – October 27, 2019

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

ESCROW ACCOUNTS

Effective November 7, 2019

Freddie Mac does not require Escrow accounts to be established except for Borrower-paid mortgage insurance paid on a monthly basis and when required by applicable law.

To support responsible lending and sustainable homeownership, we are introducing a requirement that Sellers that sell Mortgages without Escrow accounts must have a written policy for waiving Escrows. The policy must include a consideration of the Borrower's ability to pay taxes, insurance and any other charges when they become due.

In addition, although not a requirement, Freddie Mac encourages Sellers to require Escrows as a best practice for the following Mortgages:

- Mortgages to Borrowers that are First-Time Homebuyers
- Home Possible® Mortgages
- HomeOne™ Mortgages
- Mortgages secured by 2- to 4-unit properties
- Mortgages secured by Manufactured Homes
- Second home Mortgages
- Investment Property Mortgages
- Mortgages where the Borrower has less than six months of reserves
- Refinance Mortgages where taxes were past due on the Mortgage being refinanced

Bulletin 2019-16

Home Possible Mortgages

- Changes to income limits including revised borrower income limit, 2019 AMI limits, LPA impacts
- Updates to requirements for rental income
- Extension of effective date for previously revised requirements limiting financed properties owned

Income

- Updates to LPA asset and income modeler (AIM) – self employed borrowers
- Revised requirements for obtaining borrower signature on the 4506-T



Bulletin

TO: Freddie Mac Sellers

July 10, 2019 | 2019-16

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Home Possible® Mortgages

- Changes to the [income limits](#) related to Home Possible Mortgages, including:
 - [Revised Borrower income limit](#)
 - [2019 AMI limits](#)
 - [Loan Product Advisor® impacts](#)
- Updates to requirements for [rental income](#) from 1-unit Primary Residences
- Extension of the effective date for previously revised requirements limiting the number of [financed residential properties](#) owned

Income

- Updates to Loan Product Advisor [asset and income modeler \(AIM\)](#) - self-employed Borrowers
- Revised requirements for obtaining Borrower signatures on [IRS Form 4506-T](#)

Properties located in Eligible Disaster Areas

- Simplification of our [age of documentation](#) requirements for disasters

Uniform Loan Delivery Dataset

- Updated delivery requirements in the [ULDD Addendum](#)

Calculation of monthly housing expense

- Updates to the requirements for including [real estate taxes](#) in the Borrower's monthly housing expense

Environmental hazard disclosure

- An extension of the effective date for requiring the disclosure of [environmental hazards](#) to Borrowers

Additional Guide updates

- Further updates as described in the [Additional Guide updates](#) section of this Bulletin

EFFECTIVE DATE

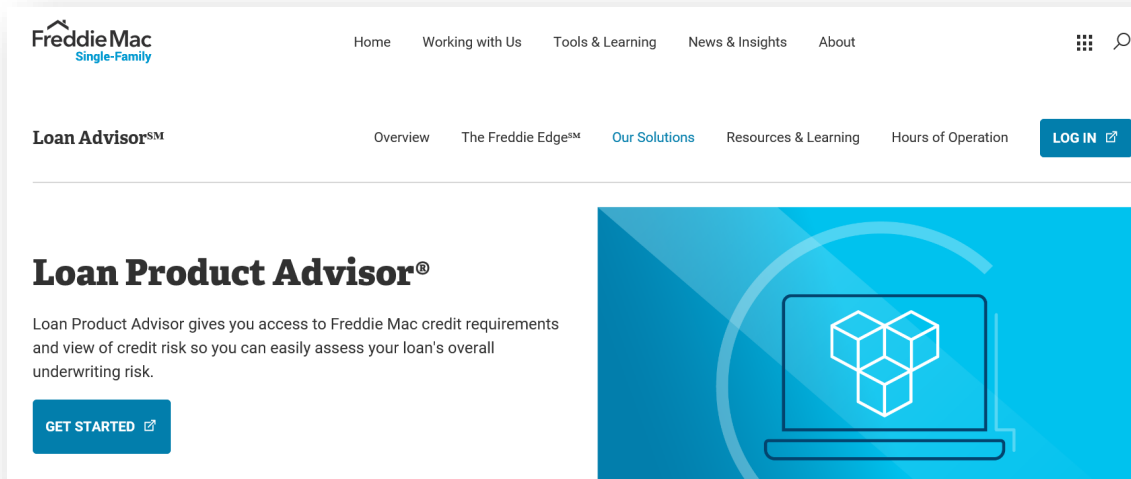
All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

HOME POSSIBLE MORTGAGES

[Home Possible area median income limits](#)

Effective July 28, 2019

Loan Product Advisor Documentation Matrix



Additional Resources

[System-to-System Access Registration Form](#)

[Credit Reporting Companies \(CRC\) and Technical Affiliates](#)

[Technology Integration Vendors](#)

[Participating Wholesale Lenders](#)

[System-to-System Access Registration Form for New Clients](#)

[Loan Product Advisor Documentation Matrix](#) PDF

[Web Access Maintenance Form for Existing Users](#)


[Loan Product Advisor® Online Tool](#)

<http://www.freddiemac.com/learn/pdfs/uw/docmatrix.pdf>

Loan Product Advisor Documentation Matrix

Tool to help document files

Loan Product Advisor® Documentation Matrix



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Monthly Housing Expense Calculation and DTI ratios	Flood insurance and special assessments with more than 10 monthly payments remaining must be included in the monthly debt to income ratio.	January 2, 2020	Bulletin 2019-20
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Employed Income Analysis and Calculation	Updating requirements regarding base hourly employment earnings as well as additional fluctuating employment earnings such as overtime, bonus, commission and tips.	April 20, 2020 but can implement immediately	Bulletin 2019-20

Note: Vertical revision bars " | " are also used in the margin of this reference to highlight these new requirements and significant changes.


* The [Guide on AllReqs](#) is the official electronic version of the *Single-Family Seller/Service Guide*.

October 2019Freddie Mac Learning

https://sf.freddiemac.com/content/_assets/resources/pdf/update/docmatrix.pdf

Freddie Mac Rental Income Matrix

Tool to help document files



Effective for mortgages with Freddie Mac settlement dates on and after March 6, 2019.

Rental income may be used in qualifying the borrower(s) provided the requirements of Guide Section 5306.1 and the documentation requirements contained in Guide Sections 5102.3 and 5102.4 and Chapter 5302 are met. Use the following chart as a tool to help summarize these rental income requirements.

Topic	Rental Income is from...		
	Subject Property: 2- to 4-unit Primary Residence	Subject Property: 1- to 4-unit Investment Property	Non-subject Investment Property Owned by the Borrower
Documentation, history and analysis – Streamlined and Standard Documentation levels	<p>If the borrower's monthly debt payment-to-income ratio (as described in Section 5401.2) includes the full monthly payment amount for the subject investment property and/or non-subject investment property, no further evaluation is required.</p> <p>If rental income from the subject investment property and/or non-subject investment property is to be considered in qualifying the borrower, the following requirements apply:</p> <ul style="list-style-type: none">• The Seller must obtain the borrower's federal income tax returns (Internal Revenue Service (IRS) Form 1040) including Schedule E for the most recent year. Except as set forth below when use of a signed lease may be permitted, if the subject property has been owned for at least one year and income from the subject property is reported on the borrower's federal income tax returns, the Seller must use the Schedule E to determine the net rental income or loss.• If the subject property has been owned for at least one year and is reported on Schedule E of the borrower's prior year federal income tax return, use the income or loss as reported.• A signed lease may be used:<ul style="list-style-type: none">◦ If the property was out of service for any time period in the prior year and the mortgage file contains a documented event such as a renovation or evidence the property was purchased later in the calendar year◦ Schedule E supports this by a reduced number of days in use and reflects repair costs and,◦ Forms 72, Small Residential Income Property Appraisal Report, or 1000, Single-Family Comparable Rent Schedule, support the income reflected on the lease. <p>Unless the above requirements are met, a signed lease may not be used and the rental income or loss from Schedule E must be used and annualized for qualifying purposes.</p>		

November 2019

[Freddie Mac Learning](#)

https://sf.freddiemac.com/content/_assets/resources/pdf/update/rental.pdf

Loan Product Advisor Feedback Certificate

Loan Product Advisor[™] PORTAL

Loan Product Advisor Menu

Modify Loan

View Loan

Request Services

Assign Loan

View Results

Full Feedback Certificate

Evaluation Summary

Loan Data

Results

Credit Report Information

Mortgage Information

Asset Information

Calculated Values

Borrower Information

Transaction Information

Feedback Summary

Doc Checklist

Property Valuation Disclosure

Merged Credit

Credit Inflow

Send To Your System

Return To Search Results

2 Unreviewed Results

Delivery Fee

Loan Product Advisor Feedback Certificate

Evaluation Summary

PURCHASE ELIGIBILITY

ELIGIBLE

RISK CLASS

ACCEPT

COLLATERAL REP & WARRANTY RELY

UNAVAILABLE

Loan Data

BORROWER NAME

XXXXXXXXXXXXXXXXXXXX

PROPERTY ADDRESS

XXXXXXXXXXXXXXXXXXXX

APPRaisal IDENTIFIER

XXXXXXXXXX

LP AUS KEY

XXXXXXXXXX

LOAN APPLICATION NUMBER

XXXXXXXXXXXX

PROPERTY ADDRESS

XXXXXXXXXXXXXXXXXXXX

MOORTGAGE TYPE

Conventional

DOCUMENTATION LEVEL

Streamlined Accept

Results

AUS STATUS

Complete

APPRaisal THYPMAT

Form 70

LOAN PROCESSING STAGE

Application/Processing

ASSESSMENT TYPE

Credit Only

LPA VERSION

26WXX3.0

LPA ASSESSMENT EXP. DATE

08/02/2016

Credit Report Information

SELECTED BORROWER

XXXXXXXXXXXXXXXXXXXX

SELECTED REPOSITORY

Experian

INDICATOR SCORE

706

BORROWER

REPORT

CREDIT SCORE

MERGED CREDIT REFERENCE #

XXXXXXXXXXXXXXXXXXXX

Experian

706

XXXXXXXXXXXXXXXXXXXX

Let's Review The Feedback Certificate Handout That Was Provided

Validate Mortgage Information

Mortgage Information

PRODUCT TYPE 30 Year Fixed Rate	AMORTIZATION TYPE Fixed	AMORTIZATION MONTHS 360
INTEREST RATE 4.0000%	PURPOSE OF LOAN Purchase	PURCHASE PRICE \$100,000.00
LOAN AMOUNT \$82,786.00	ESTIMATED VALUE OF PROPERTY N/A	APPRAISED VALUE OF PROPERTY \$188,500.00
PROPERTY TYPE Single Family Detached	INTENDED USE OF PROPERTY Primary Residence	NUMBER OF UNITS 1
AFFORDABLE PRODUCT TYPE N/A	CASH OUT AMOUNT N/A	TEMPORARY SUBSIDY BUYDOWN N/A
OFFERING IDENTIFIER N/A	SUBORDINATE AMOUNT \$0.00	SALES CONCESSIONS \$1,234.56
NEW CONSTRUCTION N/A	PURPOSE OF REFINANCE N/A	LENDER SUBMITTED RESERVES N/A
ARM Related Details:	ARM QUALIFYING RATE N/A	ARM QUALIFYING PITI N/A

Feedback Certificate

Mortgage Information

PRODUCT TYPE	AMORTIZATION TYPE	AMORTIZATION MONTHS
30 Year Fixed Rate	Fixed	360
INTEREST RATE	PURPOSE OF LOAN	PURCHASE PRICE
4.0000%	Purchase	\$100,000.00
LOAN AMOUNT	ESTIMATED VALUE OF PROPERTY	APPRAISED VALUE OF PROPERTY
\$82,786.00	N/A	\$188,500.00
PROPERTY TYPE	INTENDED USE OF PROPERTY	NUMBER OF UNITS
Single Family Detached	Primary Residence	1
AFFORDABLE PRODUCT TYPE	CASH OUT AMOUNT	TEMPORARY SUBSIDY BUYDOWN
N/A	N/A	N/A

http://www.freddiemac.com/help/lpa_tool/feedback_certificate_page.html

Feedback Certificate

Mortgage Information

OFFERING IDENTIFIER

N/A

SUBORDINATE AMOUNT

\$0.00

SALES CONCESSIONS

\$1,234.56

NEW CONSTRUCTION

N/A

PURPOSE OF REFINANCE

N/A

LENDER SUBMITTED RESERVES

N/A

http://www.freddiemac.com/help/lpa_tool/feedback_certificate_page.html

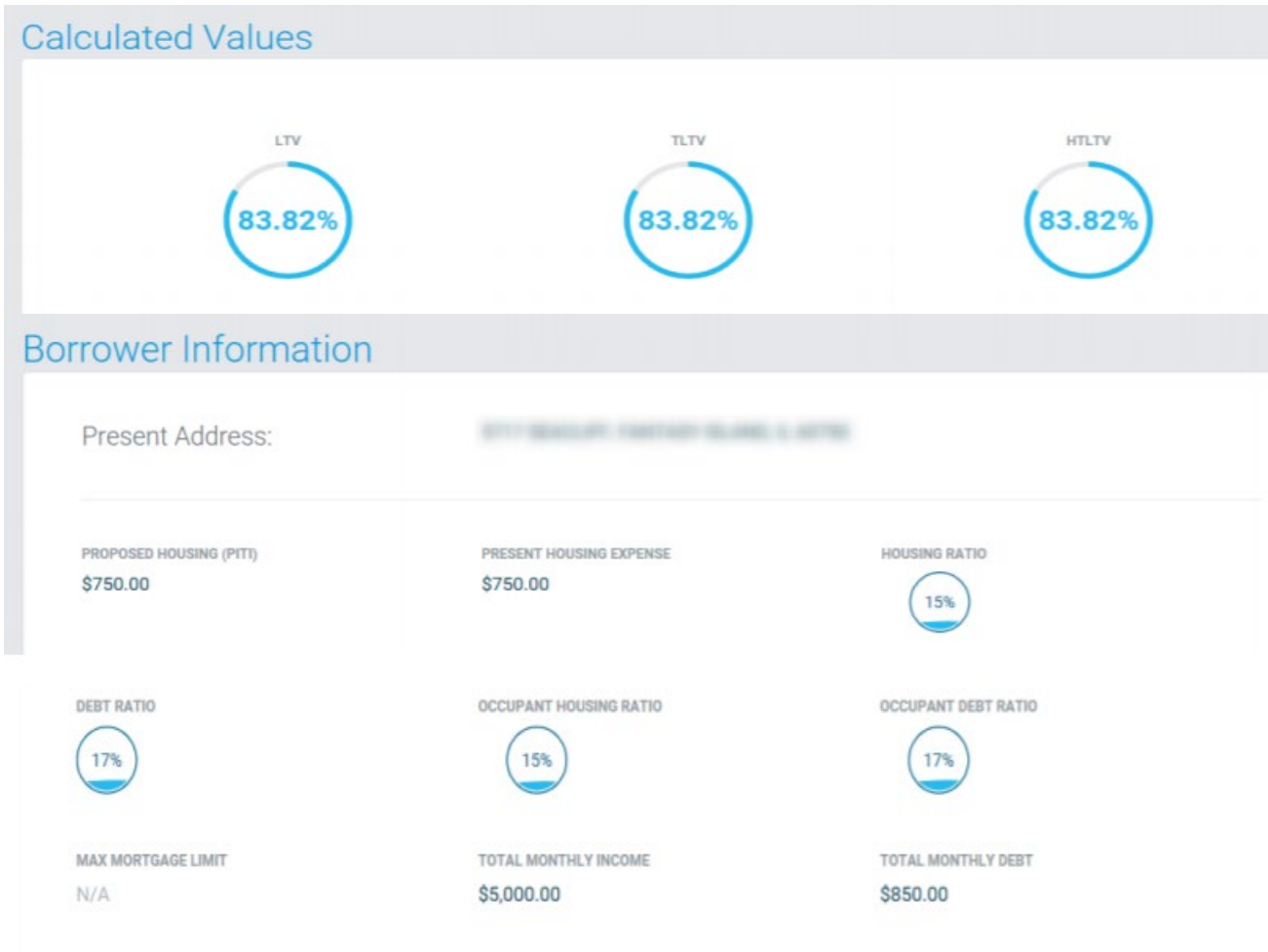
Feedback Certificate

Mortgage Information

ARM Related Details:	ARM QUALIFYING RATE	ARM QUALIFYING PITI
	N/A	N/A

http://www.freddiemac.com/help/lpa_tool/feedback_certificate_page.html

Income And Ratio Information



Validate Liabilities From Your LOS To Loan Product Advisor; Do Ratios Match? What Liabilities Must Be Included?

Number of Submissions

Transaction Information

ORIGINATING COMPANY

[REDACTED]

SUBMITTING COMPANY

[REDACTED]

NUMBER OF SUBMISSIONS

04



DATE/TIME REQUESTED

10/24/2017 14:07:31

DATE/TIME ASSESSED

10/24/2017 14:07:31

SELLER NUMBER

[REDACTED]

AUS TRANSACTION NUMBER

[REDACTED]

LOAN PROSPECTOR ID

[REDACTED]

TRANSACTION ID

[REDACTED]

TPO NUMBER

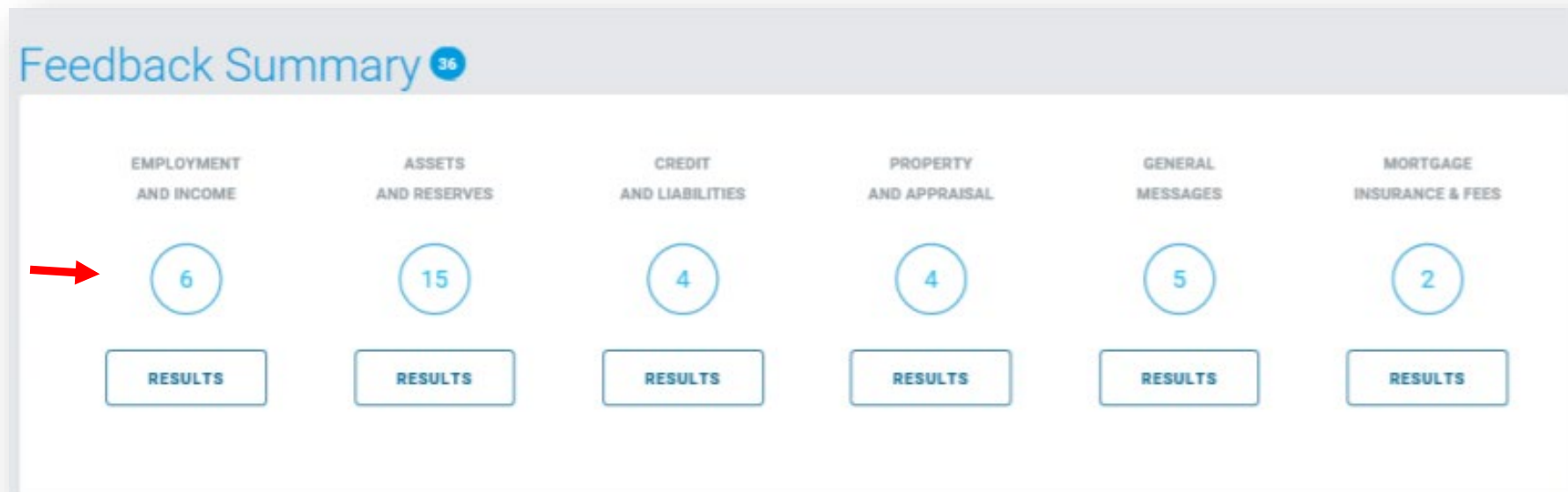
N/A

NOTP NUMBER

N/A

You Must Always Validate/Underwrite To The Most Recent Loan Product Advisor Submission

Feedback Summary - # of Messages



Let's Start With The Employment And Income Messages

Income/Employment Messages

Documentation “Level” determines the documentation required

– Note: Many messages say “if”, so they apply only “if”....

Employment & Income

CODE	MESSAGES
1K	Signed IRS Form 4506-T: Any borrower, whose income is used to qualify, must sign IRS Form 4506-T at both application and on the Note Date. If the signed IRS Form 4506-T from application is submitted to the IRS, and transcripts are received back from the IRS, the IRS Form 4506-T signed by the Borrower on the Note Date is not required.
CZ	A 10-day pre-closing verification (10-day PCV) for [REDACTED] is required from each employer for which income is used to qualify. The 10-day PCV must be dated no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date.
CV	Employment/base income for [REDACTED] for base non-fluctuating earnings or fluctuating hourly earnings must be supported by a YTD paystub documenting all YTD earnings and W-2(s) for the most recent calendar year, OR a written VOE documenting all YTD earnings and earnings for the most recent calendar year.
5C	File must contain verification of current existence of each business through a third-party source for [REDACTED] dated no more than 120 days prior to the Note Date or after the Note Date but prior to the Delivery Date.
CY	Self-employed income for [REDACTED] must be supported by signed complete federal individual and business tax returns as applicable. If business in existence five years or more, provide personal and business tax returns for the most recent year. If the business has been in existence for less than five years provide personal and business tax returns for the most recent two years. File must contain Form 91 or equivalent.

Capacity: Freddie Mac

Employed Income Types

Primary

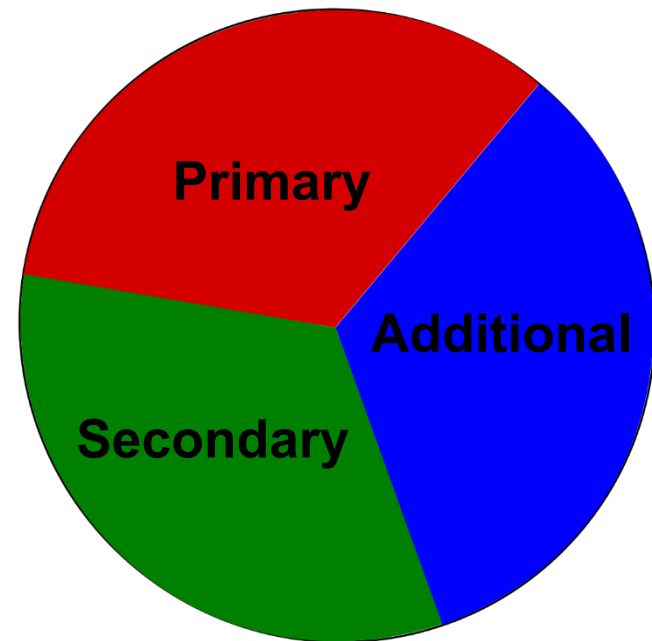
- Borrower's primary source of employed income

Secondary

- Second job, part-time job or multiple jobs

Additional

- Commissions
- Bonus
- Overtime
- Tips
- Auto allowance
- Mortgage differential
- Military entitlements
- Military Reserves & National Guard
- Unemployment with seasonal employment



Freddie Mac's Single-Family Seller/Service Guide Topic 5300

Capacity: Self-Employed Income

Freddie Mac Income Calculations

- Updated Form 91 Income Calculations Form
 - Genworth posted updated Form 91 at mi.genworth.com
- Revised documentation requirements
 - Two years tax returns for businesses in existence less than five years
 - One year tax return for businesses in *existence more than five years
 - Verification of existence of the business required and must be completed prior to delivery date but not more than 120 days prior to the Note date.

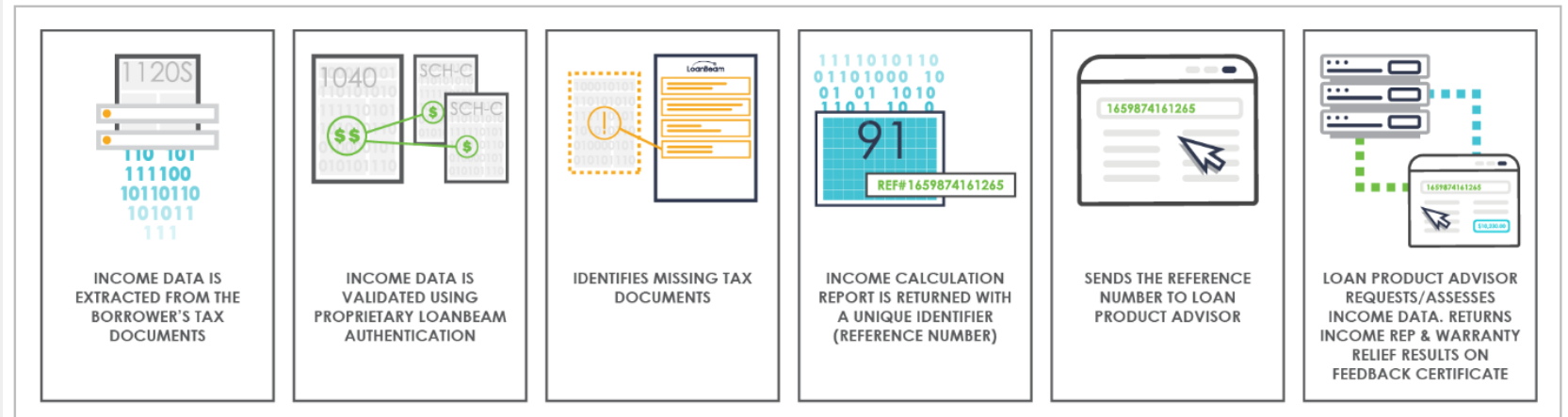
**And the borrower has affiliation with the business for more than 5 years*

AIM FOR SELF-EMPLOYED



How AIM for Self-Employed Works

Loan Product Advisor and the LoanBeam® technology work together to make your job easier and provide immediate income rep and warranty relief. It's the only AUS-integrated self-employed income assessment solution in the industry. Here's how it works.



AIM FOR SELF-EMPLOYED



Loan Product Advisor®

Frequently Asked Questions

- What is AIM?
- What is AIM for self-employed?
- How does the LoanBeam solution work?
- How will the work being done by Freddie Mac and LoanBeam provide a core solution?
- What LOS vendors currently support LoanBeam?
- Does AIM for self-employed provide income representation and warranty relief?
- How do I know if a loan is eligible to receive income representation and warranty relief?

AIM for Self-Employed



Introduction

This reference is for understanding the automated income assessment with Loan Product Advisor using tax return data, part of the asset and income modeler (AIM) as AIM for self-employed, and provides information to help you understand:

- [What Is AIM for Self-Employed?](#)
- [Defined Terms](#)
- [How it Works \(high-level view\)](#)
- [Eligibility Requirements](#)
- [Loan Product Advisor Assessment of Income and/or Loss Calculations and Feedback Messages](#)
- [Income Representation and Warranty Relief](#)
- [Initial Setup](#)
 - [Steps for Originating Loans](#)
- [Importance of Reference Number](#)
- [Additional Tips and Reminders](#)
- [Where to Get Help](#)
- [Appendix A Examples – Loan Product Advisor Messages](#)

What is AIM for Self-Employed?

AIM for self-employed (automated income assessment with Loan Product Advisor using tax return data) is a capability within Loan Product Advisor that leverages access to optical character recognition (OCR) technology from third-party service providers to help enable the automation of certain income calculations for self-employed borrowers, and provides you with the option for Loan Product Advisor to determine if you are eligible for relief from enforcement of certain representations and warranties related to the borrower's income based on tax return data.

How does this happen? After uploading your borrower's federal income tax returns to a Freddie Mac designated third-party service provider, a report ("Income Calculation Report") is returned for your review and verification in accordance with the requirements of Section 5903.3(a). Once the report is verified, you must enter a unique reference number assigned by the service provider to the mortgage into Loan Product Advisor along with your submission. From there, Loan Product Advisor applies calculation and eligibility rules to assess for income representation and warranty relief eligibility and returns the result of the assessment on the last Feedback Certificate.

AIM for self-employed makes it easier to:

- Grow your business: Simpler underwriting helps you take on self-employed loans you might have avoided before.
- Close loans faster: Automation speeds up income assessment and creates efficiency.
- Get immediate representation and warranty relief: Related to certain borrower employment income.

Assets and Reserves

Read All Messages

Assets & Reserves

CODE MESSAGES

9B	Based on Freddie Mac's overall assessment, the loan is not eligible for asset representation and warranty relief; however, it may be eligible for relief offered through Freddie Mac's selling representation and warranty framework.
DV	Caution loans are not eligible for asset representation and warranty relief.
GF	The total funds to be verified are no less than \$8,000.00. This amount includes required Borrower Funds (\$8,000.00), required reserves (\$0.00), any debts to be paid off at or before closing (\$0.00) and any debts to be paid down at or before closing (\$0.00).
IT	The following asset(s) total \$29,000.00 and are eligible sources of funds: Retirement: \$28,000; Cash On Hand: \$1,000; Checking: \$0; Gifts: \$0.
K1	The following asset(s) total \$0.00 and are ineligible sources of funds.
GS	Required Borrower Funds are calculated as \$8,000.00 based on information submitted: purchase price (\$220,000.00) + alterations, improvements and repairs (\$0.00) - loan amount (\$212,000.00) + transaction costs (\$0.00) - proceeds from subordinate financing (\$0.00).
HO	The Seller must verify sufficient assets from eligible sources of funds required to close the Mortgage transaction.
JE	No reserves required; however, reserves may strengthen loan quality.
ZM	Owner-Occupied or Second Home Property: Financing concessions cannot exceed three percent of value.
G0	This loan was submitted with \$.00 in depository accounts (checking, savings and/or money market).
3X	Document the source of funds for any single deposit that exceeds \$2,000.00, which is 50% of the total monthly qualifying income OR reduce the asset amount by the unverified deposit and resubmit.
G4	This loan was submitted with \$28,000.00 in retirement accounts.
CP	Retirement accounts: For each account used to qualify the borrower, obtain account statement(s) covering a 2-month period or direct account verification. For IRS-qualified employer plans, document the vested balance and evidence that the borrower is permitted to make withdrawals and severance of borrower's current employment is not required.
CP	Retirement accounts: For each account used to qualify the borrower, obtain account statement(s) covering a 2-month period or direct account verification. For IRS-qualified employer plans, document the vested balance and evidence that the borrower is permitted to make withdrawals and severance of borrower's current employment is not required.
OS	If the following assets are used to qualify the borrower and are needed for closing, include evidence of liquidation unless the combined value of the assets is at least 20% greater than the amount from these assets needed for closing. When cash value of a life insurance policy is needed for closing, evidence of liquidation is required. RetirementFund, Amt: \$28,000, Holder: B108 #1 Retire Funds.

Asset Documentation Requirements

Freddie Mac Documentation Requirements. Asset account statements must:

- Identify the financial institution
- Identify the account owner
- Identify the account number, which at a minimum must include the last four digits
- Identify the account type
- Show all transactions
- Show the period covered
- Show the ending balance
- Show any loans secured by the asset

The source of funds must be documented when an account is opened within 90 days of the verification and/or when the current balance in the account is significantly greater than the average balance.

Asset Documentation Requirements

Freddie Mac Documentation Requirements. Direct verification sources must:

- Identify the financial institution
- Identify the account owner
- Identify the account number, which at a minimum must include the last four digits
- Identify the account type
- Identify the current account balance
- Identify the average balance for the last two months
- Identify any outstanding loans against the account
- Identify the title, signature and phone number of the representative who completed the form

The source of funds must be documented when an account is opened within 90 days of the verification and/or when the current balance in the account is significantly greater than the average balance.

Proof of Liquidation Example

Applicable for loans submitted to Loan Product Advisor and manually underwritten loans; Applies to

- Stocks, Bonds, Mutual funds, U.S. government Securities, retirement accounts and other securities needed for closing

Loan Scenario – Total borrower funds needed to close is \$20,000. Borrower has \$15,000 in a checking/money market account (totally liquid). The difference of \$5,000 needed for the closing is invested and documented as a mutual fund in a brokerage account (not currently liquid).

Is proof of liquidation from the mutual fund, based on 120% of \$5,000 which is \$6,000 or does the liquidation value have to be based on \$24,000 (120% of the total funds \$20,000), needed in the transaction?

Answer is proof of liquidation of the non-liquid asset is required only if their value is less than \$6,000. The requirement reads “at least 20% greater than the *amount from these assets needed for closing*” (not the entire amount needed for closing), and according to the described scenario only \$5000 is needed for closing from the non-liquid assets

Evidence of
liquidation
(Guide Section
5501.3(b))

When assets that are invested in stocks, bonds, mutual funds, U.S. government Securities, retirement accounts or other securities are needed for closing, evidence of liquidation is required unless the combined value of the assets is at least 20% greater than the amount from these assets needed for closing.

Gift Funds - Documentation Requirement

Gifts must be evidenced by a letter signed by the donor, called a gift letter. The gift letter must:

- specify the dollar amount of the gift;
- specify the date the funds were transferred;
- include the donor's statement that no repayment is expected; and
- indicate the donor's name, address, telephone number, and relationship to the borrower.

When a gift from a relative or domestic partner is being pooled with the borrower's funds to make up the required minimum cash down payment, the following items must also be included:

- A certification from the donor stating that he or she has lived with the borrower for the past 12 months and will continue to do so in the new residence.
- Documents that demonstrate a history of borrower and donor shared residency. The donor's address must be the same as the borrower's address. Examples include but are not limited to a copy of a driver's license, a bill, or a bank statement.

Gift Funds - Availability & Transfer of Funds


The lender must verify that sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account. Acceptable documentation includes the following:

- a copy of the donor's check and the borrower's deposit slip,
- a copy of the donor's withdrawal slip and the borrower's deposit slip,
- a copy of the donor's check to the closing agent, or
- a settlement statement showing receipt of the donor's check (Fannie Mae Only)

Freddie Mac: Requires the gift to be transferred to the borrower prior to closing, unless it is a gift of equity.

In What Loan Situation Can A Gift NEVER Be Used?
INVESTMENT PROPERTY

Freddie Mac Required Reserves



Understanding Loan Product Advisor® Determination of Reserve Requirements

This reference provides an overview on borrower reserves, including how Loan Product Advisor determines reserve requirements and data entry tips for the determination of reserve requirements. Loan Product Advisor determines the minimum amount of reserves requiring verification and returns this information on the Loan Product Advisor Feedback Certificate (Feedback Certificate). For complete information on reserve requirements, refer to the Freddie Mac *Single-Family Seller/Service Guide* (Guide) [Section 5501.2](#).

What Are Reserves?

Reserves are the borrower's eligible assets remaining after the mortgage closing. Reserves are measured by the number of months of the monthly payment amount for the property. The monthly payment amount includes the sum of the following:

- Principal and interest payments on the mortgage
- Property hazard insurance premiums
- Real estate taxes
- When applicable:
 - Mortgage insurance premiums
 - Leasehold payments
 - Homeowners association dues (excluding unit utility charges)
 - Payments on secondary financing

How Does Loan Product Advisor Determine the Minimum Amount of Required Reserves?

For each transaction, Loan Product Advisor determines the amount of reserves that must be verified based on the risk of the loan and Guide requirements. Loan Product Advisor may not require any verified reserves for certain transactions, while other transactions may require reserves to be verified. Loan Product Advisor communicates the reserve requirements in the Asset Information section and through messages on the Feedback Certificate.

Note: Mortgages secured by second homes and investment properties require additional reserves based on the number of financed properties. The following additional reserves are included in the amount of reserves required to be verified on the Feedback Certificate:

November 2019

[Freddie Mac Learning](#)

<http://www.freddiemac.com/learn/pdfs/uw/reserves.pdf>

Freddie Mac Required Reserves

Understanding Loan Product Advisor Determination of Reserve Requirements

Number of Financed Properties	Additional Required Reserves for Second Home or Investment Property Mortgages
When each borrower individually, and all borrower collectively, are obligated on one to six financed properties, including the subject property and the borrower's primary residence.	Two months of the monthly payment amount (as described in Guide Section 5501.2(a)) on each additional second home and/or 1- to 4-unit investment property that is financed and on which the borrower is obligated.
When each borrower individually, and all borrowers collectively, are obligated on 7 to 10 financed properties, including the subject property and the borrower's primary residence.	Eight months of the monthly payment amount (as described in Guide Section 5501.2(a)) on each additional second home and/or 1- to 4-unit investment property that is financed and on which the borrower is obligated.

Data Entry Tips for Determining Reserve Requirements When Accessing Loan Product Advisor through Loan Advisor

Data accuracy is critical to the assessment of Loan Product Advisor. Use the following tips to help enter assets, reserves and real estate owned details in Loan Product Advisor:

- Enter eligible assets included in the mortgage file on the Asset Breakdown page. Refer to Guide [Section 5501.3 \(b\) and \(c\)](#) for information on eligible sources of borrower personal funds and other eligible sources of funds.
- Enter eligible reserves as a total across all borrowers in the **Reserves** field. Loan Product Advisor will determine the amount of reserves requiring verification and return this information in a message on the Feedback Certificate. Refer to Guide [Section 5501.3 \(b\) and \(c\)](#) for information about assets that may be used to calculate reserves.
- Enter gift funds in the **Total Gift Fund** field as the total for all borrowers. For conventional mortgages, the **Total Gift Fund** field must include all gift funds – those already received and those expected. For FHA/VA mortgages, comply with the gift fund requirements set forth in the *FHA Single Family Housing Policy Handbook 4000.1* (HUD Handbook 4000.1) and *VA Lender's Handbook*, as applicable.

Understanding Loan Product Advisor Determination of Reserve Requirements

- Enter details for each additional 1- to 4-unit residential property in which the borrower has an ownership interest and/or on which the borrower is obligated. Specifically, ensure information entered in the following fields is accurately reflected:
 - In Real Estate Owned section:
 - **Property Disposition**
 - **Subject Property?**
 - **Current Residence?**
 - In Liabilities section for mortgage associated with the property:
 - **Monthly Payment**
 - **Unpaid Balance**
- Review the asset messages on the Feedback Certificate to confirm the type of assets entered. For each asset type entered, Loan Product Advisor provides messages regarding how to document the asset.

This document is not a replacement or substitute for the information found in the *Freddie Mac Single-Family Seller/Service Guide* or terms of your Master Agreement or other Pricing Identifier Terms.
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<http://www.freddiemac.com/learn/pdfs/uw/reserves.pdf>

Credit and Liabilities Messages

Read! Guidance when no payment is listed or liability is not on the credit report; option to verify funds to pay off open ended accounts

Credit & Liabilities	
CODE	MESSAGES
5M	The credit report for [REDACTED] indicates that at least 1 creditor has made an inquiry within the previous 120 days. Determine whether additional credit was granted. A letter from the creditor or a signed statement from the Borrower may be used to determine whether additional credit was obtained. If additional credit was granted, obtain verification of the debt and consider the debt when calculating the monthly debt ratio.
4B	690 is the Loan Product Advisor Indicator Score from Equifax for [REDACTED].
D2	Credit Warranty: Not required to determine the borrower's willingness to repay or an acceptable credit reputation is evidenced.
A5	Ratio Warranty: Not required to determine if the borrower's primary housing expense-to-income and total obligation-to-income ratios meet Freddie Mac requirements.

Effective for Mortgages with Settlement Dates on and after January 2, 2020

We are updating the Guide to require that flood insurance and special assessments with more than 10 monthly payments remaining be included in the monthly housing expense-to-income ratio for the subject property and in the monthly DTI ratio for any other property owned, as these items can have a significant impact on the Borrower's ability to meet his or her monthly obligations.

Guide impacts: Sections 5401.1 and 5401.2

Liabilities

2c. Liabilities – Credit Cards, Other Debts, and Leases that You Owe			<input type="checkbox"/> Does not apply		
List all liabilities below (except real estate) and include deferred payments. Under Account Type, choose from the types listed here:					
• Revolving (e.g., credit cards) • Installment (e.g., car, student, personal loans) • Open 30-Day (balance paid monthly) • Lease (not real estate) • Other					
Account Type – use list above	Company Name	Account Number	Unpaid Balance	To be paid off at or before closing	Monthly Payment
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>

Revolving: Indicate both the balance and monthly payment on all revolving accounts. Do not “omit” the debt even when 10 or fewer payments remain. These payments should always be included in the applicant’s debt ratio.

30-Day Charge: Monthly payments on open-end accounts are not required to be included in the monthly debt payment if the borrower has sufficient verified funds to pay off the outstanding account balance.

Installment: Indicate both the balance and monthly payment on all installment accounts. If less than 10 payments remain, the payment will not be included in the applicant’s debt ratio.

Liabilities

Student Loans: Indicate both the balance and monthly payment on all student loans.

- All student loans in repayment, forbearance or deferment
 - If the payment amount is greater than zero, use the payment reported on the credit report or other documentation, or
 - If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding loan balance as reported on the credit report

Liabilities

Effective for Mortgages with Settlement Dates on and after January 2, 2020

Currently, Sellers may exclude a Borrower's monthly student loan payment from the DTI ratio if:

- The monthly payment may be excluded from the DTI provided the documentation in the file indicates
 - The loan has 10 or less monthly payments remaining until the balance of the forgiven, canceled, discharged or paid or
 - The monthly payment is deferred or is in forbearance and the full balance of the loan will be forgiven, cancelled, discharged or paid at the end of the deferment or forbearance period

AND

- The borrower currently meets the requirements for the student loan forgiveness, cancellation, discharge or employment-contingent repayment program, as applicable, and the Seller is not aware of any circumstances that will make the borrower ineligible in the future

Additionally, the Seller must document in the Mortgage file that the Borrower currently **meets the requirements for** the student loan forgiveness, cancellation, discharge or employment-contingent repayment program.

In response to Seller inquiries, we are requiring that for the monthly student loan payment to be excluded from the DTI ratio as stated above, the Mortgage file must contain documentation indicating that the Borrower is **eligible or approved for** the student loan forgiveness, cancellation, discharge or employment-contingent repayment program. Evidence of eligibility or approval must come from the student loan program or the employer, as applicable.

Guide impact: Section 5401.2

Liabilities

2c. Liabilities – Credit Cards, Other Debts, and Leases that You Owe

☐ Does not apply

List all liabilities below (except real estate) and include deferred payments. Under Account Type, choose from the types listed here:

• Revolving (e.g., credit cards) • Installment (e.g., car, student, personal loans) • Open 30-Day (balance paid monthly) • Lease (not real estate) • Other

Account Type – use list above	Company Name	Account Number	Unpaid Balance	To be paid off at or before closing	Monthly Payment
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>

Leases: Indicate both the balance and monthly payment on all leases. Do not “omit” the debt even when 10 or fewer payments remain. Lease payments should always be included in the applicant’s debt ratio.

Other Liabilities

2d. Other Liabilities and Expenses

☐ Does not apply

Include all other liabilities and expenses below. Choose from the types listed here:

• Alimony • Child Support • Separate Maintenance • Job Related Expenses • Other

	Monthly Payment
<div><div></div></div>	\$
<div><div></div></div>	\$
<div><div></div></div>	\$

Child Support: Indicate both the balance and monthly payment on all support accounts. If less than 10 payments remain, the payment should not be included in the applicant's debt ratio.

Alimony: Must be deducted from the monthly income.

Excluding Contingent Liabilities From DTI

Topic	Documentation Requirements
<p>Excluding contingent liabilities from monthly debt payment-to-income (DTI) ratio (Guide Sections 5401.2(a) and (b))</p>	<p>For installment, revolving and monthly lease payments, provide documentation that indicates:</p> <ul style="list-style-type: none"> ▪ A party other than the borrower has been making timely payments for the most recent 12 months ▪ The party making the payments is not an interested party to the subject real estate or mortgage transaction. See Section 5501.5 for examples of an interested party. <p>For mortgages, provide documentation that indicates:</p> <ul style="list-style-type: none"> ▪ A party other than the borrower has been making timely payments for the most recent 12 months ▪ The party making the payments is obligated on the Note for the mortgage being excluded ▪ The party making the payments is not an interested party to the subject real estate or mortgage transaction. See Guide Section 5501.5 for examples of an interested party. <p>For assumed mortgage:</p> <ul style="list-style-type: none"> ▪ Verify that the borrower no longer owns the property by documenting the property transfer, and ▪ Obtain a copy of any assumption agreement executed by the transferee <p>For assigned debt:</p> <ul style="list-style-type: none"> ▪ A liability (secured debt including a mortgage) may be excluded if assigned to another by a court order, such as a divorce decree. Document the court order with, for example, appropriate pages from separation agreement or divorce decree. <p>For self-employed borrower's debt paid by the borrower's business:</p> <ul style="list-style-type: none"> ▪ If debt has been paid for 12 months or longer, the monthly payment for the debt may be excluded from the monthly DTI ratio if the following requirements are met: <ul style="list-style-type: none"> – The mortgage file contains evidence that the debt has been paid timely by the borrower's business for no less than the most recent 12 months, and – The tax returns evidence that business expenses associated with the debt (e.g., interest, lease payments, taxes, insurance) have been reported and support that the debt has been paid by the business <p>Reminder: All borrower debt incurred through the Note Date must be considered when qualifying a borrower(s). The final Form 65, Uniform Residential Loan Application, and Form 65A, Statement of Assets and Liabilities, must reflect accurate and complete information as of the Note Date of the subject mortgage.</p>

Total Monthly Debt

Understanding Loan Product Advisor's Determination of Total Monthly Debt for Conventional Loans



As indicated in Freddie Mac's *Single-Family Seller/Service Guide* (Guide) Section 5401.2, the Borrower's liabilities must be reflected on the Mortgage application and considered when qualifying the Borrower. For Loan Product Advisor® to accurately assess the Mortgage and determine the total monthly debt-to-income (DTI) ratio, all the Borrower's debts incurred through the Note Date must be reflected in the data submitted to the system. This includes debts from your review of the Mortgage application, credit report, Borrower's paystubs (if provided) and other file documentation in accordance with Guide requirements.

The accuracy of the DTI ratio calculated by Loan Product Advisor is dependent upon the accuracy of the data entered. This reference provides information to help you understand how the liability data entered in Loan Product Advisor is processed so you can ensure the completeness of the liability information being entered and reconcile any differences between Loan Product Advisor's DTI ratio and your DTI ratio for conventional loans.

Note: Vertical revision bars " | " are used in the margin of this quick reference to highlight new requirements and significant changes.

Which liabilities are included in Loan Product Advisor's Total Monthly Debt?

Loan Product Advisor uses the information you provide to determine whether to include a liability in the Total Monthly Debt. All liabilities listed on the Mortgage application and other file documentation should be entered in Loan Product Advisor; however, certain liabilities may be excluded from Loan Product Advisor's Total Monthly Debt based on the liability type and how many payments remain, as described in Guide Section 5401.2. The table below lists each type of liability, its definition, and the number of months left to pay for Loan Product Advisor to include it in the Total Monthly Debt.

Loan Product Advisor Liability Type	Loan Product Advisor Definition	Included in Total Monthly Debt when <i>Months Left to Pay</i> is:
Alimony*	Periodic amount paid under terms of divorce decree/separation agreement.	11 or more
Child Support	Periodic amount paid to provide for children after divorce or separation.	11 or more
Home Equity Line of Credit (HELOC)	Monthly amount paid for financing that consists of a revolving line of credit secured by a lien.	Any
Installment	Periodic amount paid for borrowed money that is repaid in several successive payments, usually at regular intervals, for a specific amount and specified term (includes debts that are in a period of either deferment or forbearance; for example, a deferred student loan). Refer to Guide Section 5401.2(a) for options on determining the monthly payment amount for student loans.	11 or more

March 2019

www.FreddieMac.com/learn/

https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/conv_lp_liabilities.pdf

Property and Appraisal

Property & Appraisal

CODE	MESSAGES
D3	Based on Freddie Mac's overall assessment of loan and collateral risk, including appraisal quality, collateral quality and loan characteristics, this loan is not eligible for collateral representation and warranty relief.
E2	The Appraisal Identifier must be provided in order to be eligible for collateral representation and warranty relief.
5X	Address entered matched to: [REDACTED ADDRESS] . Please confirm accuracy.
L5	Form 70 is minimum assessment required for sale to Freddie Mac.

Property Eligibility Requirements

Property (Guide Chapters 5601, 5701 and 5703)

The Seller must ensure that the mortgage premises (collateral) are eligible for sale to Freddie Mac and that it supports the transaction; Loan Product Advisor's Minimum Assessment Feedback (MAF) will advise the Seller of the type of appraisal report required.

For units in Condominium Projects, the project must meet Freddie Mac eligibility criteria for the project (e.g., Existing, New, 2- to 4-Unit condominium projects, or Detached condominium projects, etc.). For details, refer to Guide Chapter 5701.

Mortgages secured by a Manufactured Home (even if located within a condominium project) must be submitted to Loan Product Advisor and must identify the property as a single-wide or multiwide Manufactured Home. In addition:

- An appraisal reported on Appraisal Form 70B, Manufactured Home Appraisal Report, is required for all Manufactured Homes.
- If the property is a Manufactured Home located in a Condominium Project, the project must be approved through an acceptable reciprocal review process. For details, refer to Guide Chapter 5701. The project information section of Form 465, Individual Condominium Unit Appraisal Report, must also be completed and attached as an addendum to Form 70B.

For purchase transactions, verify the property seller is the Owner of Record. For refinance transactions, verify the borrower is an Owner of Record. For transactions involving the payoff of a land contract, verify the borrower is a vendee on the recorded land contract, and the property seller is the vendor and Owner of Record. Evidence verification with documentation in the file.

If Loan Product Advisor returns an excessive value message or a message notifying you of REO activity within the preceding 24 months, review the appraisal report carefully to ensure property value is supported.

Freddie Mac recommends the use of Loan Collateral Advisor our web-based tool that analyzes appraisal reports and provides Freddie Mac's view of appraisal quality and risk. More information about Loan Collateral Advisor, can be found on FreddieMac.com at <http://www.freddie.mac.com/loanadvisorsuite/loancollateraladvisor/>

Loan Collateral Advisor®



Single-Family Business



< Single-Family < Loan Advisor Suite
Loan Collateral Advisor



Loan Collateral Advisor®

Analyze your appraisal quality

Immediate certainty for collateral
relief. [Learn More](#) [PDF]

Accurate Evaluations

The screenshot shows the 'Loan Collateral Advisor' interface with a 'Sales' table. The table has columns for CLEAR NAME, ADDRESS, SALE PRICE, SALE DATE, BEDS, BATHS, BUILT, GLA, LOT SIZE, PROP. TYPE, UNITS, DIST, and ACTION. Two rows of data are visible, both for '123 Main Street, Anytown, USA 12345'.

CLEAR NAME	ADDRESS	SALE PRICE	SALE DATE	BEDS	BATHS	BUILT	GLA	LOT SIZE	PROP. TYPE	UNITS	DIST	ACTION
★	123 Main Street, Anytown, USA 12345	--	--	4	2.0	2013	1,902	0.13	SFR	--	N/A	ⓘ ⚙
📍	321 Division Street, Anytown, USA 12345	\$201,000	09/01/2013	4	2.0	2014	1,983	0.13	SFR	1	0.1	ⓘ ⚙


Loan Collateral Advisor® promotes appraisal quality by using data submitted to the Uniform Collateral Data Portal® (UCDP®) to analyze appraisal reports and provide you with Freddie Mac's view of their quality and valuation risk. You get:

- Real-time, actionable risk-assessment feedback.
- Information on low- to high-risk appraisals.
- Immediate certainty for [collateral rep](#) and [warranty relief](#) [PDF].

Loan Collateral Advisor

Simplified Risk Scoring System

- Scale of 1-5 provided in .5 increments, with one representing the lowest valuation risk score. This score is found in Loan Collateral Advisor and does not print on the feedback certificate
- **Eligible Mortgages with LTV/TLTV/HTLTV ratios < or = to 95% that have an appraisal with a Loan Collateral Advisor risk score of 2.5 or less will receive representation and warranty relief.**
- Review your Loan Product Advisor Feedback certificate for eligibility



Freddie Mac Bulletin

TO: Freddie Mac Sellers October 17, 2018 | 2018-18

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Loan Collateral Advisor®

- Updates to the [Loan Collateral Advisor](#) score structure, feedback messages and eligibility for representation and warranty relief for property value only – October 31, 2018

Condominium Projects

- Updated requirements for [Condominium Projects](#)
- Updated flexibilities for [Condominium Project reviews](#) – November 19, 2018
- Freddie Mac [Condo Project Advisor](#)™ – November 5, 2018 (New)

Properties affected by disasters

- New Guide chapter providing requirements and flexibilities related to the eligibility and origination of Mortgages secured by [properties affected by a disaster](#) – November 19, 2018 (New)

Additional Guide updates

- Further updates as described in the [Additional Guide Updates](#) section of this Bulletin

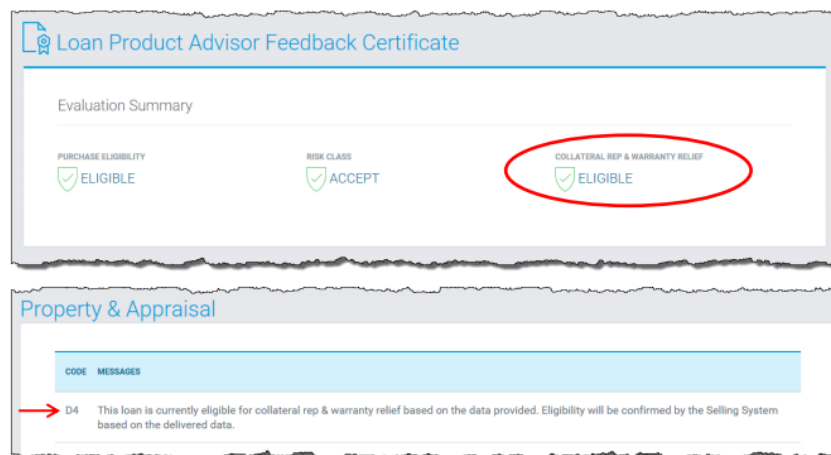
EFFECTIVE DATE

Validating Loan Eligibility for Collateral Rep and Warranty Relief

Once you have access to receive collateral rep and warranty relief results in Loan Product Advisor, you can quickly scan the Feedback Certificate to determine eligibility. You will see one of three results:

- **Eligible** - If the loan is eligible, the Collateral Rep & Warranty Relief field in the top right corner of the Feedback Certificate indicates **Eligible**, and the Property & Appraisal section contains the **D4** message:

This loan is currently eligible for collateral rep & warranty relief based on the data provided. Eligibility will be confirmed by the Selling System based on the delivered data.



Loan Product Advisor Feedback Certificate

Evaluation Summary

PURCHASE ELIGIBILITY ✓ ELIGIBLE	RISK CLASS ✓ ACCEPT	COLLATERAL REP & WARRANTY RELIEF ✓ ELIGIBLE
------------------------------------	------------------------	--

Property & Appraisal

CODE	MESSAGES
D4	This loan is currently eligible for collateral rep & warranty relief based on the data provided. Eligibility will be confirmed by the Selling System based on the delivered data.

Automated Collateral Evaluation (ACE)

- Must receive “feedback message transaction is eligible for appraisal waiver” and be “Accept/Eligible” for LPA
- Transaction must be:
 - 1 unit primary or second home including condos
 - LTV/TLTV 80% or less
 - No cash-out refinance
 - Feedback must indicate eligible for appraisal waiver
 - Final submission to Selling System® must indicate collateral representation and warranty relief status is “Y” or “Yes”
- Waiver is good for 120 days
- Visit Collateral Representation and Warranty Relief page on the Freddie Mac Learning Center for resources

The screenshot displays the Freddie Mac Loan Advisor Suite interface. At the top, it says "FreddieMac | Loan Advisor Suite*" and "Loan Product Advisor*". A yellow banner in the top right corner reads "TECH 100 award winner". The main heading is "Automated Collateral Evaluation (ACE)". Below this, a paragraph explains that ACE uses big data and advanced analytics to offer an innovative, award-winning automated collateral evaluation option, speeding up and lowering the cost of the loan origination process. A section titled "Save Time, Save Money: Do More and Better Business with ACE" features three green boxes with icons and text: "ACE Advantages", "Close loans 7-10 days or more, faster", "Borrower Saves up to \$300-700 by not getting an appraisal", and "Shorter rate lock period enables significant borrower savings over life of the loan". Below this, a list of benefits includes: "Get to closing faster – no need for a traditional appraisal", "Save money – no appraisal fee", and "Immediate certainty – automatically eligible for collateral rep and warranty relief". A "How Does It Work?" section describes the process: "Submit your loan to Loan Product Advisor and get immediate eligibility notification. Originate the loan without a traditional appraisal. Deliver your loan to Loan Selling Advisor. It's that easy." A flowchart illustrates the steps: 1. Loan Product Advisor* ASSESSES the loan's eligibility for ACE and provides feedback. 2. Loan Quality Advisor* VALIDATES the loan's eligibility for ACE. 3. Loan Selling Advisor* CONFIRMS the loan's eligibility for ACE at delivery. 4. Loan Coverage Advisor* CONFIRMS and ARCHIVES Freddie Mac's decision to grant rep and warranty relief. A note at the bottom right of the flowchart says "*Optional". At the bottom of the page, it asks "Are loans originated with ACE eligible for collateral rep and warranty relief?" and answers "Yes. If you accept the ACE offer when delivering the loan to Loan Selling Advisor, the loan receives rep and warranty relief with respect to value, condition and marketability of the property." The footer includes a row of icons and the text "Smart. Simple. Trusted.*".

Home Value Explorer® Point Value Estimate

Freddie Mac

Connect With Us



HVE Results in Loan Product Advisor

Request for Change Form

Approved Freddie Mac Seller/Servicers have the option to request that Home Value Explorer® (HVE®) results and other associated HVE messages not be returned in their Loan Product Advisor® Feedback Certificate.

Seller/Servicers automatically receive HVE messages for Relief Refinance MortgageSM - Open Access transactions, but can opt-out of receiving HVE messages in Loan Product Advisor.

NOTE: You do not need to submit this form or take any other action if you currently receive HVE messages for Loan Product Advisor submissions and you do not want to make any changes.

valuation Model (AVM) tool that
ompasses several models rolled into a
ue proprietary algorithm that blends
nic model, which is considered our
0 states and more than 3100 counties
HVE data simplifies the mortgage

Mortgage Products

Freddie Mac Relief Refinance Mortgages

Use HVE point value estimates to determine property value for Relief Refinance Mortgages.

d AVMs internally for its own risk and
today's mortgage market, and AVM
ervices from novelty to necessity.

Resources

Review information on [HVE Point Value Estimate Available in Loan Prospector](#).

Review the [HVE fact sheet](#) [PDF] that includes a sample report.

[HVE Frequently Asked Questions](#)

[Using Freddie Mac Property Valuation Data](#)

[Metrics Matter News Article](#) [PDF]

manufacturing. AVMs help expedite
AVM, it's important to consider
d price. Freddie Mac's dedicated team

of modeling experts continues to improve and enhance the HVE tool to keep it best of class for both our internal use as well as for our customers' use.

In nationwide tests conducted by large wholesale lenders, HVE consistently performs at the top in the areas of coverage, accuracy, and reliability.


Y0 119881.00 is the HVE point value estimate of the subject property.

- ◆ Credit risk management
- ◆ Loss mitigation
- ◆ Refinance and modification of mortgages
- Supports processes related to evaluating insurance needs
- Supports Quality Control (QC) processes
- Supports Portfolio Management processes

HVE results are available through:

<http://www.freddiemac.com/hve/hve.html>

HVE® FAQ's



Single-Family

- ◆ Home Value Suite
 - Home Value Explorer
 - Home Value Calibrator
 - Geographic Coverage
 - Distributor Network

Home Value Explorer®

Frequently Asked Questions

General

1. How does the performance of Home Value Explorer®(HVE®) compare to other automated valuation tools?
2. How does Freddie Mac ensure accuracy of the HVE data?
3. How can lenders access HVE?
4. What characteristics are most important in determining the HVE point value?
5. What property types are assessed by HVE?
6. Can you use HVE point values to determine values for Freddie Mac Relief Refinance MortgagesSM – Same Servicer?
7. Can you use HVE point values for Freddie Mac Relief Refinance Mortgages – Open Access? - New
8. Does HVE provide coverage in all states?
9. How is rural defined?
10. What factors are considered for rural properties?
11. How often is HVE data updated?
12. How accurate is HVE in the current market?
13. Why should I consider an HVE point value with a Low Confidence Score?
14. Some AVM vendors are rated higher in different areas of the country. Why is that?
15. What are the advantages/disadvantages of using only a hedonic model?
16. How do I determine what is a good HVE point value?
17. For Relief Refinance Mortgages, how do I document the HVE value used in a mortgage loan file? – New

<http://www.freddiemac.com/hve/faq.html>

General Messages



General Messages

CODE	MESSAGES
TV	Loan Product Advisor Assessment Expiration Date for [REDACTED] is 02/20/2018.
UQ	Review for accuracy: Social Security Number [REDACTED] for [REDACTED] submitted to Loan Product Advisor does not match Social Security Number [REDACTED] reported in the selected infile from Equifax.
EW	Seller is responsible for documenting and underwriting all Mortgages in accordance with the requirements of the Single-Family Seller/Service Guide and/or Master Agreement.
4D	The net purchase price is calculated by subtracting the sales concessions from the gross purchase price.
JT	This loan meets Home Possible income limits based on property location for address entered. If you choose to deliver this loan as a Home Possible loan, it must meet all requirements of the Home Possible product selected.

Mortgage Insurance & Fees

CODE	MESSAGES
YN	The LTV of 83.82% is calculated using the loan amount of \$82786.00 which includes a financed mortgage insurance premium of \$2786.00.
4E	This loan requires 12% Standard MI coverage.

Home Possible Overview and Benefits



EFFECTIVE OCTOBER 29, 2018
Updated requirements announced in Single-Family Seller/Service Guide (Guide) Bulletin 2018-13.

Freddie Mac Home Possible® Mortgages

A responsible, low down payment mortgage option for first-time homebuyers and low- and moderate-income borrowers

Freddie Mac Home Possible® mortgages offer outstanding flexibility and options to meet a variety of borrowers' needs. With Home Possible, you'll capitalize on opportunities to meet the home financing needs of low- and moderate-income borrowers looking for low down payments and flexible sources of funds.



Borrower Profile	Key Features	Borrower Benefits
Home Possible is designed to meet the needs of: <ul style="list-style-type: none">First-time homebuyers, move-up borrowers, and retirees.Families in low-income census tracts.Very low, low and moderate income borrowers.	<ul style="list-style-type: none">Purchase and no cash out refinancing.Maximum 97 percent LTV/TLTV/HTLTV. 105 percent TLTV with Affordable Second.®Sweat equity allowed for the entire amount of down payment and closing costs.Mortgage insurance options.Loan Product Advisor® or manual underwriting.No reserves required for 1-unit properties for manually underwritten mortgages.Maximum credit fee in price of 1.5 percent, with no credit fee in price on many loans.	<ul style="list-style-type: none">Stable monthly payments with fixed-rate mortgages.Flexible sources of funds, including sweat equity for the entire down payment.Reduced mortgage insurance coverage levels for LTV ratios greater than 90 percent.Minimum down payment of 3 percent allowed.

(Continues)

www.FreddieMac.com
Publication Number 572
December 2018

The information in this document is not a replacement or substitute for information found in the Single-Family Seller/Service Guide and/or the terms of your Master Agreement and/or Master Commitment.

1



Origination and Underwriting Requirements

ELIGIBLE PROPERTY TYPES
<ul style="list-style-type: none">1- to 4-unit propertiesCondosPlanned Unit DevelopmentManufactured homes (with additional requirements) See Guide Section 4501.6
ELIGIBLE OCCUPANCY TYPES
<ul style="list-style-type: none">Owner occupied; primary residences only
ELIGIBLE MORTGAGES
<ul style="list-style-type: none">Purchase and no cash out refinance transactions.First lien mortgages that are fully amortizing.Conventional, conforming mortgages.Super conforming mortgages that are Loan Product Advisor Accept mortgages.5/1, 5/5, 7/1 and 10/1 ARMs; Manufactured homes not eligible for 5/1 or 5/5 ARMs.Construction conversion and renovation mortgages originated according to Guide Chapter 4602.Mortgages with an RHS Leveraged Second originated according to Guide Section 4205.2.
TEMPORARY SUBSIDY BUYDOWNS
<ul style="list-style-type: none">Allowed for mortgages secured by 1- to 2-unit properties, other than manufactured homes (See Guide Sections 4501.5 and 4204.4).If a mortgage with a temporary subsidy buydown plan is subject to secondary financing, including an Affordable Second that requires repayment to begin before the due date of the 61st monthly payment under the Home Possible mortgage, the secondary financing must have a fixed interest rate.

(Continues)

www.FreddieMac.com
Publication Number 572
December 2018

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2

http://www.freddiemac.com/singlefamily/factsheets/sell/pdf/home_possible_factsheet.pdf

Current Home Possible Quick Facts

- **Owner Occupied** (Program does allow for non-occupying co-borrowers)
- **Purchase and no cash out refinancing**
- **Maximum 97% LTV and 105% TLTV ratios for Home Possible with Affordable Seconds[®]**
- **Single Family, 2-4 unit properties, condos, manufactured homes**
- **Borrowers may own other properties at closing**
- **Borrowers do NOT need to be a first time home buyer**
- **Reduced Mortgage insurance coverage for LTV ratios > than 90%**
- **100% gift funds and No reserves required for 1-unit properties**
- **Follow Loan Product Advisor for DTI and reserves**
- **Homebuyer education required for first time home buyers^{**}**
 - Genworth education can be used to fulfil
- **Credit fee cap of 0.0% or 1.5%**
- **Simple income eligibility**

^{**}First time buyer definition is no borrower who has had homeownership in the most recent three years

Home Possible Quick Facts

Simple income eligibility

- Low Income where median income at or below 80% of the AMI
 - No income limit
- Low Income property locations
 - 100% of area median income
- Easy to Use Income Eligibility Tool
 - [Home Possible Income and Property Eligibility Tool](#)

Freddie Mac Credit Fees in Price



Exhibit 19 Credit Fees in Price

1. **Credit Fees in Price for Mortgages with Special Attributes** – This Credit Fee in Price Matrix sets forth the Credit Fee in Price amounts and/or Credit Fee in Price rates and credits applicable to certain Mortgages that, because of the type of mortgage product, loan purpose, Mortgaged Premises or other attributes (the “special attributes”), are subject to a Credit Fee in Price or receive a credit for a Credit Fee in Price pursuant to the provisions of the Guide. This Credit Fee in Price Matrix also sets forth a maximum total amount that may be assessed on certain Mortgages, such maximum total amount otherwise referred to as a “cap.”
2. **Credit Fees in Price are Cumulative** – A particular Mortgage that has various special attributes may be subject to more than one Credit Fee in Price. The cumulative Credit Fees in Price applicable to such a Mortgage will be the sum of the Credit Fees in Price required with respect to each of the special attributes of the Mortgage.
3. **Payment of Credit Fees in Price and application of credits for Credit Fees in Price** – Credit Fees in Price are paid and credits for Credit Fees in Price are applied in accordance with the provisions in Chapter 6303 of the Guide. However, for Mortgages sold through Loan Selling Advisor® under the Cash Program, Credit Fees in Price and credits for Credit Fees in Price will be netted from the proceeds due to the Seller at funding.
4. **Mortgage Eligibility** – Sellers should review the Guide and their other Purchase Documents to determine the eligibility of Mortgages with specific special attributes for which a Credit Fee in Price rate, a credit for a Credit Fee in Price, or a Fee Cap is shown on this exhibit.

TABLE OF CONTENTS			
Adjustable Rate Mortgages.....	5	GreenCHOICE Mortgages SM	7
Cash-Out Refinance Mortgages Indicator Score / Loan-to-Value.....	5	Home Possible® Mortgages Cap.....	2
Condominium Unit Mortgages.....	6	Indicator Score / Loan-to-Value.....	4
CS/LTV (“A-Minus Fees”) – Loan Product Advisor® Mortgages.....	10	Investment Property Mortgages.....	7
CS/LTV (“A-Minus Fees”) – Non-Loan Product Advisor Mortgages.....	10	Manufactured Homes.....	7
Custom Mortgage Insurance Options.....	6	Number of Units.....	8
Eligibility for CS/LTV (“A-Minus Fees”) – Loan Product Advisor® & Non-Loan Product Advisor.....	11	Second Home Mortgages.....	8
Enhanced Relief Refinance® Mortgage Cap.....	3	Secondary Financing.....	9
Exhibit 19 Change Summary.....	12-14	Super Conforming Mortgages.....	9

Freddie Mac Credit Fees in Price Differences

Standard

95% LTV- 1.25

– *\$2,500

97% LTV – 1.50

– * \$3,000

Home Possible

95% LTV- 0.0%

– \$0

95.01-97% LTV- 0.0%

– \$0

Example- 1 family, owner occupied, purchase, primary residence, fixed rate, non-manufactured property with a borrower underwriting credit score of 680.

Loan amount is \$200,000

**Fees typically acknowledged in a rate differential; 97% available July 29 with Home One MortgageSM*

Mortgage Insurance Requirements

Home Possible and Home Possible Advantage Mortgages					
Transaction Type	MI Coverage	LTV Ratio			
		>80% & ≤85%	>80% & ≤90%	>90% & ≤95%	>95% & ≤97%
Fixed-rate, term ≤ 20 years	Standard	6%	12%	25%	25%
	Custom ¹	N/A	N/A	16%	18%
Fixed-rate, term > 20 years; ARMS; and manufactured homes ²	Standard	12%	25%	25%	25%
	Custom ¹	6%	12%	18%	18%

The Checklist - Use It!

Accept Document Checklist

Loan Product Advisor

Loan Product Advisor Menu

- Staff My Loan
- View Loans
- Request Services
- Analyze Loan
- View Results
- Full Feedback Certificate
- Get Quotes
- Property Valuation Disclosure
- Merged Credit
- Credit History
- Returns To Search Results
- Credit Fees in Price

Documentation Checklist

Evaluation Summary		
PROCEDURE ELIGIBILITY ELIGIBLE	NON-CLASS ACCEPT	COLLATERAL AND PROBABILITY RISK NOT ELIGIBLE

Loan Data

Borrower Name XXXXXXXXXXXX	APPROVAL ID NUMBER 1234	LOAN APPLICATION NUMBER 123456789
PROPERTY ADDRESS 123 Main St, Anytown, CA 90210	LTV AND LVR 80%	TRANSACTION ID TXN123456
APPROVAL DATE 2023-10-27	LOAN PROPOSITION Fixed Rate	TRANSACTION TYPE Refinance
PROPERTY ADDRESS 123 Main St, Anytown, CA 90210	MORTGAGE TYPE Conventional	DOCUMENTATION LEVEL Standardized Accept

Received

This check reflects those items required for Loan Application Number 123456789, Submitting Company ABCDEF GHIJ.

Please Note:

Any changes to loan data could change the due, checklist requirements. If you would like more details on these guidelines, please consult the Full Feedback Certificate.

- ☐ No reserves are required.
- ☐ Document the source of funds for any single deposit that exceeds \$250,000, which is 50% of the total monthly qualifying income OR reduce the asset amount by the unverified deposit and remainder.
- ☐ Stocks, bonds, and mutual funds: For each account used to qualify the borrower, obtain an account statement covering a 1 month period or direct account verification. If the borrower does not receive a statement, provide evidence the security is owned by the borrower and verify value using current stock prices from a financial publication or website.
- ☐ Depository accounts: For each account (checking, savings, money market, CDs, and other depository accounts) used to qualify the borrower, obtain an account statement covering a 1-month period or a direct verification.
- ☐ If the following assets are used to qualify the borrower and are needed for closing, include an affidavit of liquidation unless the combined value of the assets is at least 25% greater than the estimated "Buy-Sell" assets needed for closing. When cash value of a life insurance policy is needed for closing, evidence of liquidation is required. SIOGA, AVE 30,000, HALDER N/A.
- ☐ Signed IRS Form 4506-T: Any borrower whose income is used to qualify must sign IRS Form 4506-T as both application and on the Note Date. If the signed IRS Form 4506-T from application is submitted to the IRS, and transcripts are received back from the IRS, the IRS Form 4506-T signed by the Borrower on the Note Date is not required.
- ☐ A 10-day pre-closing verification (10-day PCV) for XXXXXXXXXX is required from each employer for which income is used to qualify. The 10-day PCV must be dated no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date.
- ☐ Employment basis income for XXXXXXXXXX for base non-fluctuating earnings or fluctuating hourly earnings must be supported by a YTD payroll documenting all YTD earnings and All 2(a) for the most recent calendar year, OR a written VDC documenting all YTD earnings and earnings for the most recent calendar year.
- ☐ File must contain verification of current existence of each business through a third-party source for XXXXXXXXXX dated no more than 120 days prior to the Note Date or after the Note Date but prior to the Delivery Date.
- ☐ Self-employed income for XXXXXXXXXX must be supported by signed complete federal individual and business tax returns as applicable. If business in existence five years or more, provide personal and business tax returns for the most recent year. If the business has been in existence for less than five years provide personal and business tax returns for the most recent two years. File must contain Part 97 or equivalent.
- ☐ MAP: Plan 75

Read ALL Messages and Validate; Resubmit if Necessary

Borrower Information

Present Address:

12345 MAIN ST, PLACE DELAWARE, PA

PROPOSED HOUSING (PITI)
\$500.00

PRESENT HOUSING EXPENSE
\$750.00

HOUSING RATIO



DEBT RATIO



OCCUPANT HOUSING RATIO



OCCUPANT DEBT RATIO



MAX MORTGAGE LIMIT
N/A

General Messages

CODE MESSAGES

TV Loan Product Advisor Assessment Expiration Date for [REDACTED] is 02/20/2018.

UQ Review for accuracy: Social Security Number [REDACTED] for [REDACTED] submitted to Loan Product Advisor does not match Social Security Number [REDACTED] reported in the selected infile from Equifax.

EW Seller is responsible for documenting and underwriting all Mortgages in accordance with the requirements of the Single-Family Seller/Service Guide and/or Master Agreement.

4D The net purchase price is calculated by subtracting the sales concessions from the gross purchase price.

JT This loan meets Home Possible income limits based on property location for address entered. If you choose to deliver this loan as a Home Possible loan, it must meet all requirements of the Home Possible product selected.

Common Errors

Double Check Your Data

- Address information wrong
- Property Type entered incorrectly (condo, but entered as single family)
- HOA, Condo or PUD dues not included in DTI
- Liabilities omitted without supporting documentation
- Inquires not cleared as either a new account opened or no credit granted
- Credit report or credit documents expired
- Funds required for closing/reserves changed, but not resubmitted
- MI required but MI guidelines not followed

Data Submitted Must Be True, Correct And Accurate And Supported By Proper Documentation Or Explanations

Always Remember

A Few Reminders:

- Use FULL vested value of the borrower's 401k, IRA, KEOGH, 403b or other IRS qualified plan as reserves IF borrower has access to the funds currently without restriction; Ensure loans taken are subtracted from the value of the asset account and that applicant is fully vested.
- Loan Product Advisor does not validate if the maximum seller paid fees have been exceeded. You must validate this based off the TLTV.
- Address items that Loan Product Advisor cannot see, such as missing pages to bank statement or unrealistic commute.
- All assets should be entered based on type i.e. CD, 401k, checking, gifts.
- Collections are not required to be paid off by Freddie Mac, but may be a requirement of the lender.
- Tax Liens and judgments must be paid and funds must be verified, in addition to the funds required to close.

Always Remember

A Few Reminders:

- If a revolving debt, open-ended accounts or deferred non-student loan do not show a payment on the credit report, you are required to use 5% of the balance, or obtain a copy of a statement evidencing lower payment.
- For open-ended debt (AmEx O type accounts), verify funds to pay the current balance over and above funds needed for closing + reserves, or include the full payment in ratios.
 - Evidence borrower is reimbursed by employer is also acceptable
- For all properties owned free and clear, evidence of tax and insurance payments and amounts should be included in the DTI ratio.
- Investment transactions/rental income - refer to the Freddie Mac Rental Income guidelines
- Follow the updated student loan policies for payment amounts

See Loan Product Advisor Documentation Matrix Dated September 2018

FAQ's



Loan Product Advisor®

Find answers and advice for Freddie Mac's enhanced underwriting tool.

General Loan Product Advisor Questions

- [What is Loan Product Advisor?](#)
- [Why the name change from Loan Prospector® to Loan Product Advisor?](#)
- [How is Loan Product Advisor different from Loan Prospector – aside from the name change?](#)
- [Is training available for Loan Product Advisor?](#)
- [Is Loan Product Advisor free?](#)

Automated Collateral Evaluation (ACE)

- [What is automated collateral evaluation \(ACE\)?](#)
- [How does ACE work?](#)
- [Do I have to register to be eligible for ACE?](#)
- [Is there a fee for ACE?](#)

<http://www.freddiemac.com/loanadvisorsuite/faq/loanproductadvisor.html>

Freddie Mac

Previous 2019 Communications

Bulletin 2019-16

Properties located in Eligible Disaster Areas

- Change to age of documentation requirements for disasters

Calculation of monthly housing expense

- ❖ Updates requirements for including real estate taxes in monthly housing expense

Environmental hazard disclosure

- Extending effective date for disclosure requirement



Bulletin

TO: Freddie Mac Sellers

July 10, 2019 | 2019-16

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Home Possible® Mortgages

- Changes to the [income limits](#) related to Home Possible Mortgages, including:
 - [Revised Borrower income limit](#)
 - [2019 AMI limits](#)
 - [Loan Product Advisor® impacts](#)
- Updates to requirements for [rental income](#) from 1-unit Primary Residences
- Extension of the effective date for previously revised requirements limiting the number of [financed residential properties](#) owned

Income

- Updates to Loan Product Advisor [asset and income modeler \(AIM\)](#) - self-employed Borrowers
- Revised requirements for obtaining Borrower signatures on [IRS Form 4506-T](#)

Properties located in Eligible Disaster Areas

- Simplification of our [age of documentation](#) requirements for disasters

Uniform Loan Delivery Dataset

- Updated delivery requirements in the [ULDD Addendum](#)

Calculation of monthly housing expense

- Updates to the requirements for including [real estate taxes](#) in the Borrower's monthly housing expense

Environmental hazard disclosure

- An extension of the effective date for requiring the disclosure of [environmental hazards](#) to Borrowers

Additional Guide updates

- Further updates as described in the [Additional Guide updates](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

HOME POSSIBLE MORTGAGES

[Home Possible area median income limits](#)

Effective July 28, 2019

Upcoming Changes - June 2019

Upcoming Requirement Changes

Please review this summary of the requirement and operational changes Freddie Mac announced recently through *Single-Family Seller/Service Guide* (Guide) Bulletins and *Single-Family Update* emails.

Selling Requirements

Topic/Effective Date	Announcement
Effective May	
Updates to our requirements for comparable sale selection for a 1-unit property accessory unit Effective May 1, 2019	May 1, 2019, Guide Bulletin 2019-9
Freddie Mac CHOICEHomeSM – new product for manufactured homes that are titled as real property and have features of a site-built home Effective May 1, 2019	May 1, 2019, Guide Bulletin 2019-9
Removal of the requirement for an appraisal update for a subsequent transaction subject to certain conditions Effective May 1, 2019	May 1, 2019, Guide Bulletin 2019-9
Updates to requirements for an appraisal update for a subsequent transaction subject to certain conditions Effective May 1, 2019 ^{fee}	May 1, 2019, Guide Bulletin 2019-9

This information is not a replacement or substitute for information found in the *Single-Family Seller/Service Guide* or terms of your Master Agreement and/or Master Commitment.
Publication 834, June 2019

1

https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/upcoming_requirement_changes.pdf

Bulletin 2019-15

- On July 28, Loan Product Advisor and the Home Possible Income & Property Eligibility tool will be updated to reflect Borrower income limits of 80% of the AMI as well as the 2019 AMI limits
- The policy applies for loans, including those in low-income census tracts



Bulletin

TO: Freddie Mac Sellers

June 20, 2019 | 2019-15

FREDDIE MAC HOME POSSIBLE® BORROWER INCOME LIMITS

Our Freddie Mac Home Possible® offering serves low- and moderate-income Borrowers looking for low down payment options with flexible sources of funds.

Currently, for all Home Possible Mortgages, with the exception of those secured by Mortgaged Premises located in a low-income census tract, the Borrower's qualifying income converted to an annual basis must not exceed 100% of the area median income (AMI). For Mortgaged Premises located in a low-income census tract which is defined as an area where the AMI is at or below 80%, Freddie Mac currently has no income limit.

We are updating our requirements to state that the Borrower's qualifying income, converted to an annual basis, must not exceed 80% of the AMI for the location of the Mortgaged Premises. This change will apply to all Home Possible Mortgages, including those secured by properties in low-income census tracts.

This change will sharpen our focus on serving very low- and low-income Borrowers and First-Time Homebuyers. At the same time, the changes will help us better manage to the overall market environment, regulatory requirements and the interest of taxpayers.

We plan to update Loan Product Advisor® and the Home Possible Income & Property Eligibility tool on July 28, 2019, to reflect the updated Borrower income limits (80% of the AMI), as well as the 2019 AMI limits.

For Manually Underwritten Mortgages, the updated Borrower income limits and the 2019 AMI limits will be effective for Mortgages with Application Received Dates on and after July 28, 2019.

Freddie Mac remains committed to our mission, supporting housing markets with an array of products that provide low down payment options and other flexibilities designed to meet the needs of Borrowers.

The Guide will be updated with our July Selling Bulletin to reflect both updated Home Possible Borrower income limits and the 2019 AMI limits. We will also inform Sellers if there are any changes to the effective date in the July Bulletin.

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call the Customer Support Contact Center at 800-FREDDIE.


Sincerely,



Christina K. Boyle
Chief Client Officer
Single-Family Division

Bulletin 2019-12

- Removal of requirement to perform a final interior inspection for deed-in-lieu properties
- EDR Code updates
- Updates to subsequent transfers of servicer requirements for mortgage registered with MERS
- Clarification of escrow requirements
- Removal of requirements for participation mortgage from the Guide
- Updates to Exhibit 33 (acknowledgement agreement incorporated provisions)
- Miscellaneous smaller updates
- Reminder on servicing mortgage impacted by Eligible Disasters



Bulletin

TO: Freddie Mac Servicers

June 12, 2019 | 2019-12

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

Deed-in-lieu of foreclosure inspection requirements

- Removal of the requirement to perform a final interior inspection of the Mortgaged Premises for [deed-in-lieu of foreclosure properties](#) – July 15, 2019

EDR Codes

- Updates to reporting requirements to no longer require:
 - [EDR default action code 20](#) (Reinstatements (Full or Partial)) when processing and reporting full reinstatements and loan modifications
 - [EDR default action code TM](#) (Alternative Modification Trial Period)
 - [EDR default action code H5](#) (Complete Borrower Response Package Received)

Subsequent Transfer of Servicing requirements

- Updates to our [Subsequent Transfers of Servicing requirements](#) for a Mortgage registered with MERS®

Escrow

- Clarification of our requirements when a Servicer advances funds for an unpaid [Escrow](#) charge

Exhibit 33

- Updates to Guide Exhibit 33

Participation Mortgages

- Removal of requirements for [participation Mortgages](#) from the Guide

Additional Guide updates and reminders

- Further updates as described in the [Additional Guide Updates and Reminders](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

DEED-IN-LIEU OF FORECLOSURE INSPECTION REQUIREMENTS

Effective July 15, 2019

Currently, Guide Section 9209.5 requires that Servicers perform a final inspection on the Mortgaged Premises subject to a deed-in-lieu of foreclosure (“DIL”) no more than two Business Days following receipt of the executed DIL documents to ensure that the property is vacant, undamaged and in broom-swept condition. If the final inspection reveals that there is damage to the Mortgaged Premises caused by the Borrower, or the Mortgaged Premises was not left in broom-swept

Bulletin 2019-12

- Removal of requirement to perform a final interior inspection for deed-in-lieu properties
- EDR Code updates
- Updates to subsequent transfers of servicer requirements for mortgage registered with MERS
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Bulletin 2019-11

Condominium project requirements:

- Ineligible condominium projects
- Condominium project reviews
 - Reciprocal Review PERS & HRAP
- Streamline Review 75/75/90% Primary, 70/70/75% Second & Investment homes
- Condominium projects with commercial parking facilities
 - May exclude the parking facilities when determining if exceeding commercial or non-commercial space

Credit underwriting and mortgage eligibility requirements:

- Revisions to recovery period requirements for borrowers with Chapter 12 bankruptcy to be the same as Chapter 13 (24 months)
- Updates to allow delivery of MH with land contract or contract for deed payoffs
- Updated language specifying bridge loan payments must be included in DTI ratio



Bulletin

TO: Freddie Mac Sellers

June 5, 2019 | 2019-11

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Condominiums

- Changes to our requirements for [Condominium Projects](#), including:
 - > [Ineligible Condominium Projects](#)
 - > [Condominium Project reviews](#)
 - > [Delivery requirements](#)
 - > Condominium Projects with [commercial parking facilities](#) – September 5, 2019

Credit underwriting and Mortgage eligibility

- Revisions to recovery period requirements for Manually Underwritten Mortgages for Borrowers with history of [Chapter 12 bankruptcy](#)
- Updates to allow the delivery of Mortgages secured by [Manufactured Homes with land contract or contract for deed pay offs](#)
- Updated language specifying that monthly [bridge loan](#) payments must be included in debt payment-to-income ratio calculations

Private flood insurance

- Updates to clarify our acceptance of [private flood insurance](#)

Form 65 – Demographic Information Addendum

- Adding an authorized change to Form 65 to permit the use of the [Demographic Information Addendum](#)

Mortgages with Electronic Documentation

- The addition of [eMortgage](#) requirements to the Guide – June 12, 2019 (New)
- [Delivery instruction updates](#) for Mortgages with Electronic Documentation – June 12, 2019 (New)

UMBS™ and MBS with Coupons not divisible by 0.5% and fixed-rate assumable products

- Eligibility of [odd coupons](#) and fixed-rate assumable products – July 1, 2019

Additional Guide updates

- Further updates as described in the [Additional Guide updates](#) section of this Bulletin


EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

Bulletin 2019-11

Continued-

- Private flood insurance requirements – updates to clarify acceptance of private flood insurance
- Addition of the demographic information addendum to Form 65, Uniform Residential Loan Application.
- Addition of eMortgage requirements to the Guide.



Bulletin

TO: Freddie Mac Sellers

June 5, 2019 | 2019-11

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Condominiums

- Changes to our requirements for [Condominium Projects](#), including:
 - [Ineligible Condominium Projects](#)
 - [Condominium Project reviews](#)
 - [Delivery requirements](#)
 - Condominium Projects with [commercial parking facilities](#) – September 5, 2019

Credit underwriting and Mortgage eligibility

- Revisions to recovery period requirements for Manually Underwritten Mortgages for Borrowers with history of [Chapter 12 bankruptcy](#)
- Updates to allow the delivery of Mortgages secured by [Manufactured Homes with land contract or contract for deed pay offs](#)
- Updated language specifying that monthly [bridge loan](#) payments must be included in debt payment-to-income ratio calculations

Private flood insurance

- Updates to clarify our acceptance of [private flood insurance](#)

Form 65 – Demographic Information Addendum

- Adding an authorized change to Form 65 to permit the use of the [Demographic Information Addendum](#)

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- The addition of [eMortgage](#) requirements to the Guide – June 12, 2019 (New)
- [Delivery instruction updates](#) for Mortgages with Electronic Documentation – June 12, 2019 (New)

UMBS™ and MBS with Coupons not divisible by 0.5% and fixed-rate assumable products

- Eligibility of [odd coupons](#) and fixed-rate assumable products – July 1, 2019

Additional Guide updates

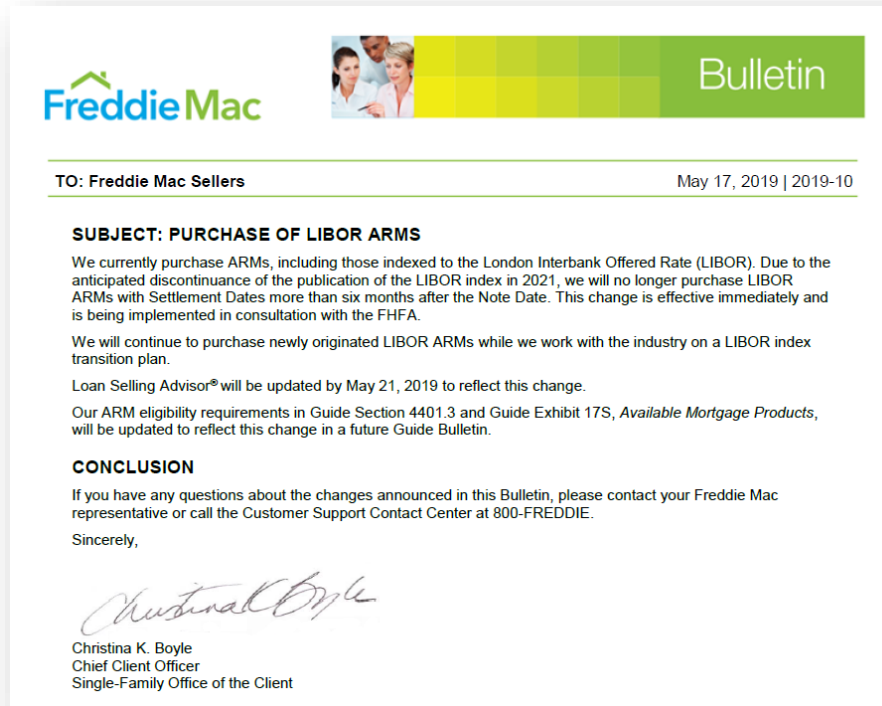
- Further updates as described in the [Additional Guide updates](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

Bulletin 2019- 10

Due to the anticipated discontinuance of the publication of the LIBOR index in 2021, Freddie will no longer purchase LIBOR ARMs with Settlement Dates more than six months after the Note Date. This change is effective immediately and is being implemented in consultation with the FHFA.



Bulletin 2019- 9

Selling Updates

- Property eligibility and appraisal requirements
 - Property with Accessory Units no longer require a comp with accessory unit
 - Appraisal re-use without an update if within 120 days of refinance
- Allowing Modification construction conversion documentation for MH.
- Income starting after the note date
 - No additional reserves if income starts within 15 days of note date.
- Freddie Mac CHOICEHomeSM.
- Loan Product Advisor resubmission is mandatory if new DTI now exceeds 45%.



Bulletin

TO: Freddie Mac Sellers

May 1, 2019 | 2019-9

SUBJECT: SELLING UPDATES

(We are reissuing Bulletin 2019-9 on May 3, 2019 to provide Sellers time to implement the new requirement for "Seller disclosure on Contaminated Sites, Hazardous Substances or other adverse conditions." We are moving the effective date for this requirement from May 1, 2019 to August 1, 2019. No other changes have been made to the Bulletin.)

This Guide Bulletin announces:

Property eligibility and appraisal requirements

- Updates to our requirements for comparable sale selection for a 1-unit property with an [accessory unit](#)
- Addition of a requirement for Sellers to disclose to the Borrower information regarding [Contaminated Sites, Hazardous Substances or other adverse conditions](#) of which the Seller is aware – **August 1, 2019 (New)**
- Removal of the requirement for an appraisal update for a [subsequent transaction](#) subject to certain conditions

Modification Construction Conversion Documentation

- Updates to our requirements to allow Sellers to use [Modification Construction Conversion Documentation](#) for Mortgages secured by Manufactured Homes

Income commencing after the Note Date

- Updates to our requirements for [income commencing after the Note Date](#) – **August 1, 2019**

Freddie Mac CHOICEHomeSM

- [CHOICEHome](#), our product for Manufactured Homes that are titled as real property and have features of a site-built home – **New**

Loan Product Advisor[®] resubmission

- Revisions to our tolerances for [Loan Product Advisor resubmission](#) – **August 1, 2019**

Mandatory cash contract extensions

- Introduction of an automated process to provide Sellers with the capability in Loan Selling Advisor[®] to extend the expiration date for [Mandatory Cash Contracts](#) – **June 10, 2019**

Additional Guide updates

- Further updates as described in the [Additional Guide updates](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

Bulletin 2019- 7

Selling Updates

- Home Possible® Mortgages
 - Occupying borrower can only own 2 financed properties including the subject
- Assets as a basis for repayment of obligations- seller can use 240 months instead of 360 months.
- Second home mortgages
 - Allows for homes at are not accessible year round
 - Can be rented out but not subject to a management company or involve revenue sharing.
- Income documentation requirements
 - Clarifying for certain types if the document is current it meets the receipt and income type for documentation purposes.
- Guide Form 1077, *Uniform Underwriting and Transmittal Summary*
- The Single Security Initiative
- Other Miscellaneous updates



Bulletin

TO: Freddie Mac Sellers

April 3, 2019 | 2019-7

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Home Possible® Mortgages

- A revision to the eligibility requirements for [Home Possible® Mortgages](#) – July 3, 2019
- Additional clarifications related to Home Possible Mortgage eligibility

Assets as basis for repayment of obligations

- A revision to our calculation for establishing the debt payment-to-income ratio when qualifying a Borrower using [assets as a basis for repayment of obligations](#) – July 3, 2019

Second home Mortgages

- Updates to our requirements for [second home Mortgages](#)
- Revised Multistate Second Home Rider

Income documentation requirements

- Updates to the [documentation requirements](#) language for retirement income, survivor and dependent benefit income, long-term disability income and Social Security Supplemental Security Income

Guide Form 1077, Uniform Underwriting and Transmittal Summary

- An update to the mandatory effective date of revised [Form 1077](#) for Seller/Service users using this form – February 1, 2020

Single Security Initiative

- Updates to the Guide to reflect changes related to the [Single Security Initiative](#) announced in our March 5, 2019 Industry Letter – June 3, 2019

Additional Guide updates

- Further updates as described in the [Additional Guide Updates](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

HOME POSSIBLE MORTGAGES

Limitation on the number of financed residential properties owned

Effective for Mortgages with Settlement Dates on and after July 3, 2019

At the instruction of the FHFA, we are revising our requirements for Home Possible Mortgages to state that the occupying Borrower(s) must not have an ownership interest in more than two financed residential properties, including the subject property, as of the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing.

Loan Product Advisor® feedback messages will be updated by July 3, 2019 to reflect these changes.

Release Notes

New Feedback Messages


- Subject Property Address
- Property Rights Type (Fee Simple or Leasehold)


Updated Feedback Messages

- Commission
- Assets & Income Modeler (AIM)
- AIM for Self-Employed
- Underwriting Updates

Redesigned URLA & New ULAD Available in LPA on July 1st

Resources Added AIM for Self-Employed

 | Loan Advisor™

 Loan Product Advisor®

Loan Product Advisor® Release Notes | March 31, 2019

The Loan Product Advisor March 31, 2019 release contains updates we've made based on feedback you've shared with us. These changes include more detailed messaging for specific loan scenarios that give you the answers you need to make quicker decisions that can help you underwrite more loans.

New Feedback Messages

Returns new feedback messages related to:

- Providing clear and actionable messaging to help remediate subject property address standardization errors.
- Providing clarity around Property Rights Type to make sure you submit the correct value.

Updated Feedback Messages

We're removing a feedback message to eliminate confusion when a short sale or deed-in-lieu of foreclosure exists. Other messages currently exist to clearly distinguish between a foreclosure and a short sale or deed-in-lieu of foreclosure.

Click [here](#) for a list of the feedback messages related to this release.

We've also included more feedback message updates to provide more clarity around:

- Commission income – effective March 6, 2019
- Underwriting updates – effective March 31, 2019
- Asset and Income Modeler (AIM) – effective April 13, 2019
- AIM for self-employed – effective April 13, 2019

Click [here](#) for a list of these additional March/April Loan Product Advisor feedback messages.

The Redesigned URLA and New ULAD: Available in Loan Product Advisor on July 1


We're working with the industry to improve the loan application experience for lenders and borrowers with the redesigned Uniform Residential Loan Application (URLA) and new Uniform Loan Application Dataset (ULAD). By leveraging the common MISMO data standards, the new Loan Product Advisor 5.0 dataset improves consistency, quality and accuracy of loan, borrower and property data. Visit our [ULAD web page](#) for more information.

AIM FOR SELF-EMPLOYED

Do you find it difficult to assess income for your self-employed borrowers? Loan Product Advisor **AIM for self-employed** is our solution to help you automate the process of assessing borrower income using tax return data. Join us for this [free webinar](#) where you'll learn:

- What AIM for self-employed is.
- How it works.
- What you need to know and how to get started.

[Register](#) for our next session today – and get your competitive edge.



Get The Freddie EdgeSM

March 2019 Feedback Messages

Loan Product Advisor - March 2019 Release Feedback Messages					
Message Category	Message Code	Original or Existing Message Text (if applicable)	New Message Text	Feedback Certificate, Error Page	Purpose
New Messages					
Underwriting					
COW	MB	N/A	Review for Accuracy: The property address provided is blank or incomplete.	Feedback Certificate	Indicates when the provided subject property address could not be standardized because an insufficient amount of information was entered in the address fields.
COW	MC	N/A	Review for Accuracy: The address number could not be found for the street name provided.	Feedback Certificate	Indicates when the provided subject property address could not be standardized because the supplied address number could not be found within the valid range of address numbers defined for a given street name.
COW	MD	N/A	Review for Accuracy: The street name could not be found for the Zip Code provided.	Feedback Certificate	Indicates when the provided subject property address could not be standardized because the supplied street name could not be found within the available streets names defined for a given zip code.
COW	MF	N/A	A unit designator (e.g., Unit, Apt, etc.) followed by a unit number is needed for the subject property to improve address standardization.	Feedback Certificate	Indicates when the provided subject property could not be uniquely identified for address standardization purposes because a unit number is missing from the provided street address.
COW	MG	N/A	Review for Accuracy: The property address unit designator (e.g., Unit, Apt, etc.) and the unit number could not be found for the street address provided.	Feedback Certificate	Indicates when the provided subject property could not be uniquely identified for address standardization purposes because the supplied unit number could not be found within the valid range of unit numbers defined for the given street address.
LPN	VU	N/A	Review for accuracy: Property Rights Type was not submitted and has been defaulted to Fee Simple. If this value is not accurate, update the field with the correct value and resubmit.	Feedback Certificate	Notifies the user that the Property Rights Type field was left blank and defaulted to "Fee Simple". User should review to confirm that a Property Rights Type of "Leasehold" was not in fact intended.
Retired Messages					
RSK	13	Recent foreclosure/signif derog appears on credit report.	N/A (Retired Message)	Feedback Certificate	Will no longer be displayed for new loans submitted on or after 3/31/2019. More descriptive foreclosure (YW) and alternative foreclosure (YX) messaging currently exists.

Section 4: Loan and Property Information. This section asks about the loan's purpose and the property you want to purchase or refinance.

4a. Loan and Property Information

Loan Amount \$ Loan Purpose ☐ Purchase ☐ Refinance ☐ Other

Property Address Street

Unit # City State Zip

County Number of Units Property Value \$

Occupancy ☐ Primary Residence ☐ Second Home ☐ Investment Property ☐ FHA Secondary Residen...

- Mixed-Use Property.** If you will occupy the property, will you set aside space within the property to operate your own business? (e.g., daycare facility, medical office, beauty/barber shop) ☐ NO ☐ YES
- Manufactured Home.** Is the property a manufactured home? (e.g., a factory built dwelling built on a permanent chassis) ☐ NO ☐ YES

L2. Title Information

Title to the Property Will be Held in What Name(s):

Estate Will be Held in

- ☐ Fee Simple
- ☐ Leasehold: Expiration Date / (mm/yyyy)

Bulletin 2019- 5

Selling Updates

Automated income assessment with Loan Product Advisor using tax return data.

Borrower income, including:

- Treatment of alimony or maintenance payments.
- Restricted stock (RS) and restricted stock units (RSU) documentation requirements.

Lender incentives



- Clarifying not to exceed \$500 and should be documented .

Credit assessment with Loan Product Advisor

- Eliminated requirement for Sellers to determine if decision repository file used contained significant inaccurate credit information

Property insurance

- Rating of B+/III



Bulletin

TO: Freddie Mac Sellers

March 6, 2019 | 2019-5

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Borrower income

- [Automated income assessment](#) with Loan Product Advisor® using tax return data, which is part of asset and income modeler (AIM) – New
- Added specificity related to our documentation requirements for [self-employed Borrowers](#)
- Revisions to the way [alimony and maintenance payments](#) are treated when qualifying a Borrower for a Mortgage – July 6, 2019
- Updates to our requirements for using [restricted stock \(RS\)](#) and [restricted stock units \(RSU\)](#) as qualifying income

Lender incentives

- Revisions to our [lender incentive](#) requirements – June 6, 2019

Credit assessment with Loan Product Advisor

- Removing the requirement for Accept Mortgages that the Seller determine whether the decision repository file used to create the Selected Borrower's [credit report](#) contains significant inaccurate credit information

Property insurance

- Updates to our [property insurance](#) requirements – March 13, 2020

Additional Guide updates

- Further updates as described in the [Additional Guide Updates](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

BORROWER INCOME

Automated income assessment with Loan Product Advisor using tax return data

We are introducing automated income assessment with Loan Product Advisor using tax return data, which is part of asset and income modeler (AIM) as "AIM for self-employed," in new Guide Chapter 5903. This capability, which is focused on assessment of self-employed income, is designed to automate the income calculation process, help reduce origination costs and provide Sellers with the opportunity for relief from enforcement of certain representations and warranties related to the Borrower's self-employed income.

The automated income assessment with Loan Product Advisor using tax return data offering is effective for Loan Product Advisor submissions and resubmissions on and after March 6, 2019.

To take advantage of this optional capability, the Seller must upload the Borrower's federal income tax returns to a Freddie Mac-designated third-party service provider. The service provider returns to the Seller an Income Calculation Report consisting of data extracted from the Borrower's tax returns, which the Seller must review and

Genworth Rate *Express*®



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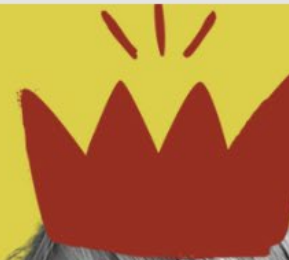
MI vs. FHA
Comparison

HARP Info

UTIONS THAT MATTER

Genworth Mortgage Insurance

add value.
underwrite fast.
be you-centric.
quote quick.
Let's wow now.

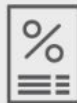


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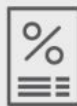
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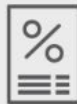


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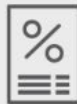


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