

Loan Product Advisor®

Understanding the Loan Product Advisor Feedback Certificate
May 2018



Agenda

Loan Product Advisor[®]

- Resources
- What is Loan Product Advisor
- Recent Updates
- How To Read the Results
- How To Document Your File
- Data Integrity Reminders
- Documentation Matrix
- Help Tools and Training
- Genworth

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



Freddie Mac Single Family

[Back](#) | [Forward](#)

[Table of Contents](#) [Advanced Search](#)

Freddie Mac Single Family
Library Home
Single-Family Seller/Servicer Guide, Bulletins and Industry Letters
Guide Position Summary (GPS)
AllRegs User Guide
Copyright and Disclaimer
Bulletins and Industry Letters
Single-Family Seller/Servicer Guide
Introduction and Table of Contents
Printable PDF version of the Guide
Freddie Mac – Seller/Servicer Relationship
Selling
Printable PDF version of the Selling Segment
Series 4000: Mortgage Eligibility
Series 5000: Origination and Underwriting
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 (Borrower Funds and Resources)
Topic 5600: Property Eligibility and Appraisal
Topic 5700: Property
Series 6000: Selling and Delivery
Servicing
Exhibits, Forms, Glossary and Directory
Archive of Single-Family Seller/Servicer Guide
Document Custody Procedures Handbook

You are viewing 5304.1: Stable monthly income and documentation requirements for self-employed Borrowers (03/02/16)

[Previous](#) | [Next](#) | [View Full Screen](#)

Reference

Single-Family Seller/Servicer Guide, Bulletins and Industry Letters

Single-Family Seller/Servicer Guide

Selling

Series 5000: Origination and Underwriting

Topic 5300: Stable Monthly Income and Asset Qualification Sources

Chapter 5304: Self-employed income

5304.1: Stable monthly income and documentation requirements for self-employed Borrowers (03/02/16)

(a) Definition of a self-employed Borrower

A Borrower who has an ownership interest of 25% or more in a business is considered to be self-employed. The business may be a sole proprietorship, a partnership (general or limited), an S corporation or a corporation.

(b) Loan Prospector®

The Seller must indicate to Loan Prospector that a Borrower is self-employed when the Borrower meets Freddie Mac's definition of self-employed as stated above. This is required in all cases whether or not the Seller is using the self-employment income to qualify the Borrower.

Welcome to Freddie Mac's Single-Family Seller/Servicer Guide and Document

This service is made available to you by Freddie Mac in cooperation with AllRegs.

Structure of the Single-Family Seller/Servicer Guide



What is Loan Product Advisor?

- Loan Product Advisor is Freddie Mac's automated underwriting system
- It gives users access to Freddie Mac's credit requirements, allowing you to easily identify the overall underwriting risk
- It replaces Loan Prospector®

The screenshot shows the Freddie Mac Loan Advisor Suite website. At the top, there are two main sections: 'Loan Product Advisor' and 'Loan Prospector'. The 'Loan Product Advisor' section is described as 'the evolution of our automated underwriting system' that 'gives you access to Freddie Mac's credit requirements and viewing you to easily identify your overall underwriting risk'. It features a 'Key Benefits' list, including 'Efficiency', 'Usability', 'Confidence', and 'Convenience'. The 'Loan Prospector' section is described as 'the next generation of Loan Prospector. It's our enhanced automated underwriting system (AUS), with new features and functionality. Loan Product Advisor helps you streamline your origination processes further and provides you with greater certainty that your loans meet Freddie Mac eligibility requirements. Loan Product Advisor is much more than a name change.' It includes a 'Frequently Asked Questions' section with answers for Q1, Q2, and Q3. The bottom of the page includes a 'Smart. Simple. Trusted.' tagline and a 'Release Number 401 • 09/2016' note.

Q1: What is Loan Advisor Suite?
A: Loan Advisor Suite is our new smart, end-to-end technology solution we're building to ease complexity, reduce costs and make it easier for you to navigate through the loan production process. Loan Advisor Suite is a combination of automation and transparency into the loan production process – addressing credit, capacity, collateral to help you validate the quality of the loans you originate and the associated representation and warranty relief.

The Loan Advisor Suite will incorporate several existing and new tools:

- **Loan Product Advisor™** – Our new and improved automated underwriting system. We've taken Loan Prospector® and evolved it for today's generation of lenders.
- **Loan Quality Advisor™** – Provides a view of loan risk and purchase viability.
- **Loan Collateral Advisor™** – (new) Gives you our view of appraisal risk and quality.
- **Loan Closing Advisor™** – (new) Helps you validate that your data aligns with the Uniform Closing Dataset requirements.
- **Selling System™** – Supports your pricing, contracting and loan delivery needs.
- **Loan Coverage Advisor™** – Tracks the selling rep and warranty relief dates for loans delivered to Freddie Mac.
- **Business Intelligence** – (new) Leverages loan activity data to help you identify the strengths and weaknesses of your loan manufacturing process so you can make informed improvements.

The Suite will help provide certainty by giving you insight into the quality, risk and requirements necessary for you to efficiently manufacture and deliver loans to Freddie Mac. It will provide clear guidance to help you flag and fix issues throughout the process.

Q2: What is Loan Product Advisor?
A: Loan Product Advisor is the next generation of Loan Prospector. It's our enhanced automated underwriting system (AUS), with new features and functionality. Loan Product Advisor helps you streamline your origination processes further and provides you with greater certainty that your loans meet Freddie Mac eligibility requirements. Loan Product Advisor is much more than a name change.

Q3: When will Loan Product Advisor be available?
A: We plan to make Loan Product Advisor broadly available summer 2016.

Release Number 401 • 09/2016
© 2016 Freddie Mac. All rights reserved. Freddie Mac is a registered service mark of Freddie Mac Direct, Inc. Freddie Mac and the Freddie Mac logo are registered trademarks of Freddie Mac Direct, Inc. All other marks and trade names are the property of their respective owners. Freddie Mac is not affiliated with Genworth Financial, Inc. or its subsidiary, Genworth Financial, Inc. Freddie Mac is not affiliated with Genworth Financial, Inc. or its subsidiary, Genworth Financial, Inc.

http://www.freddiemac.com/singlefamily/pdf/Loan_Product_Advisor_Fact_Sheet.pdf

Loan Product Advisor is Part of the Loan Advisor Suite

The screenshot shows the Freddie Mac website homepage. At the top, there is a navigation bar with 'MENU', 'HOME', 'Careers', 'Contact Us', a search bar, and a 'SEARCH' button. The Freddie Mac logo is on the left, and social media links for Facebook, LinkedIn, YouTube, and Twitter are on the right. The main content area has a yellow-to-green gradient header. On the left, a sidebar lists 'Single-Family' products: 'Become a Freddie Mac Seller/Servicer', 'Originate and Underwrite', 'Sell and Deliver', 'Loan Advisor Suite' (which is highlighted with a red arrow), and 'Mortgage Products'. The main content area features a section titled 'Meet Your Risk Reduction Toolbox' with a sub-section 'Smart. Simple. Trusted.®'. Below this are eight circular icons representing different advisor tools: 'Loan Product Advisor' (3D cube), 'Loan Collateral Advisor' (cube), 'Loan Quality Advisor' (stack of papers), 'Loan Closing Advisor' (checkmark), 'Business Intelligence' (stack of books), 'Selling System' (stack of coins), 'Loan Coverage Advisor' (stack of books), and a 'FEEDBACK' button. A red arrow points to the 'Loan Advisor Suite' link in the sidebar.

Single-Family

Become a Freddie Mac Seller/Servicer

Originate and Underwrite

Sell and Deliver

Loan Advisor Suite

Mortgage Products

Meet Your Risk Reduction Toolbox

Smart. Simple. Trusted.®

Loan Product Advisor[®]

Enhanced Underwriting Workflow

Loan Collateral Advisor[®]

Accurate Evaluations

Loan Quality Advisor[®]

Eligibility Evaluated

Loan Closing Advisor[®]

Closing Confidence

Business Intelligence

Relevant Data

Selling System[™]

Delivering Results

Loan Coverage Advisor[®]

Complete Loan Management

FEEDBACK

Loan Product Advisor Functionality Guide

- Updated November 2017
- Assists with data entry
- Error messages
- Correcting errors
- Assigning a loan

Loan Product Advisor® Functionality Guide



The information provided in this document applies generally to all Loan Product Advisor® users, whether you are entering data directly into the Loan Product Advisor interface, or importing data from your system. If you are using an automated underwriting system (AUS) that interfaces with the Loan Product Advisor credit engine, the field names your system displays may differ from the corresponding Loan Product Advisor field names. The field groupings and the order in which you enter information may also vary. Contact your system administrator, or system vendor, for more information on data input mapping from your system to Loan Product Advisor.

This guide represents the direct data-entry point of view using Loan Product Advisor version 4.8.00 and includes information on the following:

Functionality Guide Sections

- [Accessing Loan Product Advisor](#)
- [Accessing HVE Lookup Tool](#)
- [Entering Loan Data](#)
- [Automated Underwriting and Reorder Credit](#)
- [Submitting and Resubmitting a Loan](#)
- [Correcting Data Errors](#)
- [Retrieving Results](#)
- [Accessing an Existing Loan](#)
- [Assigning a Loan](#)
- [Releasing a Loan](#)
- [Sending a Loan from Your System](#)
- [Examples of Loan Product Advisor Results](#)
 - [Accept Full Feedback Certificate](#)
 - [Accept Doc. Checklist](#)
 - [Property Valuation Disclosure Form](#)
 - [Caution Full Feedback Certificate](#)
 - [Ineligible Messages](#)
 - [Incomplete Messages](#)
 - [Invalid Messages](#)

Need more help with Loan Product Advisor data entry fields?

The [Loan Product Advisor® Online Tool](#) will help you become more familiar with Loan Product Advisor's data entry fields.

November 2017

www.FreddieMac.com/learn/

<file:///C:/Users/213029011/Documents/lpa%20Functionality%20Guide%2010-2017.pdf>

What Risk Factors is Loan Product Advisor Looking at?



The 3 Cs of Underwriting Factors Used in Freddie Mac's Automated Underwriting Assessment

Credit reputation, capacity and collateral are often called the "three Cs" of underwriting. If one of these components is not acceptable or if there is excessive layering of risk across components, the mortgage may not be acceptable for sale to Freddie Mac.

Credit Reputation

- Credit Score
- Foreclosures, bankruptcies, liens and/or judgments
- Mortgage delinquencies
- Credit delinquencies, repossessions, collections, or charge-offs
- Credit accounts: type, age, limits, usage and status of revolving accounts
- Borrower's request for new credit in last 12 months

Capacity

- Debt ratios: Qualifying monthly housing expense-to-income ratio or monthly debt payment-to-income ratio
- Salaried versus self-employed borrower
- Cash reserves
- Number of borrowers
- Loan Characteristics:
 - ◆ Product: a 15-, 20-, and 30-year fixed rate, an adjustable rate mortgage
 - ◆ Purpose of Loan: purchase or refinance (cash-out or no cash-out)

Collateral

- Borrower's total equity or down payment
- Property type: a 1-unit or 2- to 4- unit detached property, Condominium Unit or Manufactured Home
- Property use: Primary Residence, Second Home or Investment Property

Refer to the Freddie Mac *Single-Family Seller/Servicer Guide* for more information.

Recent Freddie Mac Updates

2018

Single-Family Week in Review

Freddie Mac

Single-Family Week in Review

Guide Bulletin 2018-1: Extension of Effective Date for Rental Income Revisions and Updates to Incorporate ULDD Phase 3 Requirements

Guide Bulletin 2018-1 announces an extension of the effective date for rental income revisions and updates to ULDD Phase 3 requirements.

Loan Product Advisor® to Generate Alphanumeric Values for LP Keys

Loan Product Advisor will begin generating alphanumeric values for LoanProspectorKeyIdentifier (LP Key) this summer. Begin reviewing any systems that use or store LP

HELPFUL RESOURCES

- Single-Family News Center

Freddie Mac

Single-Family Business

Single-Family

- Become a Freddie Mac Seller/Servicer
- Originate and Underwrite
- Sell and Deliver
- Affordable Lending
- Loan Advisor Suite
- Uniform Mortgage Data Program (UMDP)
- Mortgage Products
- Home Possible Income & Property Eligibility
- Servicing
- The Guide and Forms
- Single-Family News Center

New Loan Selling Advisor Critical Edits

January 30, 2018

[Back to News Center](#)

Today, we're announcing **new Loan Selling Advisor™ critical edits**, effective June 1, 2018.

Project Dwelling Unit Count Required for Condominium Unit Mortgages

Beginning February 26, 2018, **you'll receive a new warning edit** if the Project Dwelling Unit Count (Sort ID 45) for a condominium unit mortgage doesn't match the same field on the appraisal submitted through the Uniform Collateral Data Portal.

This warning edit will become critical on June 1.

For your convenience, we're also updating Loan Selling Advisor to display the Project Dwelling Unit Count from the appraisal, after the loan has been evaluated.

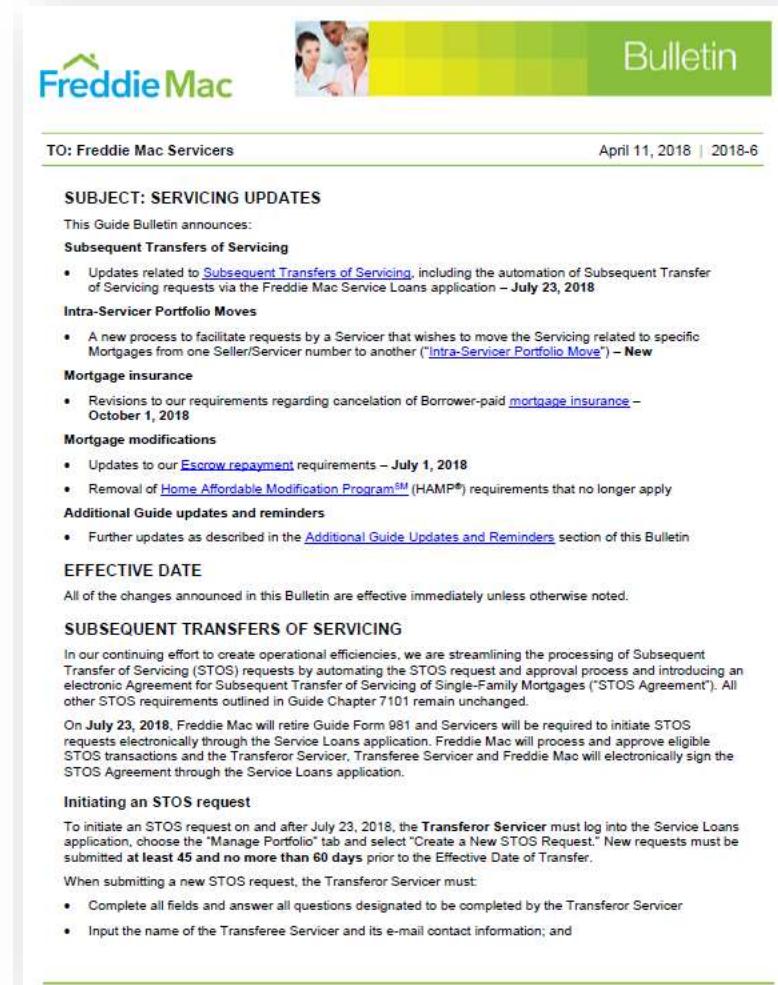
Homeownership Education for Affordable Mortgages

As detailed in **Single-Family Seller/Servicer Guide** Sections 4501.12 and 5103.6, when all borrowers on a purchase transaction affordable mortgage are first-time homebuyers, **at least one borrower**

Bulletin 2018-06

Single-Family Seller/Servicer Guide

- Providing more specific guidance regarding cancelations of borrower-paid mortgage insurance
 - Allows for written or verbal request
 - Examples of substantial improvements to cancel MI
 - Current value requests, servicers must obtain a new BPO through BPOdirect®, unless applicable law requires an appraisal be used or it is in the best interest of the borrower
 - Removes the separate automatic cancelation requirements for Pre-HPA Mortgages, allowing for automatic cancelation of Borrower-paid mortgage insurance on such mortgages based on the date on which the LTV ratio is first scheduled to reach 78% based on original value and the amortization schedule



The image shows a screenshot of an email from Freddie Mac. The subject line is "SUBJECT: SERVICING UPDATES". The email body contains several sections: "This Guide Bulletin announces: Subsequent Transfers of Servicing", "Intra-Servicer Portfolio Moves", "Mortgage insurance", "Mortgage modifications", and "Additional Guide updates and reminders". The "EFFECTIVE DATE" section states that all changes are effective immediately. The "SUBSEQUENT TRANSFERS OF SERVICING" section discusses the automation of Subsequent Transfer of Servicing requests via the Service Loans application. The "Initiating an STOS request" section provides instructions for servicers to log into the Service Loans application and create a new STOS request. The email is dated April 11, 2018, and is identified as Bulletin 2018-6.

Freddie Mac

Bulletin

TO: Freddie Mac Servicers

April 11, 2018 | 2018-6

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

Subsequent Transfers of Servicing

- Updates related to [Subsequent Transfers of Servicing](#), including the automation of Subsequent Transfer of Servicing requests via the Freddie Mac Service Loans application – July 23, 2018

Intra-Servicer Portfolio Moves

- A new process to facilitate requests by a Servicer that wishes to move the Servicing related to specific Mortgages from one Seller/Servicer number to another (“[Intra-Servicer Portfolio Move](#)”) – New

Mortgage insurance

- Revisions to our requirements regarding cancelation of Borrower-paid [mortgage insurance](#) – October 1, 2018

Mortgage modifications

- Updates to our [Escrow repayment](#) requirements – July 1, 2018
- Removal of [Home Affordable Modification Program™ \(HAMP®\)](#) requirements that no longer apply

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.

SUBSEQUENT TRANSFERS OF SERVICING

In our continuing effort to create operational efficiencies, we are streamlining the processing of Subsequent Transfer of Servicing (STOS) requests by automating the STOS request and approval process and introducing an electronic Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages (“STOS Agreement”). All other STOS requirements outlined in Guide Chapter 7101 remain unchanged.

On **July 23, 2018**, Freddie Mac will retire Guide Form 981 and Servicers will be required to initiate STOS requests electronically through the Service Loans application. Freddie Mac will process and approve eligible STOS transactions and the Transferor Servicer, Transferee Servicer and Freddie Mac will electronically sign the STOS Agreement through the Service Loans application.

Initiating an STOS request

To initiate an STOS request on and after July 23, 2018, the **Transferor Servicer** must log into the Service Loans application, choose the “Manage Portfolio” tab and select “Create a New STOS Request.” New requests must be submitted **at least 45 and no more than 60 days** prior to the Effective Date of Transfer.

When submitting a new STOS request, the Transferor Servicer must:

- Complete all fields and answer all questions designated to be completed by the Transferor Servicer
- Input the name of the Transferee Servicer and its e-mail contact information; and

See Freddie Mac *Single-Family Seller/Servicer Guide* For Complete Details

Bulletin 2018-05

Single-Family Seller/Servicer Guide

- Increases maximum LTV/TLTV/HTLTV ratio for purchase and “no cash-out” refinance mortgages for second homes and 2-unit primary residences
- Revises requirements for condominium unit mortgages
 - 2-4 unit condo project type review removed and Sellers must review under
 - Streamlined, Established, New or Reciprocal project Review Type
- No project eligibility review for a Freddie Mac owned no cash-out refi
 - Max LTV/LTV/HTLTV is 80%
- Allowing use of Attorney Opinion of Title for mortgage secured by a unit in planned unit developments under certain conditions



Bulletin

TO: Freddie Mac Sellers

March 28, 2018 | 2018-05

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Increases to the LTV/TLTV/HTLTV ratios for purchase and “no-cash-out” refinance Mortgages secured by second homes and 2-unit Primary Residences

- An increase in the maximum [loan-to-value \(LTV\)/total LTV \(TLTV\)/Home Equity Line of Credit \(HELOC\) TLTV \(HTLTV\) ratios](#) for second homes and 2-unit Primary Residences

Condominium Projects

- Elimination of the project review type for [2- to 4-Unit Condominium Projects](#) – June 28, 2018
- Updates to our requirements for [Freddie Mac-owned “no cash-out” refinance Condominium Unit Mortgagors](#)
- Updates to our requirements relating to the [marketing of units in New Condominium Projects](#)
- No longer requiring delivery of certain ULDO Data Points for Mortgages secured by units in [Detached Condominium Projects](#)

Opinions of title for Mortgages secured by a unit in a Planned Unit Development

- Updates to our requirements to allow an attorney's [opinion of title](#)

Additional Guide updates and reminders

- 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.

INCREASES TO THE LTV/TLTV/HTLTV RATIOS FOR PURCHASE AND “NO CASH-OUT” REFINANCE MORTGAGES SECURED BY SECOND HOMES AND 2-UNIT PRIMARY RESIDENCES

In an effort to provide greater access to credit, we reviewed our maximum LTV/TLTV/HTLTV ratios for purchase and “no cash-out” refinance Mortgages secured by second homes and 2-unit Primary Residences and are increasing the maximum LTV/TLTV/HTLTV ratios as follows:

Purchase and “no cash-out” refinance secured by:	Current maximum LTV/TLTV/HTLTV ratios	Revised maximum LTV/TLTV/HTLTV ratios
2-unit Primary Residence	80%	85%
Second home	85%	90%

See Freddie Mac *Single-Family Seller/Servicer Guide* For Complete Details

Bulletin 2018-03

Single-Family Seller/Servicer Guide

– Updates related to Eligible Disaster Areas

- Loan Product Advisor updated to remove areas impacted by disaster and only offers ACE (Automated Collateral Evaluation) where eligible
- Retirement of condo unit credit fee in price for detached condo units
- Option to submit Form 442 to the UCDP
- Miscellaneous updates to condominium insurance requirements

  **Bulletin**

TO: Freddie Mac Sellers February 28, 2018 | 2018-3

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Updates related to Eligible Disaster Areas impacted by recent disasters

- Updates concerning [automated collateral evaluation \(ACE\) appraisal waiver offers and collateral representation and warranty relief for Eligible Disaster Areas impacted by recent disasters](#)
- [Mortgages subject to a disaster-related forbearance plan as a result of the Borrower being impacted by a recent 2017 Eligible Disaster are not required to be included in the targeted quality control sample](#)

Cash payups for Mortgages with low loan balances

- Updates to the Guide to expand our [low loan balance \(LLB\) cash payups to include additional Mortgages Condominium Unit Mortgage Credit Fee in Price](#)
- [Mortgages secured by detached Condominium Units will no longer be assessed the Condominium Unit Mortgage Credit Fee in Price](#) – March 1, 2018

Guide Form 442, *Appraisal Update and/or Completion Report*

- [The option to submit Form 442 to the Uniform Collateral Data Portal® \(UCDP®\)](#)

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.

UPDATES RELATED TO ELIGIBLE DISASTER AREAS IMPACTED BY RECENT DISASTERS

ACE appraisal waiver offers and collateral representation and warranty relief for properties in Eligible Disaster Areas

Due to recent natural disasters, we previously stated that Sellers may not accept ACE appraisal waiver offers, and that collateral representation and warranty relief would not be available for properties located in zip codes corresponding to Eligible Disaster Areas affected by the California wildfires (with the exception of Orange County), Hurricane Harvey, Hurricane Irma or Hurricane Maria unless certain conditions were met.

Loan Product Advisor®, Loan Collateral Advisor® and Loan Selling Advisor™ were updated to remove eligibility offers and messages for ACE appraisal waiver offers and representation and warranty relief for all impacted zip codes. Moving forward, as areas become eligible for ACE appraisal waiver offers and collateral representation and warranty relief again, these systems will be updated to reflect the applicable ACE appraisal waiver offers and collateral representation and warranty relief messages. As Sellers begin receiving these offers and messages, they may accept them without consideration of the associated Note Date of the Mortgage or confirming the condition of the Mortgaged Premises has not been adversely impacted. Once eligibility is reinstated, standard Guide eligibility with respect to appraisal waivers and collateral representation and warranty relief will apply.

See Freddie Mac *Single-Family Seller/Servicer Guide* For Complete Details

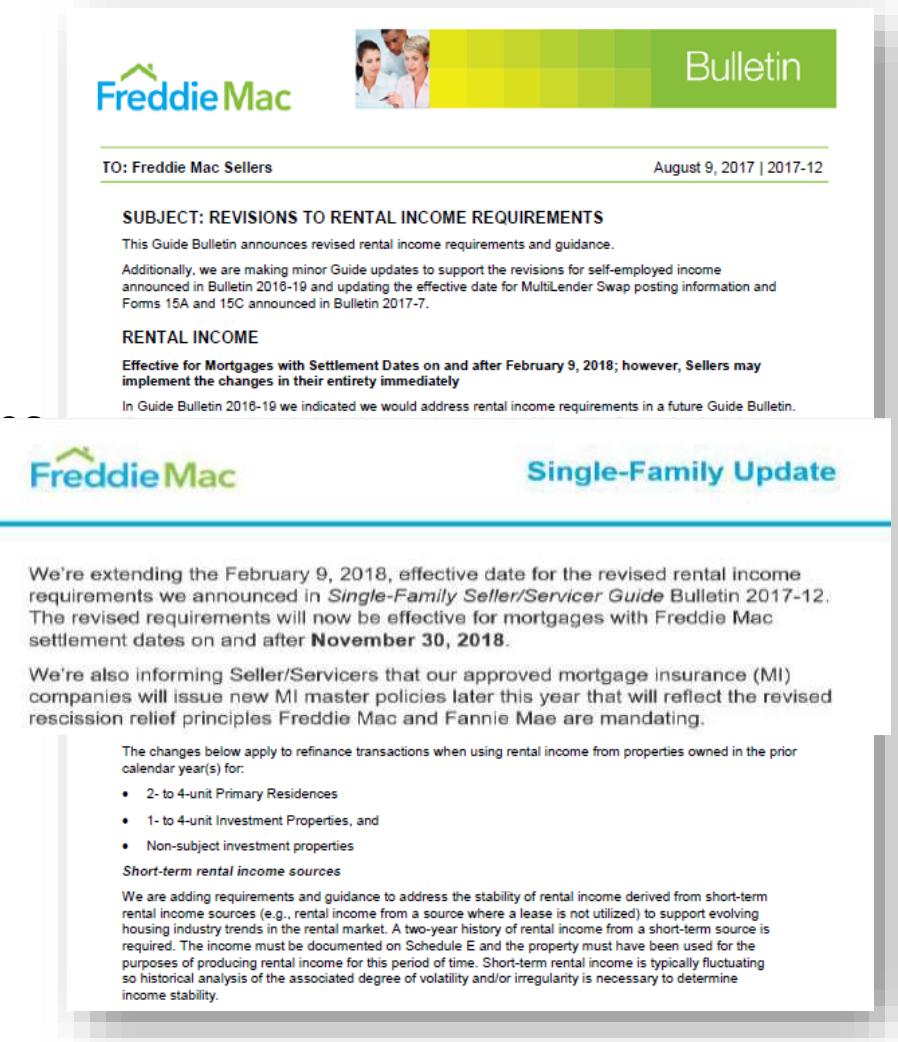
Previous Freddie Mac Updates

2017

Updates For Freddie Mac 2017-12

Effective for loans with settlement dates on or after **November 30, 2018;
Sellers may implement immediately**

- Short-term and long-term rental income sources for refinance transactions
- Updates policy for rental properties NOT owned in the prior calendar year
- Reintroduces Guide Form 1000 and retiring Operating Income Form 998
- Expanding requirements, additional specificity and guidance for
 - Accessory units
 - Leases
 - Net rental income calculations
 - Establishment of DTI ratios
 - Rental Income from form 8825
- New Rental Form 92
- Revised Form 91 (Income Calculations)



The image displays two Freddie Mac documents: the Bulletin 2017-12 and the Single-Family Update 2017-12. Both documents are dated August 9, 2017, and feature the Freddie Mac logo and a photo of two people. The Bulletin 2017-12 document is titled "SUBJECT: REVISIONS TO RENTAL INCOME REQUIREMENTS" and discusses revised rental income requirements and guidance, including minor Guide updates for self-employed income and the effective date for MultiLender Swap posting information and Forms 15A and 15C. It also mentions the extension of the effective date for mortgages with settlement dates on and after November 30, 2018. The Single-Family Update 2017-12 document is titled "Single-Family Update" and discusses extending the effective date for revised rental income requirements to November 30, 2018, and informing Seller/Servicers about new MI master policies reflecting revised rescission relief principles. It also provides details on short-term rental income sources and their stability.

Freddie Mac Bulletin 2017-12

TO: Freddie Mac Sellers **August 9, 2017 | 2017-12**

SUBJECT: REVISIONS TO RENTAL INCOME REQUIREMENTS

This Guide Bulletin announces revised rental income requirements and guidance. Additionally, we are making minor Guide updates to support the revisions for self-employed income announced in Bulletin 2016-19 and updating the effective date for MultiLender Swap posting information and Forms 15A and 15C announced in Bulletin 2017-7.

RENTAL INCOME

Effective for Mortgages with Settlement Dates on and after February 9, 2018; however, Sellers may implement the changes in their entirety immediately

In Guide Bulletin 2016-19 we indicated we would address rental income requirements in a future Guide Bulletin.

Freddie Mac Single-Family Update 2017-12

We're extending the February 9, 2018, effective date for the revised rental income requirements we announced in *Single-Family Seller/Servicer Guide Bulletin 2017-12*. The revised requirements will now be effective for mortgages with Freddie Mac settlement dates on and after **November 30, 2018**.

We're also informing Seller/Servicers that our approved mortgage insurance (MI) companies will issue new MI master policies later this year that will reflect the revised rescission relief principles Freddie Mac and Fannie Mae are mandating.

The changes below apply to refinance transactions when using rental income from properties owned in the prior calendar year(s) for:

- 2- to 4-unit Primary Residences
- 1- to 4-unit Investment Properties, and
- Non-subject investment properties

Short-term rental income sources

We are adding requirements and guidance to address the stability of rental income derived from short-term rental income sources (e.g., rental income from a source where a lease is not utilized) to support evolving housing industry trends in the rental market. A two-year history of rental income from a short-term source is required. The income must be documented on Schedule E and the property must have been used for the purposes of producing rental income for this period of time. Short-term rental income is typically fluctuating so historical analysis of the associated degree of volatility and/or irregularity is necessary to determine income stability.

Updates For Freddie Mac 2017-20

Effective Immediately

- Allowing use of Restricted Stock and Restricted stock units in certain cases for income
- Changing name to "Assets as a basis for repayment of obligations"
 - Adding depository accounts and securities as assets available to be used (not just retirement accounts)
- 5year ARMS eligible for Super conforming
- Condominium Project updates
- Updated Appraisal requirements
 - Unlicensed appraisers or trainees may complete appraisals as allowed by state law
- Removal of MLS photo explanations



Freddie Mac  **Bulletin**

TO: Freddie Mac Sellers September 14, 2017 | 2017-20

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Credit underwriting

- Changes to our [requirements for Mortgages when assets are used as a basis for repayment of obligations](#) (formerly referred to as "assets as a basis for Mortgage qualification")
- [Requirements for restricted stock \(RS\) and restricted stock unit \(RSU\) income types](#)
- [Updates to our asset eligibility requirements](#)

Super conforming 5-year ARMs

- [Super conforming 5-year ARMs are eligible for purchase](#)

Appraisal requirements

- Updates to specify that [unlicensed, trainee \(or similar classification\) appraisers may perform the appraisal and sign the appraisal report](#)
- Revisions to our [appraisal requirements for super conforming Mortgages](#)
- [Removal of the requirement that copies of multiple listing service \(MLS\) photographs may only be used for comparable sales if original photographs are not available](#)

Owner-occupancy requirements for New Condominium Projects

- [Changing the owner occupancy requirement from at least 70% of the total units in the project to at least 50% of the total units in the project](#)

Condominium Insurance

- [Updates to our requirements for Condominium Unit 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.

CREDIT UNDERWRITING

Assets as a basis for repayment of obligations

Based on Seller feedback and after reviewing our requirements, we are changing and expanding the requirements of Guide Section 5307.1, formerly titled "Assets as a basis for Mortgage qualification." The changes include, but are not limited to, the following:

New asset types

We recognize that Borrowers may maintain significant funds in securities and depository accounts and may use those funds to pay their monthly obligations. As a result, we are adding depository accounts and securities as eligible asset types, subject to conditions which include, but are not limited to, the following:

See Freddie Mac *Single-Family Seller/Servicer Guide* For Complete Details

Updates For Freddie Mac 2017-23

Effective Settlement Dates January 18, 2018 unless noted below

- Student Loan Payment changes
- Contingent Liability payment changes
- Appraisal Updates:
 - No update required for loans with settlement dates 120 older than the note date; Rather Sellers must warrant the value is not less than the value as of the effective date of the appraisal (Effective Immediately)
 - Appraisal updates must be completed on Form 442-Appraisal Update
 - Appraiser who completed the appraisal should also complete the Form 442; If not available, another appraiser may be used.
 - Unlicensed appraiser may sign the Form 442 if a supervisory appraiser signs the Form 442



TO: Freddie Mac Sellers October 18, 2017 | 2017-23

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Calculating the monthly debt payment-to-income ratio

- Updates to our requirements for:
 - [Student loan debts](#) – January 18, 2018
 - [Contingent liabilities](#) – January 18, 2018

Appraisal requirements

- Revisions to certain appraisal requirements, including:
 - [Removal of the requirement to obtain a new appraisal when the Settlement Date is more than 120 days after the Note Date](#)
 - [Updates to Loan Collateral Advisor® collateral representation and warranty relief and automated collateral evaluation \(ACE\) eligibility requirements](#)
 - [Requirement that an appraisal update be reported only on Guide Form 442, Appraisal Update and/or Completion Report – January 18, 2018](#)
 - [Specifying that an unlicensed or trainee \(or similar classification\) appraiser may perform an appraisal update – January 18, 2018](#)

Delivery requirement updates

- Updates to our delivery requirements for:
 - [Mortgages with ACE appraisal waivers](#)
 - [Super conforming Mortgages](#)

Additional Guide updates

- 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.

CALCULATING THE MONTHLY DEBT PAYMENT-TO-INCOME RATIO

Effective for Mortgages with Settlement Dates on and after January 18, 2018, but Sellers may implement the changes in their entirety immediately

We are updating our requirements for calculating the monthly debt payment-to-income ("DTI") ratio, including our requirements for the treatment of student loan debt and contingent liabilities.

Student loan debt

Our updated requirements for qualifying Borrowers with student loan debt support access to credit and provide Sellers with a responsible, simplified approach that addresses student loan repayment plans and student loan forgiveness programs offered today. Highlights of the changes are as follows:

See Freddie Mac *Single-Family Seller/Servicer Guide* For Complete Details

Reserve Updates

Effective for loans submitted or resubmitted on or after November 12, 2017

Understanding Loan Product Advisor's Determination of Reserve Requirements



Effective for mortgages submitted and resubmitted to Loan Product Advisor on and after November 12, 2017.

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. For complete information on reserve requirements, refer to Freddie Mac's Single-Family Seller/Servicer Guide (Guide) Section 5501.2.

Calculating Required Reserves is Getting Easier

To streamline your underwriting process, we're updating Loan Product Advisor to automatically calculate the additional required reserves when the subject property is a second home or an investment property **effective for all submissions and resubmissions on and after November 12, 2017.**

This means that you should no longer *manually* calculate the additional required reserves when your borrower has additional financed second homes or investment properties for which the borrower is obligated.* This amount will *automatically* be included in the Required Reserves field on the Loan Product Advisor Feedback Certificate.

***Note:** If manual calculation of additional required reserves is performed on and after November 12, the required reserves calculation will be incorrect – it will result in an over-calculation of the amount of reserves required.

g after the Mortgage closing. Reserves are measured by the number property. The monthly payment amount includes the sum of the

ortgage

uding unit utility charges)

The Minimum Amount of Required Reserves?

es the amount of reserves that must be verified based on the risk of or may not require any verified reserves for certain transactions, erified. If the amount of reserves Loan Product Advisor requires for by the Guide, the reserve amount specified by Loan Product Advisor s the reserve requirements in the Asset Information section and back Certificate.

Requirements When Accessing Loan Product Advisor

essment. Use the following tips to help enter assets, reserves and e file on the Asset Breakdown page. Refer to Guide Section 5501.3 of borrower personal funds and other eligible sources of funds.

November 2017

www.FreddieMac.com/learn/

See Freddie Mac Single-Family Seller/Servicer Guide For Complete Details

Bulletin 2017-23

Calculation of DTI for student loan debt and contingent liabilities (Effective 1/18/18, but can implement immediately)

- For calculating the monthly DTI ratio for Student Loans in Repayment, use the greater of:
 - The monthly payment amount reported on the credit report, or 0.5% of the original loan balance or outstanding balance as reported on the credit report, whichever is greater
- For Student Loans in Deferment or Forbearance, use the greater of:
 - The monthly payment amount reported on the credit report, or 1% of the original loan balance or outstanding balance as reported on the credit report, whichever is greater
- For Student loan forgiveness, cancellation, discharge and employment-contingent repayment programs:
 - The loan payment may be excluded from the DTI provided the mortgage file contains document that indicates less than 10 monthly payments, the loan is deferred or is in forbearance and the full balance will be forgiven-canceled-discharged AND the borrower currently meets aforementioned requirements and the Seller is not aware of any circumstances that will make the Borrower ineligible in the future.
- Contingent Liabilities: when borrower receives help from others in making payments (e.g., parents), To account for this, Freddie is permitting installment, revolving and lease payments to be excluded from the monthly DTI ratio when a party other than the Borrower has been making timely payments on the debt for the most recent 12 months

Updated Feedback Messages

Loan Product Advisor - October 2017 Release - Feedback Messages



Message Category	Message Code	Original or Existing Message Text (if applicable)	New Message Text	Feedback Certificate, Error Page	Purpose
Installment Debt and Contingent Liabilities - October 18, 2017					
Updated Messages					
LPR	E7	One or more installment debts were submitted with no payment. Include the required payment and resubmit to LPA as applicable. If the credit report does not contain the required payment, the file must be documented with evidence of the required monthly payment. If no payment is reported on a student loan that is deferred or in forbearance and there is no documentation indicating a proposed payment (e.g., the loan verification letter) use 1% of the outstanding balance as the monthly payment.	Installment debt(s) have been submitted with no payment (pmt). Include the pmt and resubmit to LPA. If the credit report does not contain a pmt, document the file with evidence of the monthly pmt. For student loans in repayment, use the greater of the credit report pmt or 0.5% of balance. When in deferment/forbearance, use the greater of the credit report pmt or 1% of balance. When calculating the pmt, use the original or outstanding balance on the credit report, whichever is greater.	Feedback Certificate	Message effective on January 18, 2018 Updated to align with Guide requirements, per Guide Bulletin 2017-23

Bulletin 2017-26

- Providing an additional financing option by allowing 5-year ARMs as an eligible product for Home Possible®, Freddie Mac Relief Refinance MortgagesSM, and Financed Permanent Buydown Mortgages.
- Streamlining the origination process by revising borrower income and eligibility requirements for Home Possible Mortgages.
- Expanding origination opportunities by allowing the purchase of Texas Equity Section 50(a)(6) ARMs.
- Removing the requirement to manually calculate additional required reserves as a result of the Loan Product Advisor[®] enhancements.
- Adding non-discrimination language to the Guide prohibiting discriminatory business practices.



Bulletin

TO: Freddie Mac Sellers

November 15, 2017 | 2017-26

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Credit underwriting and Mortgage eligibility

- Expanded requirements to make [5/5 ARMs eligible for additional Mortgage products](#)
- [Removal of the requirement that all income reported on the application must be verified for Freddie Mac Home Possible® Mortgages](#)

Texas Equity Section 50(a)(6) Mortgages

- Updated requirements for [Texas Equity Section 50\(a\)\(6\) Mortgages to allow ARMs](#)

Loan Product Advisor[®]

- [Enhancements to Loan Product Advisor[®] relating to reserves requirements](#) – November 13, 2017

Loan Selling AdvisorSM

- Updates related to [rebranding the Selling System[®] to Loan Selling AdvisorSM](#) – December 11, 2017

Non-discrimination policy

- [Guide language prohibiting Seller/Servicers from engaging in discriminatory business activities](#) – March 15, 2018 (New)

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.

CREDIT UNDERWRITING AND MORTGAGE ELIGIBILITY

ARMs

To provide Borrowers an additional option for Mortgage financing, we are updating our eligibility requirements for Home Possible Mortgages, Freddie Mac Relief Refinance MortgagesSM and Financed Permanent Buydown Mortgages to add 5-year ARMs (5/5 ARMs) as eligible for purchase.

As a reminder, all 5-year ARMs are eligible for sale only under the WAC ARM Guarantor Program; they are not eligible under WAC ARM Cash. If a Seller is not already set up to sell us 5-year ARMs, it must contact its Freddie Mac representative to be set up.

Additionally, to better align with the industry we are revising the names of the following eligible ARM products:

- 1-year ARMs to 1/1 ARMs
- 3-year ARMs to 3/3 ARMs
- 5-year ARMs to 5/5 ARMs

See Freddie Mac *Single-Family Seller/Servicer Guide* For Complete Details

Loan Product Advisor Documentation Matrix

Tool to help document files



Freddie Mac Home Single-Family Multifamily Capital Markets Search

Freddie Mac Single-Family Business

Single-Family

- Become a Freddie Mac Seller Services
- Originate and Underwrite
- Sell and Deliver
- Affordable Lending
- Loan Advisor Suite
- Uniform Mortgage Data Program (UMDP)
- Mortgage Products
- House Possible Income & Property Eligibility
- Servicing
- The Guide and Forms
- Single-Family News Center

The Learning Center

Learning Catalog

Webinars

DIGITAL Library

Comprehensive Training Library

- How do I Sign Up?
- How do I Review the Learning Catalog?
- How do I Attend a Webinar?

Self-Paced Tutorials

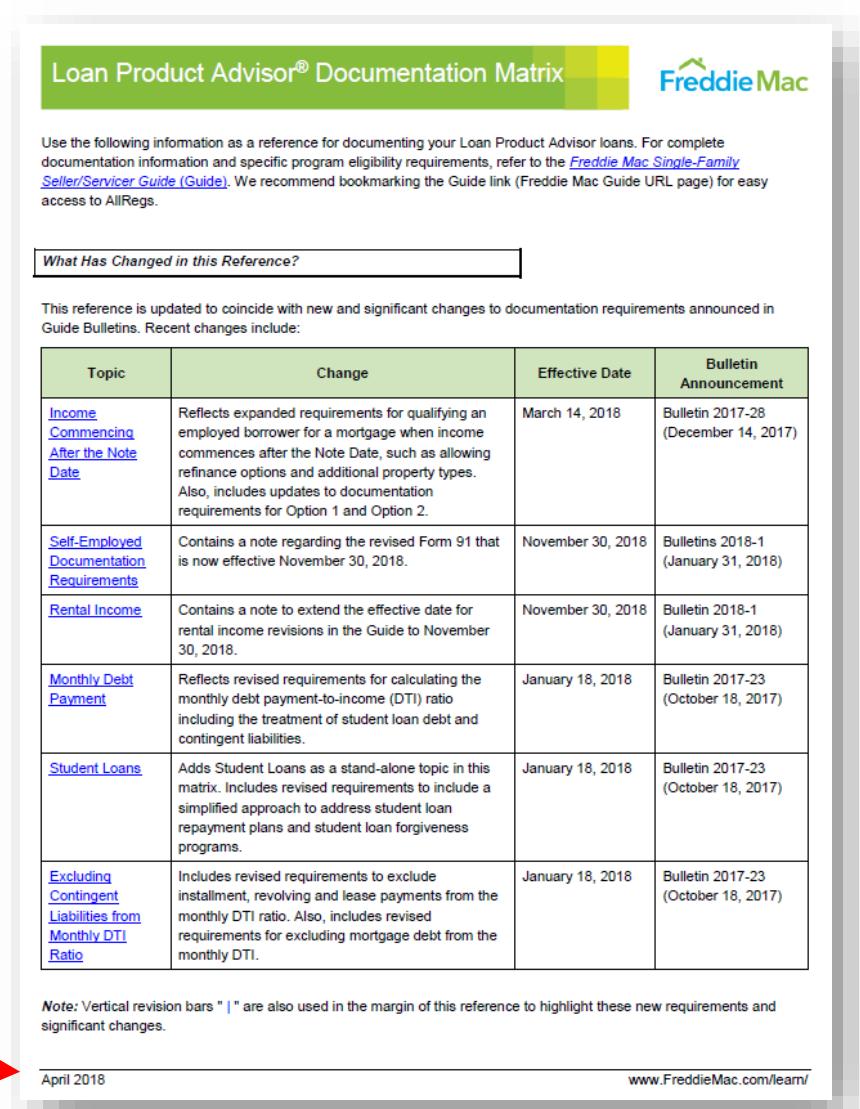
Job Aids

Learn Anytime At Your Own Pace

Specific to Your Business Needs

- Loan Advisor Suite
- Originate & Underwrite
- Sell & Deliver
- Servicing
- Seller/Servicer Guide & New Users
- Learning Center Glossary
- Housing Professionals
- Credit Risk Offerings

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



Loan Product Advisor® Documentation Matrix **Freddie Mac**

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/Servicer Guide \(Guide\)](#). We recommend bookmarking the Guide link (Freddie Mac Guide URL page) for easy access to AllRegs.

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
Income Commencing After the Note Date	Reflects expanded requirements for qualifying an employed borrower for a mortgage when income commences after the Note Date, such as allowing refinance options and additional property types. Also, includes updates to documentation requirements for Option 1 and Option 2.	March 14, 2018	Bulletin 2017-28 (December 14, 2017)
Self-Employed Documentation Requirements	Contains a note regarding the revised Form 91 that is now effective November 30, 2018.	November 30, 2018	Bulletins 2018-1 (January 31, 2018)
Rental Income	Contains a note to extend the effective date for rental income revisions in the Guide to November 30, 2018.	November 30, 2018	Bulletin 2018-1 (January 31, 2018)
Monthly Debt Payment	Reflects revised requirements for calculating the monthly debt payment-to-income (DTI) ratio including the treatment of student loan debt and contingent liabilities.	January 18, 2018	Bulletin 2017-23 (October 18, 2017)
Student Loans	Adds Student Loans as a stand-alone topic in this matrix. Includes revised requirements to include a simplified approach to address student loan repayment plans and student loan forgiveness programs.	January 18, 2018	Bulletin 2017-23 (October 18, 2017)
Excluding Contingent Liabilities from Monthly DTI Ratio	Includes revised requirements to exclude installment, revolving and lease payments from the monthly DTI ratio. Also, includes revised requirements for excluding mortgage debt from the monthly DTI.	January 18, 2018	Bulletin 2017-23 (October 18, 2017)

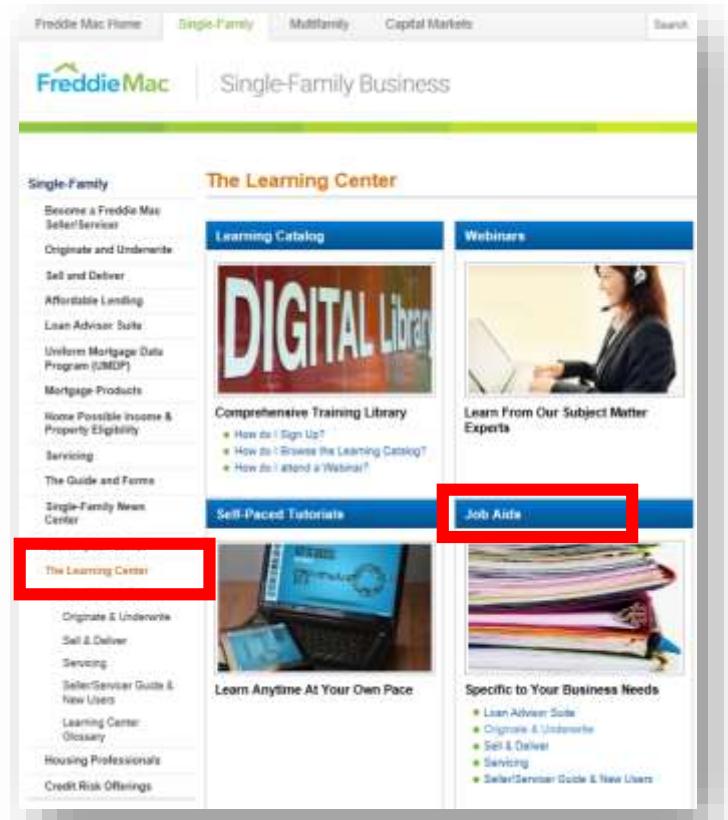
Note: Vertical revision bars " | " are also used in the margin of this reference to highlight these new requirements and significant changes.

April 2018

www.FreddieMac.com/learn/

Freddie Mac Rental Income Matrix

Tool to help document files



Freddie Mac Home Single-Family Multifamily Capital Markets Search

Freddie Mac Single-Family Business

Single-Family

- Become a Freddie Mac Seller Services
- Originate and Underwrite
- Sell and Deliver
- Affordable Lending
- Loan Advisor Suite
- Uniform Mortgage Data Program (UMDP)
- Mortgage Products
- House Possible Income & Property Eligibility
- Servicing
- The Guide and Forms
- Single-Family News Center

The Learning Center

Learning Catalog

Webinars

DIGITAL Library

Comprehensive Training Library

- How do I Sign Up?
- How do I Review the Learning Catalog?
- How do I Attend a Webinar?

Learn From Our Subject Matter Experts

Self-Paced Tutorials

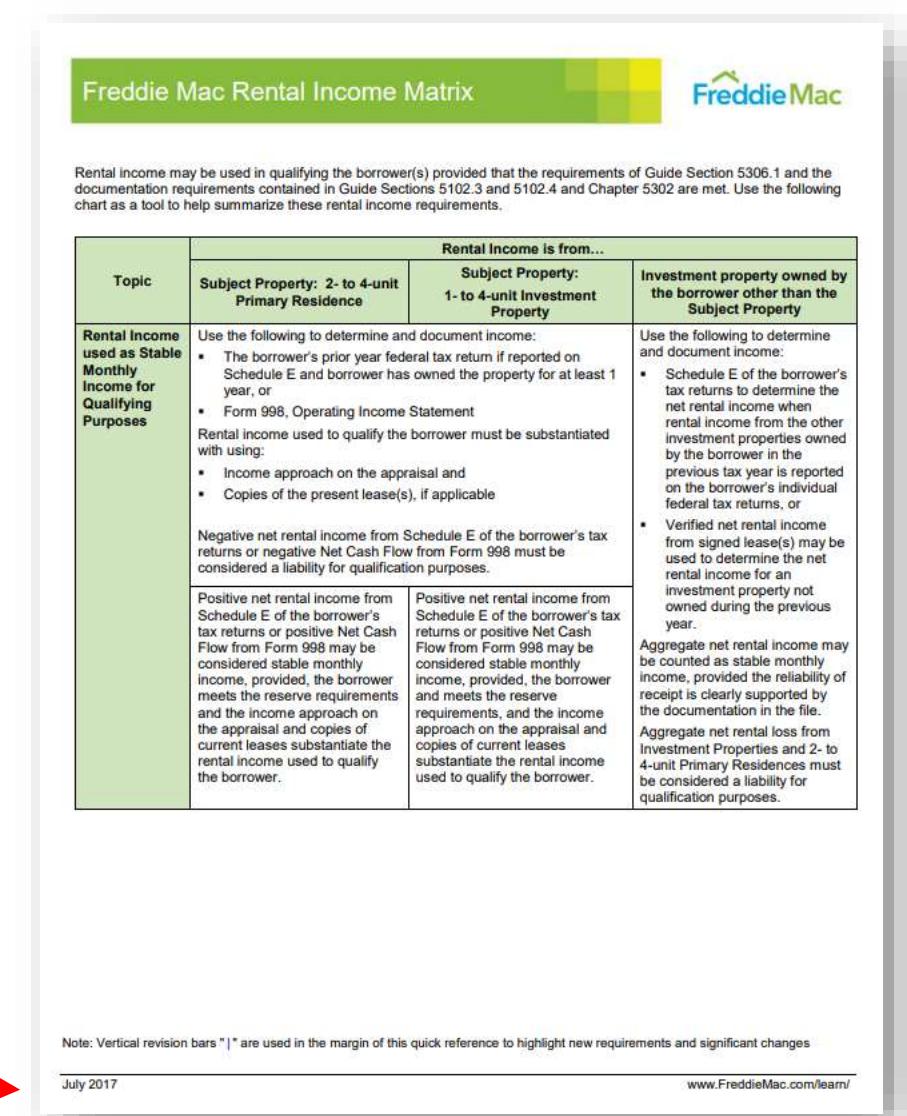
Job Aids

Learn Anytime At Your Own Pace

Specific to Your Business Needs

- Loan Advisor Suite
- Originate & Underwrite
- Sell & Deliver
- Servicing
- Seller/Servicer Guide & New Users
- Learning Center Glossary
- Housing Professionals
- Credit Risk Offerings

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



Freddie Mac Rental Income Matrix

Freddie Mac

Rental income may be used in qualifying the borrower(s) provided that 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	Investment property owned by the borrower other than the Subject Property
Rental Income used as Stable Monthly Income for Qualifying Purposes	<p>Use the following to determine and document income:</p> <ul style="list-style-type: none">The borrower's prior year federal tax return if reported on Schedule E and borrower has owned the property for at least 1 year, orForm 998, Operating Income Statement <p>Rental income used to qualify the borrower must be substantiated with using:</p> <ul style="list-style-type: none">Income approach on the appraisal andCopies of the present lease(s), if applicable <p>Negative net rental income from Schedule E of the borrower's tax returns or negative Net Cash Flow from Form 998 must be considered a liability for qualification purposes.</p>	<p>Use the following to determine and document income:</p> <ul style="list-style-type: none">Schedule E of the borrower's tax returns to determine the net rental income when rental income from the other investment properties owned by the borrower in the previous tax year is reported on the borrower's individual federal tax returns, orVerified net rental income from signed lease(s) may be used to determine the net rental income for an investment property not owned during the previous year. <p>Aggregate net rental loss from Investment Properties and 2- to 4-unit Primary Residences must be considered a liability for qualification purposes.</p>	<p>Use the following to determine and document income:</p> <ul style="list-style-type: none">Schedule E of the borrower's tax returns to determine the net rental income when rental income from the other investment properties owned by the borrower in the previous tax year is reported on the borrower's individual federal tax returns, orVerified net rental income from signed lease(s) may be used to determine the net rental income for an investment property not owned during the previous year. <p>Aggregate net rental loss from Investment Properties and 2- to 4-unit Primary Residences must be considered a liability for qualification purposes.</p>
Positive net rental income from Schedule E of the borrower's tax returns or positive Net Cash Flow from Form 998	<p>Positive net rental income from Schedule E of the borrower's tax returns or positive Net Cash Flow from Form 998 may be considered stable monthly income, provided, the borrower meets the reserve requirements and the income approach on the appraisal and copies of current leases substantiate the rental income used to qualify the borrower.</p>	<p>Positive net rental income from Schedule E of the borrower's tax returns or positive Net Cash Flow from Form 998 may be considered stable monthly income, provided, the borrower and meets the reserve requirements, and the income approach on the appraisal and copies of current leases substantiate the rental income used to qualify the borrower.</p>	<p>Aggregate net rental loss from Investment Properties and 2- to 4-unit Primary Residences must be considered a liability for qualification purposes.</p>
	<p>Note: Vertical revision bars " " are used in the margin of this quick reference to highlight new requirements and significant changes</p>		

July 2017

www.FreddieMac.com/learn/

Loan Product Advisor – May 27, 2017

ALL Borrowers WITHOUT a Credit Score

- At least one housing payment reference must be verified
- One additional payment history for each borrower
- Each reference must have existed for most recent 12 months
- Homeownership education is required for at least one borrower
- No collections (other than medical) or judgements or tax liens filed in the most recent 24 months.

▼ New Requirements for Mortgages for Borrowers Without Credit Scores

Currently, mortgages for borrowers without credit scores must be manually underwritten. New requirements for Loan Product Advisor to allow the assessment of these mortgages include:

- Must be a purchase or a "no cash-out" refinance mortgage.
- Must be secured by a 1-unit property and all borrowers must occupy the property as their primary residence.
- Loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios must not exceed 95%.
- Must be a fixed-rate mortgage.
- Must not be:
 - ◆ A mortgage secured by a manufactured home.
 - ◆ A super-conforming mortgage.

If a transaction does not meet the above requirements, Loan Product Advisor will return an incomplete message(s).

Loan Product Advisor – June 26, 2017

NOT All Borrowers Have A Useable Credit Score

- At least borrower must have a usable credit score as determined by Loan Product Advisor
- Purchase or “no cash-out” refinance
- One unit Primary home with all borrowers occupying
- If borrower without the usable score has a housing payment history, then that history must be verified for the most recent 12 months (or length if less than 12 months)
- If borrower without a score contributes 50% or of the total monthly income then at least two payment references in the United States must be verified.
- Each credit reference must have existed for at least 12 months
- No collections (other than medical) or judgements or tax liens filed in the most recent 24 months.

See *The Seller/Servicer Guide For Complete Guidelines*

Loan Product Advisor

Loan Product Advisor Returns a “Response File”:

- Documentation Checklist: Used to help you process/document your file
- Credit report: Loan Product Advisor allows for several options for credit reports. In-file credit reports or Tri-Merged credit reports (If you opted to order a tri-merged credit report, there is an additional charge).
- Full Feedback Certificate
 - Provides information used in determining Final Approval Requirements as well as Documentation Requirements.
 - Remember: The Feedback Certificate is a “Recommendation” not an Approval!

**Be Familiar With Your Loan Origination System And Any Mapping Issues
Your Interface May Have With Loan Product Advisor**

Loan Product Advisor *...The Process Continued*

- For validation, you may use in-file credit reports pulled either inside or outside Loan Product Advisor. (In-file credit reports are the default in Loan Product Advisor) Three must be requested for each borrower.
- You may select to order a tri-merged credit report either through Loan Product Advisor or through your LOS or credit vendor.
- For validation, you may use either of these tri-merged credit reports. (verify your investor requirements if it's other than Freddie Mac). There is an additional charge for merged reports issued through Loan Product Advisor.
- All credit reports must be in the closed loan package, even the Loan Product Advisor in-file reports that may not have been used for underwriting purposes.

Check With Your Investor - Many Require Use Of Tri-Merged Reports Only

Loan Product Advisor Feedback Certificate

The screenshot displays the 'Loan Product Advisor' portal interface. The main title is 'Loan Product Advisor Feedback Certificate'. The 'Evaluation Summary' section shows 'PURCHASE ELIGIBILITY' as 'ELIGIBLE', 'RISK CLASS' as 'ACCEPT', and 'COLLATING FOR A WARRANTY REBUP' as 'UNAVAILABLE'. The 'Loan Data' section includes fields for 'LOAN NUMBER' (LP-AW-0001), 'APPEAL IDENTIFIER' (1234567890), 'LOAN APPLICATION NUMBER' (1234567890), 'PROPERTY ADDRESS' (1234 Main Street, Anytown, USA), 'PROPERTY TYPE' (Conventional), and 'DOCUMENTATION LEVEL' (Streamlined Accept). The 'Results' section shows 'AUX STATUS' as 'Complete', 'APPEAL TYPE/NAME' as 'Form 70', 'LOAN PROCESSING STATE' as 'Application/Processing', 'ASSESSMENT TYPE' as 'Credit Only', 'LPA VERSION' as '2014WKS-6', and 'LPA ASSESSMENT EXP. DATE' as '09/01/2016'. The 'Credit Report Information' section includes a table with columns for 'SELECTED BORROWER', 'SELECTED REPORTING', 'CREDIT SCORE', and 'MEMO/CREDIT REFERENCES'. The table shows data for a 'Credit Only' borrower with a 'Experian' report, a credit score of '705', and 'FHA' as the credit reference.

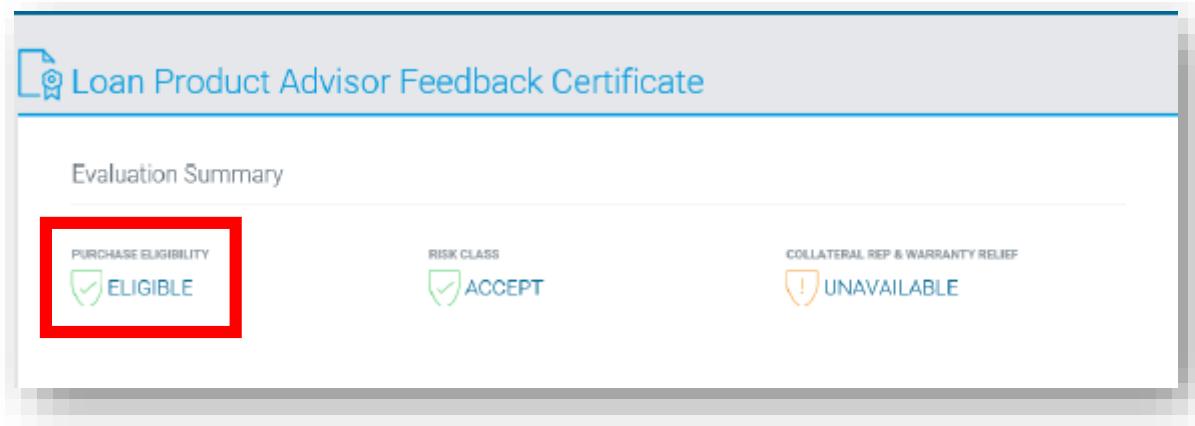
SELECTED BORROWER	SELECTED REPORTING	CREDIT SCORE	MEMO/CREDIT REFERENCES
Credit Only	Experian	705 FHA N/A	Credit Only

Let's Review The Feedback Certificate Handout That Was Provided

Freddie Mac Purchase Eligibility

Review the Feedback Certificate for Purchase Eligibility Messages

- Freddie Mac Eligible
- Freddie Mac Ineligible (Not eligible for sale to Freddie Mac/Investor)
- Freddie Mac 500 A-minus Offering



Many Lenders Do NOT Allow For A-Minus Loans To Be Delivered Or Insured. Always Check Investor Requirements

Loan Product Advisor “Risk Class”

Risk Classes for:

- Conventional / Conforming Loans
 - ACCEPT
 - CAUTION

Loan Product Advisor® PORTAL

Loan Product Advisor Feedback Certificate

Evaluation Summary

PURCHASE ELIGIBILITY  ELIGIBLE

RISK CLASS  ACCEPT

COLLATERAL REP & WARRANTY RELIEF  UNAVAILABLE

Loan Data and Documentation Level

Loan Data Fields

- Borrower name
- Appraisal Identifier, AUS Key #, Application #
- Property Address and Mortgage Type

Documentation Levels for Conventional Conforming Loans

- Streamlined Accept (Generally the Rule of One...).
- Standard (Generally the Rule of Two) *But Investor Product/Program Requirements may apply*

The image shows a screenshot of a loan application form titled "Loan Data". The form includes fields for Borrower Name, Appraisal Identifier, Loan Application Number, Property Address, Mortgage Type, and Documentation Level. The Documentation Level field is highlighted with a red box and contains the text "Streamlined Accept".

Loan Data		
BORROWER NAME		
APPRaisal IDENTIFIER		
LOAN APPLICATION NUMBER		
PROPERTY ADDRESS		MORTGAGE TYPE
MORTGAGE TYPE		DOCUMENTATION LEVEL

Streamlined Accept

Results and Credit Report Information

Results

AUS STATUS	APPRaisal TYPE/MAF	LOAN PROCESSING STAGE
Complete	Form 70	Application/Processing
ASSESSMENT TYPE	LPA VERSION	LPA ASSESSMENT EXP. DATE
Credit Only	2WWX3.0	08/02/2016

Credit Report Information

SELECTED BORROWER	SELECTED REPOSITORY	INDICATOR SCORE	
[REDACTED]	Experian	706	
BORROWER	REPOSITORY	CREDIT SCORE	MERGED CREDIT REFERENCE #
[REDACTED]	Experian Trans Union Equifax	706 716 N/A	[REDACTED]

Validate Mortgage Information

Mortgage Information		
PRODUCT TYPE 30 Year Fixed Rate	AMORTIZATION TYPE Fixed	AMORTIZATION MONTHS 360
INTEREST RATE 7.0000%	PURPOSE OF LOAN Purchase	PURCHASE PRICE \$100,000.00
LOAN AMOUNT \$81,200.00	ESTIMATED VALUE OF PROPERTY N/A	APPRaised VALUE OF PROperty \$300,000.00
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 \$750.00
NEW CONSTRUCTION N/A	PURPOSE OF REFINANCE N/A	
ARM Related Details:		ARM QUALIFYING RATE N/A
		ARM QUALIFYING PITI N/A

Easy To Read Funds To Verify

Asset Information

TOTAL ELIGIBLE ASSETS **1** \$119,576.28 **TOTAL FUNDS TO BE VERIFIED** **2** \$14,059.04

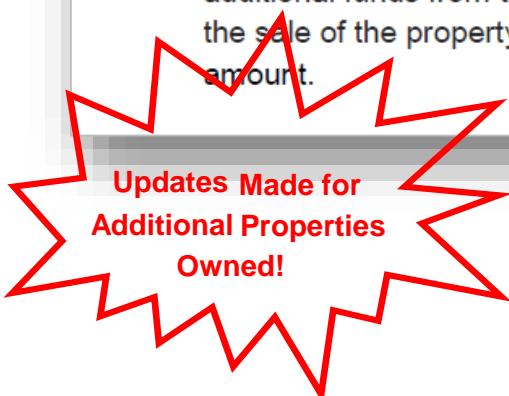
REQUIRED BORROWER FUNDS **3** \$14,059.04 **REQUIRED RESERVES** **4** \$0.00 **PAID OFF DEBTS** **5** \$0.00

Asset Information Section Results		
#	Field	Brief Description
1	<u>Total Eligible Assets</u>	The total amount of assets that are eligible sources of borrower funds and Reserves.
2	<u>Total Funds to be Verified</u>	The minimum amount of eligible assets that must be verified.
3	<u>Required Borrower Funds</u> (Cash-to-Close)	The amount of funds that are paid by the borrower in connection with the transaction. (Note: If this value is negative, \$0.00 displays. This occurs, for example, when the borrower is receiving cash out from the transaction.)
4	<u>Required Reserves</u>	The minimum amount of remaining eligible assets required after closing. (Note: The Assets and Reserves section in the feedback messages will reflect any additional required reserves.)
5	<u>Paid Off Debts</u>	This field displays only on purchase transactions and includes liabilities with a <i>Paid Off</i> indicator of "Yes". It does not include mortgages on properties indicated as pending sale or sold on the Schedule of Real Estate Owned.

Additional Amounts on Top of Loan Product Advisor Feedback

Note: In certain instances, Loan Product Advisor is not able to identify all of the necessary information to determine the amount of *Total Funds to be Verified*. For the scenarios below, you must add the additional funds indicated to the *Total Funds to be Verified* amount on the Feedback Certificate. All additional funds must be verified.

- When the Borrower is paying down a debt, add the amount of funds needed to pay down the debt to the *Total Funds to be Verified* amount.
- When discount points are paid by someone other than the borrower, add the amount of non-borrower paid discount points to the *Total Funds to be Verified* amount. (Reminder: Discount points paid by the borrower are entered in the *Discount* field in the Details of Transaction section.)
- When a property on the Schedule of Real Estate Owned is pending sale or sold and sale of the property requires additional funds from the Borrower, the Seller must document that the Borrower has sufficient funds to complete the sale of the property on the Schedule of Real Estate Owned in addition to the *Total Funds to be Verified* amount.



Updates Made for
Additional Properties
Owned!

Income And Ratio Information

Borrower Information

Present Address:

PROPOSED HOUSING (PITH)
\$500.00

PRESENT HOUSING EXPENSE
\$750.00

HOUSING RATIO
6%

DEBT RATIO
23%

OCCUPANT HOUSING RATIO
6%

OCCUPANT DEBT RATIO
23%

MAX MORTGAGE LIMIT
N/A

TOTAL MONTHLY INCOME
\$8,600.44

TOTAL MONTHLY DEBT
\$1,982.01

Validate Liabilities From Your LOS To Loan Product Advisor; Do Ratios Match? Use The Documentation Matrix To Determine Which Liabilities Must Be Included

Number of Submissions

Transaction Information

ORIGINATING COMPANY	SUBMITTING COMPANY	NUMBER OF SUBMISSIONS
Cybertek Test 2	Cybertek Test 2	01

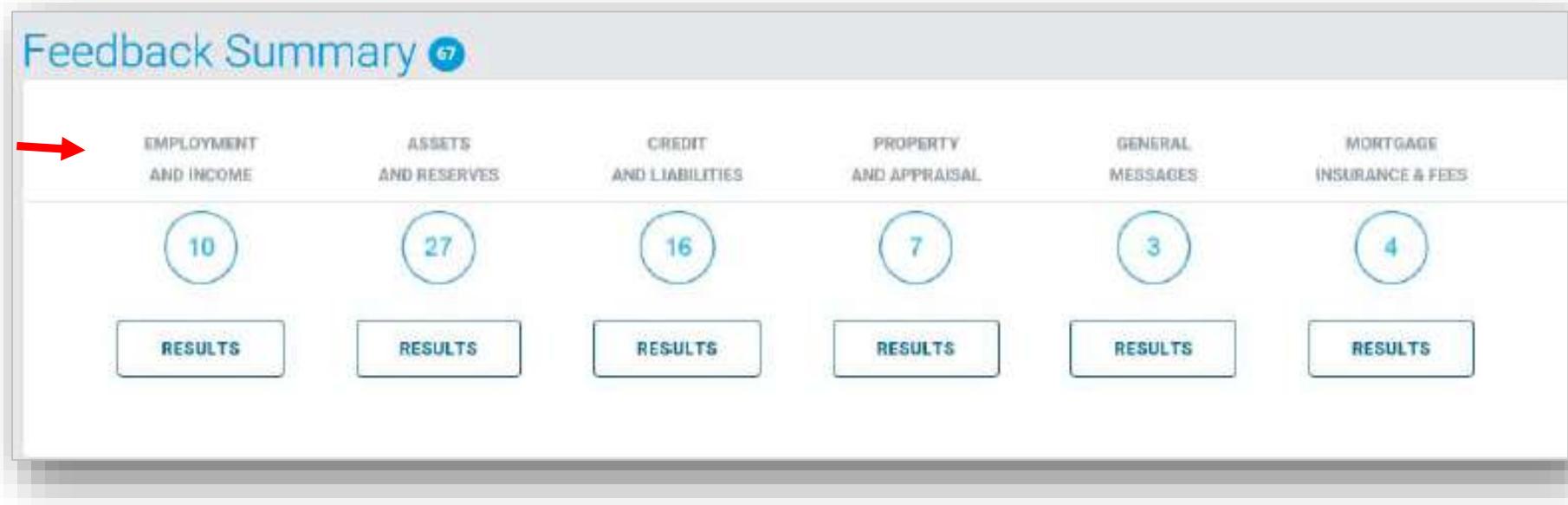
DATE/TIME REQUESTED	DATE/TIME ASSESSED	SELLER NUMBER
04/19/2016 16:25:06	04/19/2016 16:25:08	[REDACTED]

AUS TRANSACTION NUMBER:	LOAN PROSPECTOR ID	TRANSACTION ID
[REDACTED]	[REDACTED]	[REDACTED]

TPO NUMBER	NOTP NUMBER
N/A	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 requirement to obtain an additional borrower signed IRS Form 4506-T on the Note Date is not required.

4Z If applicable, document on the Uniform Residential Loan Application any employment gaps greater than 60 days and provide an explanation from the borrower in the mortgage file.

CZ A verbal VOE for [REDACTED] is required from each employer for which income is used to qualify. If a verbal VOE cannot be obtained, obtain a written VOE or third-party VOE. The VOE 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] must be supported by a YTD paystub documenting at least 30 days of income and W-2s for the most recent tax year OR a written VOE covering the most recent year.

4R If not using self-employed income for [REDACTED] to qualify, obtain individual federal tax returns to determine if there is a business loss and evaluate the impact of any loss on qualifying income.

5C File must contain verification of existence of each business through a third-party source for [REDACTED] dated no more than 30 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 most recent 1 year signed complete individual federal and business tax returns for each business. Individual federal tax returns must reflect at least 12 months of self-employed income. File must contain Form 91 or comparable form.

Asset and Reserves

Read All Messages

Assets & Reserves	
CODE	MESSAGES
XO	Verify total funds to be verified of no less than \$14,059.04. This amount represents Required Borrower Funds (\$14,059.04), required reserves (\$0.00), and any debts to be paid off at or before closing (\$0.00). In addition to total funds to be verified, the Seller must also verify funds that are required to pay down debt and any additional required reserves, if applicable.
VL	All funds needed for closing must be verified from eligible asset(s) sources.
IT	The following asset(s) total \$119,576.28 and are eligible sources of Borrower Funds and Reserves: Gifts: \$8,000; Gifts: \$8,000; Life Ins: \$5,567; Life Ins: \$5,000; Life Ins: \$4,089; Life Ins: \$4,000; Earnest Money Deposit: \$3,505; Earnest Money Deposit: \$3,504; Earnest Money Deposit: \$3,503; Earnest Money Deposit: \$3,502; Earnest Money Deposit: \$3,501; Life Ins: \$3,051; Life Ins: \$3,000; Life Ins: \$2,050; Life Ins: \$2,000; Checking: \$2,000; Checking: \$2,000; Money Market: \$1,105; Money Market: \$1,104; Checking: \$1,103. There are additional accounts that apply; review the loan file to identify additional accounts, as applicable.
K1	The following asset(s) total \$80,479.47 and are ineligible sources of Borrower Funds and Reserves: Automobile: \$39,001; Automobile: \$10,871; Automobile: \$10,001; Automobile: \$7,000; Automobile: \$7,000; Other Non Liquid Assets: \$1,101; Net Worth Of Business Owned: \$1,101; Other Non Liquid Assets: \$1,100; Other Non Liquid Assets: \$1,100; Net Worth Of Business Owned: \$1,100; Net Worth Of Business Owned: \$1,100.
VO	Required Borrower Funds are calculated as \$14,059.04 based on the information submitted as follows: purchase price (\$100,000.00) + alterations, improvements, repairs (\$0.00) + refinance amount (\$0.00) - loan amount (\$80,000.00) + transaction costs (\$-5,940.96) - proceeds from subordinate financing (\$0.00).

Assets and Reserves

9C If other liquid assets are required for Borrower Funds and/or reserves, ensure the assets are from an eligible source and obtain documentation in accordance with the Guide.

XI The reported reserves of \$27,274.94 do not match the Loan Product Advisor calculated reserves of \$105,517.24. Seller should review for accuracy. The Loan Product Advisor calculated reserves are determined as follows: total eligible assets (\$119,576.28) - Required Borrower Funds (\$14,059.04) - debts to be paid off at or before closing (\$0.00) and represents the Borrower's available reserves based on the information submitted to Loan Product Advisor.

QE No Reserves are required.

ZL Owner-Occupied or Second Home Property. Financing concessions cannot exceed six percent of value.

3X Document the source of funds for any single deposit that exceeds \$4,300.22, which is 50% of the total monthly qualifying income OR reduce the asset amount by the unverified deposit and resubmit. Document the source of funds for a deposit of any amount on the Borrower's account statement if there is an indication that the funds are borrowed or not from an eligible source.

G0 This loan was submitted with \$20520.38 in depository accounts (checking, savings and/or money market)

CN Checking, savings, certificate of deposit, or money market accounts: For each account required for Borrower Funds and/or reserves, obtain an account statement covering a 1-month period or a direct verification.

G3 This loan was submitted with \$9905.07 in stocks and/or bonds

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.
NC	The following debt(s) was omitted from the debt-to-income (DTI) ratio due to 10 months or fewer payments remaining. Confirm the number of months remaining, and if the payment will continue for more than 10 months, resubmit the loan to LPA Installment, Bal: \$1,000, Pymt: \$100, Rem mos: 9; SeparateMaintenanceExpense, Bal: \$0, Pymt: \$13, Rem mos: 3; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; ChildSupport, Bal: \$0, Pymt: \$12, Rem mos: 2; ChildSupport, Bal: \$0, Pymt: \$17, Rem mos: 7; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$18, Rem mos: 6; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; SeparateMaintenanceExpense, Bal: \$0, Pymt: \$18, Rem mos: 8.
NE	The following debt(s) was omitted from the debt-to-income (DTI) ratio: ChildCare, Bal: \$769, Pymt: \$93; OtherExpense, Bal: \$0, Pymt: \$20; JobRelatedExpenses, Bal: \$0, Pymt: \$19; JobRelatedExpenses, Bal: \$0, Pymt: \$14; OtherExpense, Bal: \$0, Pymt: \$15.
NG	One or more properties were submitted with a property disposition of Pending Sale on the Schedule of REO and the associated payments were omitted from the debt-to-income (DTI) ratio. Include evidence to support omission in the mortgage file. Otherwise, resubmit the loan to Loan Product Advisor under the appropriate property disposition (e.g. Rental, Retained) to ensure the associated payments are included in the DTI ratio.
NJ	One or more properties were submitted with a property disposition of Sold on the Schedule of REO and the associated payments were omitted from the debt-to-income (DTI) ratio. Include evidence to support omission in the mortgage file.

Credit and Liabilities 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.

NC The following debt(s) was omitted from the debt-to-income (DTI) ratio due to 10 months or fewer payments remaining. Confirm the number of months remaining, and if the payment will continue for more than 10 months, resubmit the loan to LPA:
Installment, Bal: \$1,000, Pymt: \$100, Rem mos: 9; SeparateMaintenanceExpense, Bal: \$0, Pymt: \$13, Rem mos: 3; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; ChildSupport, Bal: \$0, Pymt: \$12, Rem mos: 2; ChildSupport, Bal: \$0, Pymt: \$17, Rem mos: 7; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$16, Rem mos: 6; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; Alimony, Bal: \$0, Pymt: \$11, Rem mos: 1; SeparateMaintenanceExpense, Bal: \$0, Pymt: \$18, Rem mos: 8.

NE The following debt(s) was omitted from the debt-to-income (DTI) ratio: ChildCare, Bal: \$769, Pymt: \$93; OtherExpense, Bal: \$0, Pymt: \$20; JobRelatedExpenses, Bal: \$0, Pymt: \$19; JobRelatedExpenses, Bal: \$0, Pymt: \$14; OtherExpense, Bal: \$0, Pymt: \$15.

NG One or more properties were submitted with a property disposition of Pending Sale on the Schedule of REO and the associated payments were omitted from the debt-to-income (DTI) ratio. Include evidence to support omission in the mortgage file. Otherwise, resubmit the loan to Loan Product Advisor under the appropriate property disposition (e.g. Rental, Retained) to ensure the associated payments are included in the DTI ratio.

NJ One or more properties were submitted with a property disposition of Sold on the Schedule of REO and the associated payments were omitted from the debt-to-income (DTI) ratio. Include evidence to support omission in the mortgage file.

4B 706 is the Loan Prospector Indicator Score from TRW (Experian) for [REDACTED]

Property and Appraisal

Property & Appraisal

CODE MESSAGES

- E3 A Document File ID from UCDP that matches the Appraisal Identifier could not be found. Please verify the Appraisal Identifier and address match the appraisal submission.
- 5X Address entered matched to: ~~10000 COUNTY LINE RD, NEWTON, NC 28657, United States~~. Please confirm accuracy.
- VM 417000.00 is the maximum super conforming loan limit allowed for a 1-unit property located in ~~10000 COUNTY, NC~~.
- L5 Form 70 is minimum assessment required for sale to Freddie Mac.
- Y3 Unable to determine the HVE point value estimate for the submitted address.
- ZB An update of the original appraisal is required within 120 days before the effective date of the permanent financing.

General Messages

CODE	MESSAGES
TV	LP Assessment Expiration Date for [REDACTED] is 08/02/2016
EW	Seller is responsible for documenting and underwriting all Mortgages in accordance with the requirements of the Single-Family Seller/Servicer Guide and/or Master Agreement.
4D	The net purchase price is calculated by subtracting the sales concessions from the gross purchase price.
4E	This loan requires 12% Standard MI coverage.
YN	The LTV of 81.81% is calculated using the loan amount of \$81200.00 which includes a financed mortgage insurance premium of \$1200.00.
HR	Check your rate sheet for pricing information. Delivery fees listed are identified based upon the information submitted. Some of the delivery fees may not be applicable, or other delivery fees may apply due to (a) additional information about the Mortgage or the borrowers; (b) correction of erroneous information submitted about the Mortgage or the borrowers; (c) Master Commitment terms; or (d) Purchase Document terms.
V7	This loan may be subject to an Indicator Score/Loan-to-Value ratio delivery fee.

The Checklist - Use It!!

Accept Document Checklist

Loan Product Advisor™ PORTAL

Documentation Checklist

Evaluation Summary

INVESTMENT SECURITY: **ELIGIBLE** **REVIEW CLASS**: **ACCEPT** **COLLATERAL REP. & VALUABILITY STATUS**: **UNAVAILABLE**

Loan Data

BORROWER NAME: CYBERTEK INC.

APPRAISAL AUTHORITY: LP 200 EEF **LOAN APPLICANT NUMBER**: 10000000000000000000

AU TRANSACTION NUMBER: 10000000000000000000 **LOAN PROSPECTOR ID**: 10000000000000000000 **TRANSACTION ID**: 10000000000000000000

PROPERTY ADDRESS: 10000000000000000000 **PROPERTY TYPE**: Conventional **DOCUMENTATION LEVEL**: Streamlined Accept

Received

The credit limit information imported for Loan Application Number B-ELIGIBLE_ACCE. Submitting Company: CyberTek Inc.

CHARGE NOTE:

Any changes to loan data could change the **One Day Delinquent** requirement. If you would like more details on these guidelines, please review the [Full Feedback Certificate](#).

If other liquid assets are required for Borrower Funds and/or reserves, ensure the assets are from an eligible source and obtain documentation in accordance with the Guide.

No Reserves are required.

Document the source of funds for any single deposit that exceeds \$4300.220, which is 50% of the total monthly qualifying income OR reduce the asset amount by the unverified deposit and resultant. Document the source of funds for a deposit of any amount on the Borrower's account statement if there is an indication that the funds are borrowed or not from an eligible source.

Stocks, bonds and mutual funds: For each account required for Borrower Funds and/or reserves, obtain a stock or brokerage account statement covering a 1-month period or direct account verification. If the Borrower does not receive a statement, provide a copy of the stock certificate and the current stock prices from a published source. For vested stock options, see documentation requirements in the Guide.

Checking, savings, certificate of deposit, or money market accounts: For each account required for Borrower Funds and/or reserves, obtain an account statement covering a 1-month period or a direct verification.

Retirement: For each account required for Borrower Funds and/or reserves, obtain an account statement covering a 1-month period or direct account verification. If an employer plan, document the vested balance and that Borrower is permitted to make withdrawals regardless of employment status.

Life Insurance: Only cash value may be used. For each account required for Borrower Funds and/or reserves, obtain a verification from the insurance company that is a computer generated or typed statement identifying the insurance company and the policy owner(s), shows the period covered and existing cash value and any outstanding loans.

If the following assets are required for Borrower Funds, 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. Lifeinsurance, Amt: \$5,000, Holder: N/A; Lifeinsurance, Amt: \$5,000, Holder: N/A; Lifeinsurance, Amt: \$4,000, Holder: N/A; Lifeinsurance, Amt: \$4,000, Holder: N/A; Lifeinsurance, Amt: \$3,000, Holder: N/A; Lifeinsurance, Amt: \$3,000, Holder: N/A; Bond, Amt: \$1,100, Holder: B1 05 #3 Bonds; Stock, Amt: \$1,100, Holder: B1 05 #3 Stock; MutualFund, Amt: \$1,100, Holder: B1 04 #3 Mutual Fund; RetirementFund, Amt: \$1,100, Holder: B1 08 #2 RetirementFund; Amt: \$1,100, Holder: B1 08 #1 RetirementFund; Bond, Amt: \$1,100, Holder: B1 05 #2 Bonds; Bond, Amt: \$1,100, Holder: B1 05 #1 Bonds; Stock, Amt: \$1,100, Holder: B1 05 #1 Stock; Stock, Amt: \$1,100, Holder: B1 06 #2 Stocks; MutualFund, Amt: \$1,100, Holder: B1 04 #2 Mutual Fund; RetirementFund, Amt: \$1,100, Holder: B1 08 #2 RetirementFund; MutualFund, Amt: \$1,100, Holder: B1 08 #1 Mutual Fund. There are additional accounts that apply; review the loan file to identify additional accounts, as applicable.

If gift funds are from a Related Person: For each gift required for Borrower Funds and/or reserves, obtain a gift letter signed by the donor stating donor's name, that funds are given by a Related Person and do not have to be repaid, including donor's mailing address, phone number and gift amount. Provide evidence the funds have been deposited in the Borrower's account or transferred from donor to Borrower. A gift of equity must be reflected on the Settlement/Closing Disclosure Statement.

If gift funds are from an Agency: For each gift or grant required for Borrower Funds, obtain documentation identifying donor's mailing address, 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.

If proceeds from sale of real property are required for Borrower Funds and/or reserves, the proceeds must be verified with the Settlement/Closing Disclosure Statement and/or an executed buy-out agreement that is part of an employer relocation plan.

If earnest money deposit is counted towards Borrower Funds, ensure it is from an eligible source and documented in accordance with Guide requirements for applicable asset type. Care should be taken to make sure that the earnest money deposit is not counted twice (i.e. deducted from funds to close and counted in assets).

Trust: For funds disbursed from a trust (not held for Borrower Funds and/or reserves), obtain trust agreement or a signed statement from trustee that identifies trustee (name, address, phone, contact) and Borrower as the beneficiary, shows Borrow has access to all or a specific amt of funds and trust has a duty to disburse funds to Borrow. Trustee must be an independent party that typically handles trust assets. If the assets are held for closing, evidence of receipt of disbursed funds is req'd.

If proceeds of a loan fully secured by the Borrower's owned assets are required for Borrower Funds and/or reserves, obtain documentation verifying the value and ownership of the asset used to secure the loan as well as the loan amount and terms. Evidence of receipt of the loan proceeds is required.

If proceeds of a bridge loan not deposited are required for Borrower Funds and/or reserves, obtain documentation verifying the value and ownership of the property used to secure the loan as well as the amount and terms of the loan. Evidence of receipt of the loan proceeds is required.

One or more properties were submitted with a property disposition of Pending Sale on the Schedule of REO and the associated payments were omitted from the debt-to-income (DTI) ratio. Include evidence to support omission in the mortgage file. Otherwise, resubmit the loan to Loan Product Advisor under the appropriate property disposition (e.g. Rental, Retained) to ensure the associated payments are included in the DTI ratio.

One or more properties were submitted with a property disposition of Sold on the Schedule of REO and the associated payments were omitted from the debt-to-income (DTI) ratio. Include evidence to support omission in the mortgage file.

Documentation Matrix

- Updated April 2018
- Assists with processing and documenting Loan File
- Can help with scenarios before submission to Loan Product Advisor
- Note the reference to the Guide
- Broken out by topic
 - Credit and Liabilities
 - Income
 - Assets
 - Property
- Broken out by Documentation Level
- Be mindful of Investor Overlays



Loan Product Advisor® Documentation Matrix



INCOME AND EMPLOYMENT DOCUMENTATION

The analysis, verification, calculation and determination of the stable monthly income amount is integral to the overall qualification of the borrower and determination of the borrower's capacity to repay the mortgage and other monthly obligations. Refer to Guide Topic 5300 for complete requirements and guidance for the analysis, stability, history, continuance and documentation for all stable monthly income and asset qualification sources.

Topic	Documentation Requirements (Streamlined and Standard Documentation Levels)
General requirements for stable monthly income (Guide Section 5301.1)	<p>Stable monthly income is the borrower's verified gross monthly income from all acceptable and verifiable sources that can reasonably be expected to continue for at least the next three years. For each income source used to qualify the borrower, the Seller must determine that both the source and the amount of the income are stable.</p> <p>Regardless of the underwriting path, the income qualification sources used to qualify the borrower (whether or not specifically addressed in Topic 5300) and the documentation in the mortgage file must be evaluated for stable monthly income qualification requirements and must meet the requirements of Topic 5300. Income qualification sources that do not meet these requirements or are not calculated correctly may invalidate the Loan Product Advisor Risk Class on the Feedback Certificate.</p> <p>The Seller must include a written analysis of the income qualification sources and amount in the mortgage file. In addition, all documentation used to establish stable monthly income must be retained in the mortgage file.</p> <p>Refer to Guide Section 5301.1 for more requirements and guidance on:</p> <ul style="list-style-type: none">▪ Analysis of stable monthly income amount▪ General requirements for all stable monthly income▪ Income stability and history▪ Income continuance
General requirements for documentation used to verify employment and income (Guide Chapter 5302)	<p>Employed income documentation and verification requirements</p> <ul style="list-style-type: none">▪ YTD Paystubs▪ W-2 Forms▪ Written VOEs▪ Ten-day Pre-Closing Verification (10-day PCV)▪ Third-party Verification Service Providers <p>Tax return requirements</p> <ul style="list-style-type: none">▪ Signed tax returns (and alternatives to signatures)▪ IRS Transcripts▪ Unreimbursed employee expenses
Employed income calculation guidance and requirements (Guide Section 5303.4)	<p>Employed income calculation guidance and requirements</p> <p>For all income, the Seller must determine how the borrower is paid in order to accurately analyze and calculate the stable monthly income used for qualifying. The documentation in the mortgage file must support the Seller's income analysis and calculation. If the documentation does not support the income used for qualifying purposes, further analysis is required and additional documentation may be necessary to support the stability of the income and the amount of income used to qualify.</p> <ul style="list-style-type: none">▪ For the calculation of base non-fluctuating employment earnings, refer to Section 5303.4(a)▪ For the calculation of fluctuating employment earnings, refer to Guide Section 5303.4(b)

April 2018

www.FreddieMac.com/learn/

Page 3

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

What if the Credit Report has an Inquiry? What do I do?

CREDIT AND LIABILITIES

Topic	Documentation Requirements
Completing Liabilities Section of the Loan Application (Guide Sections 4101.1(b) and 5401.2)	Review the mortgage application, credit report, borrower's paystubs (if provided) and other file documentation for borrower liabilities. The liabilities portion of the application may be completed directly from the credit reports either manually or through an automated process. If the credit reports identify fewer than three open tradelines (except for Accept Mortgages), ask the borrower if any additional tradeline references exist. Additionally, must include other debts in monthly debt as detailed under the Monthly Debt Payment section below.
Credit data for Loan Product Advisor Mortgages (Guide Sections 5201.1 (c)(ii) and 5203.1(h) and (i))	Obtain the same type of credit report for all borrowers from: <ul style="list-style-type: none">▪ Infile(s) or merged/joint merged obtained through Loan Product Advisor▪ Infile(s), merged/joint merged, or RMCR obtained outside of Loan Product Advisor Once you have selected a type of credit report, review all reports of that type for all borrowers. All infiles for an individual borrower must be dated within 14 days of each other. Retain all credit reports in the file. All credit reports must be dated within 120 days before, as applicable, the Note Date, or for Construction and Renovation Mortgages, the Effective Date of Permanent Financing, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or the date of the assumption agreement. For mortgages with borrowers who do not have a usable credit score, see Mortgages for Borrowers Without Credit Scores .
Credit report inquiries within previous 120 days (Guide Sections 5201.1(e) and 5202.6)	Determine if additional credit was granted. If additional credit was granted, verification of the debt must be obtained and the debt must be considered when qualifying the borrower. A letter from the creditor or, if such a letter is unobtainable, a signed statement from the borrower may be used to determine whether additional credit was obtained.



Pages 22 and 23 of matrix

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

What Debts Must be Included in the DTI?

Monthly debt payment (Guide Sections 5401.1 and 5401.2)	<p>Must include all the following, if applicable:</p> <ul style="list-style-type: none">▪ Monthly housing expense▪ Payments on installment debts with more than 10 months remaining, including debts that are in a period of deferment or forbearance.<ul style="list-style-type: none">- For student loans (see Student Loans in this table)- Other installment debt (other than a student loan): If not reported on the credit report or is listed as deferred or in forbearance, you must obtain documentation verifying the monthly payment amount.- Payments on installment debts secured by financial assets made by a financial institution may be excluded for qualifying purposes; however, the payments must be included on the loan application.▪ Alimony, child support or separate maintenance payments with more than 10 months remaining
Topic	Documentation Requirements
Monthly debt payment (continued) (Guide Sections 5401.1 and 5401.2)	<ul style="list-style-type: none">▪ Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment on the credit report, and if there is no documentation in the mortgage file indicating the monthly payment amount, 5% of the outstanding balance will be considered to be the required monthly payment amount. Monthly payments on open-end accounts (accounts which require the balance to be paid in full monthly) 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. The funds must be in addition to any funds used to qualify the borrower for the mortgage transaction.▪ Monthly lease payments, regardless of number of payments remaining▪ Aggregate net rental loss from all investment properties owned▪ Monthly payment amounts for other properties, including principal and interest on the First Lien and any secondary financing, real estate taxes, property hazard insurance premiums and, when applicable, mortgage insurance premiums, leasehold payments, homeowners association dues (excluding unit utility charges)

Pages 23 and 24 of Matrix

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

Treatment of Student Loans in DTI

Student Loans (Guide Section 5401.2)	Debt Type	Eligibility and Documentation Requirements
 <p>Effective for Loan Settlements January 18, 2018</p>	In repayment	<p>Use the greater of:</p> <ul style="list-style-type: none">▪ The monthly payment amount reported on the credit report, or▪ 0.5% of the original balance or outstanding balance as reported on the credit report, whichever is greater
	In deferment or forbearance	<p>Use the greater of:</p> <ul style="list-style-type: none">▪ The monthly payment reported on the credit report, or▪ 1% of the original loan balance or outstanding balance as reported on the credit report, whichever is greater
	In loan forgiveness, cancellation, discharge and employment-contingent repayment programs	<p>The monthly payment amount may be excluded from the monthly DTI ratio provided the mortgage file contains documentation that indicates the following:</p> <ul style="list-style-type: none">▪ The student loan has 10 or less monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or paid, or▪ The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, cancelled, discharged or paid at the end of the deferment or forbearance period <p>AND</p> <ul style="list-style-type: none">▪ 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

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>Effective for Loan Settlements January 18, 2018</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 borrower is not on the title for the mortgaged property▪ 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, provide:<ul style="list-style-type: none">- Court order, example: appropriate pages from separation agreement or divorce decree, and- Transfer of title out of the borrower's name <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> <p>When a self-employed borrower is obligated on a debt that has been paid by the borrower's business 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:</p> <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

Refer to the Guide for More Information on Monthly Income

Topic	Documentation Requirements (Streamlined and Standard Documentation Levels)
General requirements for stable monthly income (Guide Section 5301.1)	<p>Stable monthly income is the borrower's verified gross monthly income from all acceptable and verifiable sources that can reasonably be expected to continue for at least the next three years. For each income source used to qualify the borrower, the Seller must determine that both the source and the amount of the income are stable.</p> <p>Regardless of the underwriting path, the income qualification sources used to qualify the borrower (whether or not specifically addressed in Topic 5300) and the documentation in the mortgage file must be evaluated for stable monthly income qualification requirements and must meet the requirements of Topic 5300. Income qualification sources that do not meet these requirements or are not calculated correctly may invalidate the Loan Product Advisor Risk Class on the Feedback Certificate.</p> <p>The Seller must include a written analysis of the income qualification sources and amount in the mortgage file. In addition, all documentation used to establish stable monthly income must be retained in the mortgage file.</p> <p>Refer to Guide Section 5301.1 for more requirements and guidance on:</p> <ul style="list-style-type: none">▪ Analysis of stable monthly income amount▪ General requirements for all stable monthly income▪ Income stability and history▪ Income continuance

Page 3 of matrix

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

Self-Employment

Topic	Documentation Requirements (Streamlined and Standard Documentation Levels)	
	Self-employed Income (continued)	
Documentation Requirements (continued) Guide Section 5304.1(h)	Business in existence ≥ 5 years	Business in existence < 5 years
	Sole proprietorship	Obtain complete signed federal individual (Form 1040) income tax return for the most recent year.
	Partnership	Verify the number of years that the business has been in existence and obtain complete signed federal individual and Partnership (Form 1065) income tax returns, including the Schedule K-1(s) for the most recent year.
	S Corporation	Verify the number of years that the business has been in existence and obtain complete signed federal individual and S corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) if applicable, for the most recent year.
	Corporation	Verify the number of years that the business has been in existence and obtain complete signed federal individual and Corporation (Form 1120) income tax returns, including Form 1125-E and W-2(s) as applicable, for the most recent year.
Refer to Chapter 5304 for complete requirements and guidance.		
Self-employment income not used for qualification Guide Section 5304.1(e)	<p>Self-employment disclosed on Uniform Residential Loan Application (or other documentation) but not used to qualify</p> <p>If the Borrower is self-employed and the self-employment is not considered for qualification purposes, pages 1 and 2 of the borrower's tax returns and the applicable schedules (e.g., Schedule C, Schedule E) are still required to determine if there is a business loss that may have an impact on the stable monthly income. Refer to Guide Section 5304.1(e) for complete requirements and guidance.</p> <ul style="list-style-type: none"> ▪ If a business loss is reported and the Borrower qualifies with the loss, then the Seller is not required to obtain any additional documentation relating to the business loss. 	

Page 12 and 13 of matrix

What is a Large Deposit and What Do I Do?

ASSET DOCUMENTATION

Topic	Documentation Requirements
Required funds (Guide Section 5103.1 and Guide Section 5501.1, 5501.3)	<p>All funds used to qualify the borrower for the mortgage transaction (i.e., any funds required to be paid by the borrower and borrower reserves) must come from eligible sources described in Guide Section 5501.3.</p> <ul style="list-style-type: none">▪ For purchases, document the borrower has sufficient funds verified and from eligible sources to qualify for the mortgage transaction.▪ For refinances, verification of funds is required.▪ For non-occupant co-borrower transactions, funds may come from the occupant and/or non-occupant borrower.▪ For mortgages secured by second homes, see Guide Section 4201.15(b). <p>Asset documentation must meet the requirements of Guide Sections 5501.3, 5102.3 and 5102.4, as applicable, and be maintained in the mortgage file. In addition:</p> <ul style="list-style-type: none">▪ For purchase transactions, document the source of funds for any large deposit when the deposit is needed to qualify the borrower for the mortgage transaction. A large deposit is any single deposit that exceeds 50% of the sum of:<ul style="list-style-type: none">- The total monthly qualifying income for the mortgage.- The amount derived from the asset calculation for establishing the DTI ratio in accordance with the requirements of Section 5307.1, if applicable.
Depository accounts (Guide Section 5501.3(b))	<p>Obtain:</p> <ul style="list-style-type: none">▪ Depository account statements covering a one-month period (for Streamlined Accept Documentation) or two-month period (for Standard Documentation), or▪ A direct account verification (i.e., VOD)

Important Updates About Reserves

Effective For Loans Submitted and Resubmitted On Or After November 12, 2017

- Loan Product Advisor will determine reserves for additional properties owned and obligated on when subject is a second home or investment property
- Data accuracy is critical
- Enter all eligible assets
- Enter details for each additional 1-4 unit residential property in which the borrower has ownership interest and is obligated on the financing
- Specifically:
 - Property disposition
 - Subject property
 - Current Resident
 - Liabilities associated with each property?

Understanding Loan Product Advisor's Determination of Reserve Requirements

Effective for mortgages starting November 12, 2017

Understanding Loan Product Advisor's Determination of Reserve Requirements

Freddie Mac

This reference provides an overview of the requirements and data entry tips for minimum amount of reserves required on the Loan Product Advisor Feedback Certificate. For complete information, refer to Guide Section 5501.3 (b) and (c) for information about assets that may be used to calculate reserves.

What Are Reserves?

Reserves are the borrower's eligible amount of months of the monthly payment following:

- Principal and interest
- Property hazard insurance
- Real estate taxes
- When applicable:
 - Mortgage insurance
 - Leasehold payments
 - Homeowners association fees
 - Payments on second homes

How Does Loan Product Advisor Determine Reserves?

For each transaction, Loan Product Advisor determines the loan and Guide requirements while other transactions may require verification. If the amount of reserves required exceeds the amount that can be verified, the amount must be verified. Loan Product Advisor provides messages on the Loan Product Advisor 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.

Data Entry Tips for Determining Reserves

Data accuracy is critical to Loan Product Advisor's determination of reserves. Enter real estate owned details in Loan Product Advisor's system.

- Enter eligible assets including (b) and (c) for information about assets that may be used to calculate reserves.

This document is not a replacement or substitute for the information found in the Single-Family Seller/Servicer Guide or the terms of your Master Agreement and/or other Pricing Identifier Terms. © 2017 Freddie Mac.

November 2017

November 2017

www.FreddieMac.com/loan/

Page 2

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.freddiemac.com/loanadvisorsuite/loancollateraladvisor/>

HVE Point Value Estimate

Freddie Mac
We make home possible®

Connect With Us
[f](#) [in](#) [yt](#) [tw](#)

Single-Family

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

Home Value Explorer

Home Value Explorer® (HVE®) is a Freddie Mac Automated Valuation Model (AVM) tool that generates an estimate of property value in seconds. HVE encompasses several models rolled into a single product, for one low cost. HVE uses Freddie Mac's unique proprietary algorithm that blends model estimates returned by our [repeat sales model](#) and [hedonic model](#), which is considered our [combining process](#). HVE provides extensive coverage of all 50 states and more than 3100 counties with its database of approximately 87 million property records. HVE data simplifies the mortgage process by streamlining the collateral valuation cycle.

For more than 20 years, Freddie Mac has effectively employed AVMs internally for its own risk and portfolio management. AVMs have become an integral part of today's mortgage market, and AVM technology has advanced the world of automated valuation services from novelty to necessity.

Today, AVMs are efficient, effective and essential tools in loan manufacturing. AVMs help expedite processes, lower costs and minimize risk. When choosing an AVM, it's important to consider coverage, vendor reputation, current technology, accuracy, and 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.

HVE is a tool with many uses:

- Supports many lending functions such as:
 - Underwriting review for first and second mortgages, and home equity loans/home equity lines of credit
 - 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>

CODE	MESSAGES	Information Provided Directly From Home Value Explorer	
		Message Code	Message Explanation
VM	417000.00 is the maximum super conforming loan limit allowed for a 1-4 family unit.		
5X	Address entered matched to: [REDACTED]		
Y0	119881.00 is the HVE point value estimate of the subject property.	Y0	HVE Point Value Estimate – An estimate based on a Freddie Mac statistical model that assumes average marketability and condition for the property.
Y1	0.067 is the HVE Forecast Standard Deviation of the HVE point value estimate.	Y1	Message Text: See example on left.
Y2	High is the HVE Confidence Level of the HVE point value estimate of the property.	Y2	Forecast Standard Deviation (FSD) – A statistical measure of the accuracy of the HVE point value estimate. The lower the FSD, the smaller the error in predicting actual market value.
Y4	Home Value Explorer (HVE) point value estimates provided by Freddie Mac are not final and do not indicate Freddie Mac's acceptance of the appraised value or representations and warranties, regardless of the HVE estimate. Visit FreddieMac.com/HVE for more information.		Message Text: See example on left.
Y5	The percentage difference between the estimated/appraised value or price.		Confidence Level (High, Medium, Low) Confidence Level is derived from the FSD and is summarized within High, Medium and Low value ranges: <ul style="list-style-type: none">▪ High = FSD of .001 to .130▪ Medium = FSD of .131 to .200▪ Low = FSD of .201 to .400 Message Text: See example on left.

HVE FAQ's



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>

Bulletin 2017-3

Value Relief for Certain Loan Product Advisor Loans



Bulletin

TO: Freddie Mac Sellers

March 22, 2017 | 2017-3

SUBJECT: COLLATERAL REPRESENTATION AND WARRANTY RELIEF AND UPDATES

Value relief

[Value relief for eligible Mortgages – April 3, 2017 \(New\)](#)

[Property selection requirements for properties located in new subdivisions, management \(PUDs\) and units in new or recently converted Condominium](#)

[Certain PUD requirements](#)

[In 1033, One-Unit Residential Appraisal Desk Review Report, to all](#)
[ments for reconciling multiple opinions of market value](#)

[COLLATERAL REPRESENTATION AND WARRANTY RELIEF](#)
[through the Selling System® on and after April 3, 2017](#)

[Sellers, we are announcing that, for certain Mortgages processed](#)
[through the Selling System® on and after April 3, 2017](#)

Collateral Representation and Warranty Relief Eligibility Requirements

Eligibility

The following eligibility requirements must be met for the Mortgage to qualify for collateral representation and warranty relief:

- The Mortgage must be submitted to Loan Product Advisor

COLLATERAL REPRESENTATION AND WARRANTY RELIEF

Effective for Mortgages evaluated through the Selling System® on and after May 19, 2017

Bulletin 2017-3 announced collateral representation and warranty relief for certain eligible Mortgages. We are expanding the Mortgages that are eligible to be considered for collateral representation and warranty relief to include:

- Cash-out refinance Mortgages and special purpose cash-out refinance Mortgages
- Texas Equity Section 50(a)(6) Mortgages
- Construction Conversion and Renovation Mortgages
- Mortgages that Freddie Mac and the Seller/Servicer have agreed are subject to credit enhancement other than primary mortgage insurance

Bulletin 2017-3

See Collateral Representations and Warranty Relief page for more information (On the Freddie Mac website)

Collateral Representation and Warranty Relief Eligibility Requirements	
	<p>Note: Upon submission to Loan Product Advisor, a corresponding collateral representation and warranty relief message will also be provided in the feedback certificate. Risk classifications of "Accept" and "Caution" are eligible to receive relief.</p> <ul style="list-style-type: none">• The Mortgage must be delivered as a Loan Product Advisor Mortgage (identified by entering the LP AUS Key) in the Selling System and the final submission to the Selling System must indicate the collateral representation and warranty relief status is "Y" or "Yes"
Representation and warranty relief exceptions	<p>The Seller/Servicer will not be relieved from Freddie Mac's enforcement of remedies with respect to the following requirements for Mortgages that meet the eligibility requirements above, even if such matters are related to value, condition and marketability:</p> <ul style="list-style-type: none">• The requirement that, when applicable, a certification of completion or completion report must be obtained verifying that any outstanding conditions of the appraisal have been satisfied (per Guide Section 5601.11)• The requirement that the Mortgaged Premises not be subject to a pending legal proceeding for condemnation in whole or in part (per Section 5601.2)• With respect to properties affected by disasters, compliance with Section 4201.13 as it relates to the Seller's awareness of conditions or circumstances that would adversely affect the value or marketability of the Mortgage

Automated Collateral Evaluation (ACE)

- Must receive “feedback message transaction is eligible for appraisal waiver”
- Also available on manual underwrite (communicated via UCDP)
- Transaction must be:
 - 1 unit primary or second home
 - ~~LTV/TLV 80% or less~~
 - No cash-out refinance
 - Feedback must indicate eligible for



The image shows a screenshot of an email from Freddie Mac. The subject line is "SUBJECT: SELLING UPDATES". The body of the email discusses "Collateral representation and warranty relief – new automated collateral evaluation" and "Condominium Projects". It includes links for "Automated collateral evaluation", "Eligibility", "Age of automated collateral evaluation offer", "Delivery", "Detached Condominium Projects", and "our list of ineligible projects". The email is dated May 31, 2017.

COLLATERAL REPRESENTATION AND WARRANTY RELIEF EXPANSION

Effective for appraisals submitted to the Uniform Collateral Data Portal® on and after August 4, 2017

In Bulletin 2017-3, we announced that a Mortgage must be submitted to Loan Product Advisor to be eligible for collateral representation and warranty relief. With this Bulletin, we are enhancing our offering by no longer requiring a submission to Loan Product Advisor. Therefore, eligibility will no longer be dependent on submission to Loan Product Advisor. Collateral representation and warranty relief status will continue to be communicated through the Uniform Collateral Data Portal®, Loan Collateral Advisor®, Selling System, Loan Coverage Advisor®, and when applicable, Loan Product Advisor and Loan Quality Advisor®. We are also updating our eligibility requirements to include that the Mortgage must have a loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio less than or equal to 95% to obtain collateral representation and warranty relief.

Read ALL Messages and Validate; Resubmit if Necessary

Borrower Information

Present Address: [View Address](#) [Edit Address](#)

PROPOSED HOUSING (PITI) \$500.00	PREDICTED HOUSING EXPENSE \$750.00	HOUSING RATIO: 6%
DEBT RATIO 23%	DOCUMENTED INCOME RATIO 6%	DOCUMENTED DEBT RATIO 23%
MAX MORTGAGE LIMIT N/A	TOTAL MONTHLY INCOME \$8,600.44	TOTAL MONTHLY DEBT \$1,982.01

General Messages

CODE MESSAGES

TV LP Assessment Expiration Date for [\[REDACTED\]](#) is 08/02/2016.

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.

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 TLT.
- 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 April 2018

Genworth Underwriting Guidelines

Genworth

800 444.5664 | [Email](#) | [Search](#)

LOG IN TO:

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

MI & RATES

UNDERWRITING & GUIDES

LOS & CONNECTIONS

GENWORTH TOOLKIT

TRAINING

View Underwriting Guides

Access Regulatory Resources

About Contract Services UW

Get UW Tips & Policies

The dream of **HOME OWNERSHIP**.
It's alive and well with
MORTGAGE INSURANCE.

Underwriting

Technology. Innovation.
We're changing the way
the MI industry approaches
underwriting.

KNOW MORE »

Given the recent increase in loans with DTIs greater than 45% combined with lower credit profiles, we have re-evaluated our underwriting requirements.

Effective with **mortgage insurance** applications received on or after March 19, 2018, a representative credit score of 700 or greater will be required for loans with DTIs exceeding 45%.

Announcement 2018-1

Genworth Rate Express®

Genworth 

800 444.5664 | [Email](#) | [Contact](#)

LOG IN TO:

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

MI & RATES **UNDERWRITING & GUIDES** **LOS & CONNECTIONS** **GENWORTH TOOLKIT** **TRAINING**

Get A Quote - Rate Express

View Rate Cards

Explore MI Products

Learn About MI

Understand Your Master Policy

Compare MI & FHA

buy a house today.

Genworth Mortgage Insurance

on of HOME OWNERSHIP.

and well with

GE INSURANCE.

Underwriting

Technology. Innovation. We're changing the way the MI industry approaches underwriting.

KNOW MORE »

Rate Express

Find a rate. Share the results.

GET A QUOTE NOW »

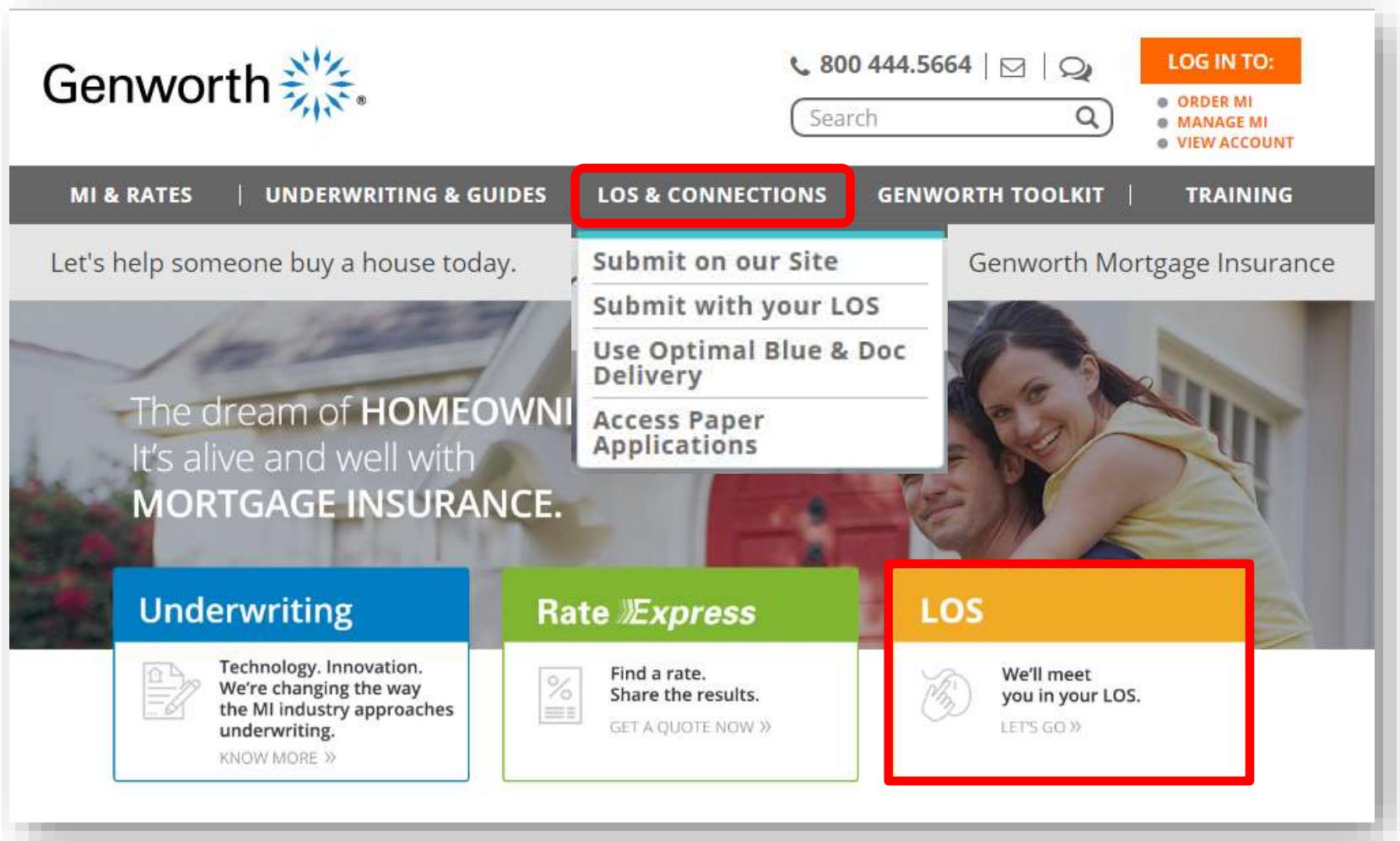
LOS

We'll meet you in your LOS.

LET'S GO »



LOS Connections



Genworth 

800 444.5664 | [Email](#) | [Search](#)

[LOG IN TO:](#)

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

[MI & RATES](#) | [UNDERWRITING & GUIDES](#) | [LOS & CONNECTIONS](#) | [GENWORTH TOOLKIT](#) | [TRAINING](#)

Let's help someone buy a house today.

The dream of **HOMEOWNERS**
It's alive and well with
MORTGAGE INSURANCE.

Underwriting
 Technology. Innovation.
We're changing the way
the MI industry approaches
underwriting.
[KNOW MORE »](#)

Rate Express
 Find a rate.
Share the results.
[GET A QUOTE NOW »](#)

LOS
 We'll meet
you in your LOS.
[LET'S GO »](#)

Genworth Mortgage Insurance



Training Tools and Information

The screenshot shows the Genworth website with a navigation bar at the top. The navigation bar includes links for MI & RATES, UNDERWRITING & GUIDES, LOS & CONNECTIONS, GENWORTH TOOLKIT, and TRAINING. The TRAINING link is highlighted with a red box and a red arrow pointing to it. The main content area features a banner with the text "Let's help someone buy a house today." and "The dream of HOMEOWNERSHIP. It's alive and well with MORTGAGE INSURANCE." Below the banner are three colored boxes: Underwriting (blue), Rate Express (green), and LOS (orange). To the right, a sidebar titled "Genworth Mo" lists training resources: Browse Course Catalog, View Live Webinar Calendar, Self-Employed Borrower Calculators, Get to Know Our Trainers, Learn About That MI Guy, and Get Answers to FAQs. Each item in the sidebar has a red arrow pointing to it.

Genworth

800 444.5664 | [Email](#) | [Search](#)

LOG IN TO:

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

MI & RATES | UNDERWRITING & GUIDES | LOS & CONNECTIONS | GENWORTH TOOLKIT | TRAINING

Let's help someone buy a house today.

The dream of **HOMEOWNERSHIP**. It's alive and well with **MORTGAGE INSURANCE**.

Underwriting

Technology. Innovation. We're changing the way the MI industry approaches underwriting.

[KNOW MORE »](#)

Rate Express

Find a rate. Share the results.

[GET A QUOTE NOW »](#)

LOS

We'll meet you in your LOS.

[LET'S GO »](#)

Browse Course Catalog

View Live Webinar Calendar

Self-Employed Borrower Calculators

Get to Know Our Trainers

Learn About That MI Guy

Get Answers to FAQs

Training Tools and Information

Course Catalog

Topic

Search Training Courses



Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 90 courses in our catalog, our team is here to help you stay up-to-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you.

Browse by Topic



Browse by Role



Self-Employed Borrower Tools

We offer a valuable collection of downloadable calculators and reference guides to help you with calculating and analyzing the average monthly income of self-employed borrowers. They provide suggested guidance only and do not replace Fannie Mae or Freddie Mac instructions or applicable guidelines.

Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.



Fannie Mae Form 1084 Calculator (2016-2017)
www.genworth.com/TrainingTools/Calculator/FannieMaeForm1084.aspx UPDATED



Freddie Mac Form 91 Calculator (2016-2017)
Quick reference guide and income analysis for Freddie Mac Form 91. UPDATED



Freddie Mac Form 92 Calculator (2016-2017)
Form 92 (Net Rental Income Calculations - Schedule E) UPDATED



Schedule Analysis Method (SAM) Calculator (2015-2016)
www.genworth.com/TrainingTools/Calculator/ScheduleAnalysisMethod.aspx UPDATED



Rental Income Calculator (2016-2017)
Calculator in calculating rental income from 102 form (102D Schedule E) UPDATED



Current Ratio - Liquidity Calculator (2016-2017)
Calculator in calculating current ratio against current liabilities. UPDATED



Quick Ratio - Liquidity Calculator (2016-2017)
www.genworth.com/TrainingTools/Calculator/QuickRatio.aspx UPDATED



2106 Expense Form (2016-2017)
Calculator and quick reference guide to assist you in calculating 2106 expenses. UPDATED



Fannie Mae Rental Guide (Calculator 1038)
Calculator for calculating qualifying rental income for Fannie Mae Form 1038 (Qualifying Rental Income from Investment Property) UPDATED



Fannie Mae Rental Guide (Calculator 1039)
Calculator for calculating qualifying rental income for Fannie Mae Form 1039 (Qualifying Rental Income from Investment Property) UPDATED



Fannie Mae Rental Guide (Calculator 1039)
Calculator for calculating qualifying rental income for Fannie Mae Form 1039 (Business Income from Investment Property) UPDATED

Recorded webinars



Explore and watch on your time!

LIVE WEBINAR CALENDAR



DOWNLOAD FULL COURSE CATALOG



PDF

Training in your Inbox

Request our training info via email.



Self-Employed Borrower Tools



Income Calculation Tools and Reference Guides

Additional MI Site Information

What's New

- We Know
- Rate Express®
- Chat
- Training
- Homebuyer Report

Genworth's First-Time Homebuyer Market Report



Get it on our blog!

Self-Employed Borrower Tools

Valuable income calculation tools and reference guides for calculating self-employed borrower income.



Fannie Mae Form 1094 Calculator (2015-2016) | Freddie Mac Form 91 Calculator (2015-2016) | Schedule Analysis Method (SAM) Calculator (2015-2016)

Rental Income Calculator (2015-2016)

[More Tools](#)

Homebuyer Education

Help first-time homebuyers prepare for the homebuying process. Your no-fee resource!



Master Policy Agreement



Partner with us. A master policy agreement is the first step to submitting MI loans to Genworth.

[GET STARTED](#)

Contract Services Agreement



Offset fixed underwriting costs as you adjust to the latest industry demands! Request a contract services underwriting agreement.

[GET STARTED](#)

Genworth MI Community



Genworth MI @GenworthMI

Did you know our NEW website visually tracks every part of the MI application process? Learn more: ow.ly/ANBL30g7uK1 via @MktgInsider



New Genworth Mortgage Insurance Website... RICHMOND, Va., Oct. 19, 2017 /PRNewswire/ - Genworth Mortgage Insurance, an operating

[STAY CONNECTED](#)



Find My Sales Representative

ZIP Code

[View Your Team](#)



Jean Carmichael
Inside Sales Representative
t: 800.247.1194
e: Jean.Carmichael@genworth.com



Mike Haboush
Regional Vice President
t: 800.247.1194
e: Mike.Haboush@genworth.com

Your Genworth Resources

- **ActionCenter®: 800 444.5664**
- **Your Local Genworth Regional Underwriter**
- **Your Genworth Sales Representative**

Legal Disclaimer

Genworth Mortgage Insurance is happy to provide you with these training materials. While we strive for accuracy, we also know that any discussion of laws and their application to particular facts is subject to individual interpretation, change, and other uncertainties. Our training is not intended as legal advice, and is not a substitute for advice of counsel. You should always check with your own legal advisors for interpretations of legal and compliance principles applicable to your business.

GENWORTH EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THESE MATERIALS AND THE RELATED TRAINING. IN NO EVENT SHALL GENWORTH BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER WITH RESPECT TO THE TRAINING AND THE MATERIALS.

Collateral Underwriter®, Home Ready® and Desktop Underwriter® or DU® are registered trademarks of Fannie Mae
Loan Product Advisor®, Home Possible®, Home Possible Advantage®, Loan Collateral Advisor® and Home Value Explorer® (HVE®) , BPOdirect® HAMP® are registered trademarks of Freddie Mac
Home Affordable Modification Program™ is a registered service mark of Freddie Mac
ActionCenter®, Homebuyer Privileges® and Rate Express® are registered trademarks of Genworth Mortgage Insurance
Simply UnderwriteSM is a registered service mark of Genworth Mortgage Insurance

Genworth Mortgage Insurance Offers A Comprehensive Suite Of Training Opportunities To Boost Your Know-How, Benefit Your Bottom Line, And Serve Your Borrowers Better. Visit mi.genworth.com To Learn More.