

Loan Prospector® Documentation Matrix



Use the following information as a reference for documenting your Loan Prospector loans. For complete documentation information and specific program eligibility requirements, refer to the [Freddie Mac Single-Family Seller/Service Guide \(Guide\)](#).

CREDIT AND LIABILITIES

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| Completing Liabilities Section of the Loan Application (Guide Section 37.8 and 37.16) | 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 Prospector Mortgages (Guide Section 37.10) | 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 Prospector • Infile(s), merged/joint merged, or RMCR obtained outside of Loan Prospector Once you have selected a type of credit report, review all reports of that type for all borrowers. In general, credit reports must be dated within 120 days before the note date (see 37.10i for exceptions). All infiles for an individual borrower must be dated within 14 days of each other. Retain all credit reports in the file. | |
| Credit report inquiries within 90 days (Guide Section 37.7 (e)) | Not required to determine if additional credit was granted. | Accept: Not required to determine if additional credit was granted. Caution (including A-minus eligible): Must determine if additional credit was granted. May obtain a letter from the creditor or a signed statement from the borrower to determine whether additional credit was obtained. |
| Verification of Housing Debt (Guide Sections 37.11, 37.16 and C33.3) | Direct verification of housing payment history is not required if all borrowers have a usable credit score. Third-party documentation to verify the payment amount is required if the credit report does not contain a required monthly payment. Example: When application indicates property owned free and clear, total monthly debt must include taxes, insurance, and HOA or Condo fees, as applicable. Examples of acceptable third-party documentation include (but are not limited to) a HUD-1 (if recently purchased), a tax statement or billing coupon, an insurance statement or billing coupon, and HOA/Condo statement or billing coupon. | Accept: Same as Streamlined Accept Caution (A-minus eligible) loans: Same as Streamlined Accept, with the following exception: If not adequately shown on the credit report, directly verify payment history for <u>all</u> mortgage debt for the most recent 12 months. During the most recent 12 months, if any borrower was 30 days or more delinquent more than once, or 60 days or more delinquent on any directly verified mortgage or combination of directly verified mortgages, the mortgage is ineligible for delivery to Freddie Mac. Caution (not A-minus eligible) loans: Verify most recent 12 months payment history and payment amount for any debt (housing or other) not reported on the credit report. |

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

CREDIT AND LIABILITIES, Continued

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| Direct verification of other debts (Guide Sections 37.9, 37.11 and 37.16) | Direct verification of payment history is not required if all borrowers have a usable credit score. Obtain documentation to verify the payment amount for any installment debt if the credit report does not contain a required monthly payment. Example: When application indicates alimony, child support or separate maintenance fee, selected pages from the applicable agreement may be used to evidence the required monthly payment, and duration of debt if less than 10 months of payments remain and excluding the payment from the borrower's liabilities. | Accept and Caution (A-minus eligible) loans: Same as Streamlined Accept: Caution (not A-minus eligible): Verify most recent 12-months' payment history for any significant debt (housing or other) not reported on the credit report. If credit report does not contain a required monthly installment payment amount, then verify the amount with third-party documentation. Accounts listed on the credit report as, "will rate by mail only" or "need written authorization" require separate verification. |
| Monthly debt payment (Guide Sections 37.15 and 37.16) | Must include all of the following, if applicable: <ul style="list-style-type: none"> • Monthly housing expense • Payments on installment debts with more than 10 months remaining, including open collection accounts (if in a payment plan with more than 10 months remaining), and debts that are in a period of deferment or forbearance. For debts remaining after closing, if the credit report does not reflect a monthly payment, document file with monthly payment (payment coupon, canceled check, etc.). Payments on installment debts secured by financial assets and made by a financial institution may be excluded for qualifying purposes, but must be included on the loan application • Alimony, child support or separate maintenance payments with more than 10 months remaining • Monthly payment on revolving or open-end accounts, regardless of balance. If no payment is present on credit report and cannot be obtained through direct verification, use 5% of the outstanding balance. If the borrower has sufficient funds available to pay off the outstanding account balance, the open-end account does not have to be included in the monthly debt payment • Auto lease payments, regardless of number of payments remaining • Aggregate net rental loss from all investment properties owned and 2- to 4-unit primary residences • Other monthly mortgage payments (including principal, interest, taxes and insurance and, when applicable, leasehold payments, homeowner association dues, etc.) | |
| Loans on financial assets (Guide Section 37.16) | Payments on loans secured by financial assets that may be repaid through liquidation of the asset may be excluded from the qualifying ratios provided the loan was made by a financial institution, and the asset is reduced by the outstanding balance of the loan when including it in the funds available to the borrower. | |

CREDIT AND LIABILITIES, Continued

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| Excluding contingent liabilities from monthly debt payment-to-income ratio (Guide Section 37.17) | Provide the following: <ul style="list-style-type: none"> • 12 months most recent, consecutive, canceled checks or a statement from the lender that someone other than the borrower has made 12 months most recent consecutive payments on the debt • Documentation showing timely payments on the debt with credit report or lender payment reference for most recent 12 months OR <ul style="list-style-type: none"> • If the Borrower is listed as the Borrower on a Mortgage that has been assumed by another, obtain a copy of the documents transferring the property and any assumption agreement executed by the transferee. As long as the Borrower no longer owns the property, the contingent liability may be disregarded, without having to document the most recent 12 months' payment history. • If a contingent liability (secured debt or mortgage) was assigned by a court order such as a divorce decree, provide: <ul style="list-style-type: none"> - Appropriate pages of the court order - Transfer of title out of the borrower's name | |
| Derogatory credit information (Guide Section 37.7) | No documentation required | Accept and Caution (A-minus eligible): Same as Streamlined Accept Caution (not A-minus eligible): <ul style="list-style-type: none"> • A written explanation from the borrower and third party documentation confirming the events related by the borrower in the explanation were an isolated occurrence and significantly reduced the borrower's income and/or increased expenses are <u>required</u>. If the borrower's written explanation, and the third-party documentation do not support all of the criteria for extenuating circumstances, the loan must be documented according to the requirements for financial mismanagement including a minimum Underwriting Score of 680. • Adequate offsets are required for risks identified by Loan Prospector, and layering of risk. In addition, if any borrower had a bankruptcy within the last 7 years, the file must contain: <ul style="list-style-type: none"> – Copies of the bankruptcy petition, schedule of debts, and discharge or dismissal – Evidence to indicate all debts not satisfied by the bankruptcy have been paid or are being paid – Any other evidence necessary to support that the borrower has re-established and maintained an acceptable credit reputation |

CREDIT AND LIABILITIES, Continued

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| <p>Sale of Primary Residence (Guide Section 37.16.2)</p> | <p>If borrower's primary residence is on the market and will not close before the Note Date:</p> <ul style="list-style-type: none"> • Include the housing payment (PITI) on both the residence on the market and the subject mortgage in the monthly debt payment-to-income ratio, and • Document reserves of 6 months for both properties (or reserves of 2 months if LTV/TLTV/HTLTV ratio on current primary residence is $\leq 70\%$ as evidenced by at least a 2055 exterior-only inspection dated no more than 60 days prior to the Note Date) <p>Do not include the payment on the property pending sale in the monthly debt payment-to-income ratio if evidence of the following is provided:</p> <ul style="list-style-type: none"> • Executed non-contingent sales contract for previous residence, and • Lender's commitment to the buyer of previous residence (if executed sales contract contains a financing contingency), and • Reserves of 6 months for both mortgages (or reserves of 2 months for both mortgages meeting the LTV/TLTV/HTLTV ratio requirements listed above) <p>You do not need to include the payment on the property pending sale or meet the reserves if the file is documented with an executed buyout agreement as part of an employer relocation plan where the employer/relocation company takes responsibility for the outstanding mortgage(s).</p> | |
| <p>Conversion of Primary Residence (Guide Section 37.16.2)</p> | <p>If converting borrower's primary residence to second home and purchasing new primary residence:</p> <ul style="list-style-type: none"> • Include the housing payment(s) (PITI) on both the residence being converted to a second home and the subject mortgage in the monthly debt payment-to-income ratio, and • Document reserves of 6 months for both properties (or reserves of 2 months if LTV/TLTV/HTLTV ratio on current primary residence is $\leq 70\%$ as evidenced by at least a 2055 exterior-only inspection dated within 60 days of the Note Date) <p>If converting borrower's 1-unit primary residence to a 1-unit investment property and purchasing new primary residence, rental income may be used to qualify as described in Guide Section 37.14 if LTV/TLTV/HTLTV ratio on the property being converted is $\leq 70\%$ as evidenced by an appraisal with at least an exterior-only inspection dated within 60 days of the Note Date. Document rental income with fully executed lease, and receipt of security deposit from tenant with evidence of deposit in borrower's designated account. If rental income cannot be used to qualify:</p> <ul style="list-style-type: none"> • Include the previous housing payment and payments on subject Mortgage (PITI) in the monthly debt payment-to-income ratio, and • Document reserves of 6 months for both properties <p>If converting borrower's 2- to 4-unit primary residence to an investment property and purchasing new primary residence, rental income from the unit previously occupied by the borrower may be used to qualify if LTV/TLTV/HTLTV ratio of the 2- to 4-unit property being converted is $\leq 70\%$ as evidenced by an appraisal dated within 60 days of the Note Date. 75% of gross rental income from a fully executed lease on the unit previously occupied by the Borrower may be used if there is proof of receipt of a security deposit from tenant with evidence of deposit in borrower's designated account are obtained. If LTV/TLTV/HTLTV ratio is greater than 70% on Primary Residence being converted to an investment property:</p> <ul style="list-style-type: none"> • Rental income for the unit previously occupied by the Borrower to qualify cannot be used • Rental income for the units not previously occupied by the Borrower may be used if rental income requirements for a 2- to 4-unit investment property as described in Guide Section 37.14 (d) are met and Borrower has 6 months of reserves for both properties | |
| <p>Payoff of existing judgments and tax liens (Guide Section 22.3)</p> | <p>The mortgage must be a valid First Lien on the Mortgaged Premises. The Mortgaged Premises must be free and clear of all prior liens and encumbrances and no rights or condition may exist that could give rise to such liens, except for:</p> <ul style="list-style-type: none"> • Liens for real estate taxes and special assessment not yet due and payable, • Rights and conditions specified in Guide Section 39.4 | |

INCOME AND EMPLOYMENT DOCUMENTATION

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| Calculation of stable monthly income (Guide Section 37.13) | <ul style="list-style-type: none"> Stable monthly income is verified income from all acceptable and verifiable sources that have a 2-year history (in most cases) of providing income and are expected to continue for at least the next 3 years.* Provide a written analysis of the income used to qualify the borrower(s) on the Transmittal Summary or like document(s) in the Mortgage file. Sellers are required to use Guide Form 91, <i>Income Analysis Form</i>, or a comparable form to calculate self-employed and commission income <p>*Determining continuance of income should focus on the borrower’s occupation, tenure, past employment history and probability of consistent receipt. If income source has less than a 2-year history, document, explain and justify the stability of the income used to qualify the borrower</p> | |
| Newly employed borrowers / borrowers re-entering the workforce (Guide Section 37.13) | <ul style="list-style-type: none"> If newly employed borrower with less than a 2-year employment history, obtain documentation showing that the borrower was in school or in a training program immediately prior to their current employment If borrower is re-entering the workforce, obtain documentation to support the borrower has been at the current employment for a minimum of 6 months and documentation to show a previous work history | |
| Documentation requirements (Guide Sections 37.13, 37.22 and 37.23) | <p>Proper documentation must be supplied in accordance with risk class and documentation level to support all stable income for each borrower including:</p> <ul style="list-style-type: none"> Documentation that supports employed, self-employed or non-employed borrower’s income The dollar amount Documentation that supports the stability of the income <p>AND</p> <ul style="list-style-type: none"> When required, monthly income must be within allowable program limitations (i.e., Home Possible® Mortgages). <p>Verbal VOE: When required, in lieu of a verbal VOE 10 business days prior to the Note Date, a written verification of employment or third-party verification of employment is an acceptable alternative when the verbal VOE is unavailable from the Borrower’s employer. For written VOE requirements and information about the new Guide Form 90, <i>Verbal Verification of Employment</i>, see <i>General Underwriting Requirements, Date and Verification Requirements</i> on page 19.</p> | |
| All income Guide Sections 37.22 and 37.23) | <p>All Borrowers whose income is used to qualify must sign IRS Form 4506-T (or an alternate form acceptable to the IRS that authorizes the release of comparable tax information) on the application date and again on the Note Date. If the 4506-T obtained on the application date is submitted to the IRS and transcripts are received back from the IRS, Seller is not required to obtain an additional Borrower signed 4506-T.</p> | |
| Employment income (salary and hourly income) Guide Sections 37.22 and 37.23) | <p>Obtain all of the following:</p> <ul style="list-style-type: none"> Written VOE(s) covering the most recent year Verbal VOE not more than 10 business days prior to the Note Date* <p>OR, all of the following:</p> <ul style="list-style-type: none"> Most recent YTD paystub or salary voucher documenting at least 30 days of income W-2(s) for the most recent tax year Verbal VOE not more than 10 business days prior to the Note Date* | <p>Obtain all of the following:</p> <ul style="list-style-type: none"> Written VOE(s) covering the most recent 2 years Verbal VOE not more than 10 business days prior to the Note Date* <p>OR, all of the following:</p> <ul style="list-style-type: none"> Most recent YTD paystub or salary voucher documenting at least 30 days of income W-2(s) for the most recent 2 tax years Verbal VOE not more than 10 business days prior to the Note Date* |

INCOME AND EMPLOYMENT DOCUMENTATION, Continued

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| <p>Commission income (Guide Sections 37.13, 37.22 and 37.23)</p> | <p>Must have a 2-year history of receipt to use as qualifying income. To document, obtain all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering the most recent 2 years • Signed individual federal tax returns for the most recent 2 years reflecting at least 6 months of commission income • Verbal VOE not more than 10 business days prior to the Note Date <p>OR, all of the following:</p> <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting at least 30 days of income • W-2s and/or 1099s covering the most recent 2 years • Complete signed individual federal tax returns for the most recent 2 years reflecting at least 6 months of commission income • Verbal VOE not more than 10 business days prior to the Note Date <p>Employee-paid business expenses reflected on the borrower's tax returns must be deducted from the borrower's gross commission income when calculating income.</p> | |
| <p>Bonus income (Guide Sections 37.13, 37.22 and 37.23)</p> | <p>Must have a 2-year history of receipt to use as qualifying income. To document, obtain all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering 2 full years • Verbal VOE not more than 10 business days prior to the Note Date <p>OR, all of the following:</p> <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting at least 30 days of income • W-2s covering the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date | |
| <p>Employed by a family member, the property seller or real estate broker (Guide Sections 37.22 and 37.23)</p> | <p>Obtain all of the following:</p> <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting at least 30 days of income • W-2s covering the most recent year • Complete signed individual federal tax returns for the most recent year • Verbal VOE not more than 10 business days prior to the Note Date <p>OR, all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering the most recent year • Complete signed individual income tax returns for the most recent tax year • Verbal VOE not more than 10 business days prior to the Note Date | <p>Obtain all of the following:</p> <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting at least 30 days of income • W-2s covering the most recent 2 years • Complete signed individual federal tax returns for the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date <p>OR, all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering most recent 2 years • Complete signed individual federal tax returns for the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date |
| <p>Overtime (Guide Sections 37.13, 37.22 and 37.23)</p> | <p>Must have a 2-year history of receipt and be likely to continue for the next 3 years. To document, obtain all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering 2 full years • Verbal VOE not more than 10 business days prior to the Note Date <p>OR, all of the following: *</p> <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting at least 30 days of income • W-2s covering the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date <p>*The employer must verify that overtime income is likely to continue.</p> | |

INCOME AND EMPLOYMENT DOCUMENTATION, Continued

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| Automobile allowance (Guide Sections 37.13, 37.22 and 37.23) | Must have a 2-year history of receipt and be likely to continue for the next 3 years. To document, obtain all of the following: <ul style="list-style-type: none"> • Written VOE covering 2 full years • Verbal VOE not more than 10 business days prior to the Note Date OR , all of the following: <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting at least 30 days of income • W-2s covering the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date If the auto allowance is not reflected on the paystub or VOE, provide additional documentation from the employer showing the amount of the automobile allowance. | |
| Mortgage differential (Guide Sections 37.13, 37.22 and 37.23) | Two-year history not required. Obtain a copy of the agreement from the employer stating the amount and duration of the payments. The payments must be likely to continue for the next 3 years. | |
| Tip income (Guide Sections 37.13, 37.22 and 37.23) | Must have a 2-year history of receipt. To document, obtain all of the following: <ul style="list-style-type: none"> • Written VOE covering 2 full years reflecting a breakout of tip income • Verbal VOE not more than 10 business days prior to the Note Date OR , all of the following: <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting at least 30 days of income • W-2s covering the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date The employer must verify that the tip income is expected to continue in the written VOE or in a separate statement | |
| Military income (Guide Sections 37.13, 37.22 and 37.23) | Obtain all of the following: <ul style="list-style-type: none"> • Written VOE covering the most recent year • Verbal VOE not more than 10 business days prior to the Note Date OR , all of the following: <ul style="list-style-type: none"> • YTD LES documenting at least 30 days of income • W-2s covering the most recent year • Verbal VOE not more than 10 business days prior to the Note Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided. Provide proof that entitlements are expected to continue for the next 3 years, if applicable. | Obtain all of the following: <ul style="list-style-type: none"> • Written VOE covering 2 full years • Verbal VOE not more than 10 business days prior to the Note Date OR , all of the following: <ul style="list-style-type: none"> • YTD LES documenting at least 30 days of income • W-2s covering the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided. Provide proof that entitlements are expected to continue for the next 3 years, if applicable. |

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| <p>Military reserve income (Guide Sections 37.13, 37.22 and 37.23)</p> | <p>Obtain all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering the most recent year • Verbal VOE not more than 10 business days prior to the Note Date <p>OR, all of the following:</p> <ul style="list-style-type: none"> • YTD LES documenting at least 30 days of income • W-2s covering the most recent year • Verbal VOE not more than 10 business days prior to the Note Date. <p>In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.</p> | <p>Obtain all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering 2 full years • Verbal VOE not more than 10 business days prior to the Note Date <p>OR, all of the following:</p> <ul style="list-style-type: none"> • YTD LES documenting at least 30 days of income • W-2s covering the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date. <p>In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.</p> |
| <p>Income from a second or additional job (Guide Sections 37.13, 37.22 and 37.23)</p> | <p>Must have a 2-year history of receipt and be likely to continue for the next 3 years. To document, obtain all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering 2 full years • Verbal VOE not more than 10 business days prior to the Note Date <p>OR, all of the following:</p> <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting at least 30 days of income • W-2s covering the most recent 2 years • Verbal VOE not more than 10 business days prior to the Note Date | |
| <p>Income from seasonal employment with associated unemployment compensation (Guide Sections 37.13, 37.22 and 37.23)</p> | <p>Must have a 2-year history of receipt in the same line of work, have a reasonable expectation the borrower will be rehired the next season, and be likely to continue for the next 3 years. Seasonal employment income and unemployment compensation must be reported on the borrower's 2 most recent years' federal tax returns. To document, obtain all of the following:</p> <ul style="list-style-type: none"> • Written VOE covering 2 full years for the seasonal employment • Verbal VOE not more than 10 business days prior to the Note Date • Proof of receipt of unemployment compensation for 2 years (if applicable) <p>OR, all of the following:</p> <ul style="list-style-type: none"> • YTD paystub or salary voucher documenting at least 30 days of income • W-2s covering the 2 most recent years • Verbal VOE not more than 10 business days prior to the Note Date • Proof of receipt of unemployment compensation for 2 years (if applicable) | |

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| <p>Self-employment indicator and additional requirements (Guide Sections 37.13)</p> | <p>A Borrower who has an ownership interest of 25% or more in a business is considered to be self-employed. 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.</p> <p>If using self-employment income for qualification:</p> <ul style="list-style-type: none"> Analyze the tax returns and provide a written analysis of the borrower's self-employed income on Form 91, or a comparable form Document a 2-year history of self-employment (in most instances) to ensure that income is stable. If the self-employment history is less than 2 years, the Seller must consider the acceptance of the company's service or products in the marketplace and document a 2-year history of receipt of income at the same or greater level in the same or similar occupation. The Seller must consider the borrower's experience in the business before considering the income for qualifying purposes and the borrower's tax returns must reflect at least 1 year of self-employment income. If the borrower is relocating to a different geographic area, the Seller must consider the acceptance of the company's service or products in the marketplace before considering the income for qualifying purposes, and document and explain how you determined that the borrower's income will continue at the same level in the new location. If the borrower is self-employed and the self-employment income is not used to qualify, the Seller must obtain the borrower's individual federal tax returns to determine if there is a business loss that may have an impact on the stable monthly income used for qualifying. If a business loss is reported on the borrower's individual federal tax returns, the Seller may need to obtain additional documentation in order to fully evaluate the impact of a business loss on the income used for qualifying. The Seller must verify the existence of the Borrower's business from a third party source no more than 30 days prior to the Note Date. When business assets are used for down payment and Closing Costs, Financing Costs, Prepays/Escrows and reserves, the assets must be verified in accordance with Guide sections 37.20 through 37.23 and must be related to the business that the Borrower owns. Because the Borrower's withdrawal of assets from a sole proprietorship, a partnership or a corporation may have a negative impact on the business' ability to continue operating, the impact of withdrawal must be considered in the Seller's analysis of the Borrower's self-employed income and must contain a letter from an accountant, who is not related to the borrower or an interested party to the transaction, stating that the Borrower has access to the funds and that withdrawal of the funds for the down payment and Closing Costs will not have a detrimental effect on the business. If the borrower does not, or is unable to, obtain such a letter from an accountant, then document a cash flow analysis for the Borrower's business using the individual and/or business tax returns, as applicable. | |
| <p>Self-employed income - sole proprietor (Guide Sections 37.13, 37.22 and 37.23)</p> | <p>Obtain all of the following:</p> <ul style="list-style-type: none"> Complete signed individual federal tax return for the most recent year. The individual federal tax return must reflect at least 12 months of self-employed income Verification of existence of the business through a third party source not more than 30 calendar days prior to the Note Date Completed Income Analysis Form 91, or comparable form | <p>Obtain all of the following:</p> <ul style="list-style-type: none"> Complete signed individual federal tax return for the most recent 2 years. The individual federal tax return must reflect at least 12 months of self-employed income Verification of existence of the business through a third party source not more than 30 calendar days prior to the Note Date Completed Income Analysis Form 91, or comparable form |

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| Self-employed – S-corporation (Guide Sections 37.22 and 37.23) | Obtain all of the following: <ul style="list-style-type: none"> • Complete signed individual federal and S Corporation tax returns, including K-1s, for the most recent year. The individual federal tax return must reflect at least 12 months of self-employed income • Verification of existence of the business through a third party source not more than 30 calendar days prior to the Note Date • Completed Income Analysis Form 91, or comparable form | Obtain all of the following: <ul style="list-style-type: none"> • Complete signed individual federal and S Corporation tax returns, including K-1s, for the most recent 2 years. The individual federal tax return must reflect at least 12 months of self-employed income • Verification of existence of the business through a third party source not more than 30 calendar days prior to the Note Date • Completed Income Analysis Form 91, or comparable form |
| Self-employed – partnership (Guide Sections 37.22 and 37.23) | Obtain all of the following: <ul style="list-style-type: none"> • Complete signed individual federal and Partnership tax returns, including K-1s, for the most recent year. The individual federal tax return must reflect at least 12 months of self-employed income • Verification of existence of the business through a third party source not more than 30 calendar days prior to the Note Date • Completed Income Analysis Form 91, or comparable form | Obtain all of the following: <ul style="list-style-type: none"> • Complete signed individual federal and Partnership tax returns, including K-1s, for the most recent 2 years. The individual federal tax return must reflect at least 12 months of self-employed income • Verification of existence of the business through a third party source not more than 30 calendar days prior to the Note Date • Completed Income Analysis Form 91, or comparable form |
| Self-employed - corporation (Guide Sections 37.22 and 37.23) | Obtain all of the following: <ul style="list-style-type: none"> • Complete signed individual federal and Corporate tax returns, including W-2s, for the most recent year. The individual federal tax returns must reflect at least 12 months of self-employed income • Verification of existence of the business through a third party source not more than 30 calendar days prior to the Note Date • Completed Income Analysis Form 91, or comparable form | Obtain all of the following: <ul style="list-style-type: none"> • Complete signed individual federal and Corporate tax returns, including W-2s, for the most recent 2 years. The individual federal tax returns must reflect at least 12 months of self-employed income • Verification of existence of the business through a third party source not more than 30 calendar days prior to the Note Date • Completed Income Analysis Form 91, or comparable form |
| Notes receivable (Guide Sections 37.13, 37.22 and 37.23) | Obtain a copy of the note and proof of receipt of the payments for the most recent 1 year, and proof of continuance for the next 3 years. | |
| Dividend and interest (Guide Sections 37.13, 37.22 and 37.23) | Must have a 2-year consecutive history of receipt and be likely to continue for the next 3 years. To document, obtain all of the following: <ul style="list-style-type: none"> • Complete signed individual federal income tax returns for the most recent 2 years • Proof of sufficient assets to generate dividends and interest after closing for the qualifying income to be expected to continue for the next 3 years | |
| Trust income (Guide Sections 37.13, 37.22 and 37.23) | Obtain a copy of the Trust Agreement that evidences continuance for at least the next 3 years | |

INCOME AND EMPLOYMENT DOCUMENTATION, Continued

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| Capital gains (Guide Sections 37.13, 37.22 and 37.23) | Must have a 2-year consecutive history of receipt and be likely to continue for the next 3 years. To document, obtain all of the following: <ul style="list-style-type: none"> • Complete signed individual federal tax returns, including Schedule D, for the most recent 2 years reflecting capital gain income • Proof of sufficient assets to generate capital gains after closing for the qualifying income to be expected to continue for the next 3 years | |
| Royalty payments (Guide Sections 37.13, 37.22 and 37.23) | Must have a 12-month history of receiving payments on a regular basis and be likely to continue for the next 3 years. Obtain complete signed individual federal tax returns for the most recent year, including Supplemental Income and Loss and Schedule E | |
| Public assistance income (Guide Sections 37.13, 37.22 and 37.23) | Must obtain documentation showing a 2-year history of receipt. The income must be likely to continue for the next 3 years. Obtain documentation from the applicable agency that indicates the amount, frequency and the length of time the benefit payments will be received. | |
| Section 8 homeownership assistance payments (Guide Sections 37.13, 37.22 and 37.23) | Two-year history not required. The income must be likely to continue for the next 3 years. Obtain documentation from the public agency that issued the voucher showing the amount of the monthly payment and terms. The documentation must reflect that the payments are made directly to the borrower. | |
| Foster care income (Guide Sections 37.13, 37.22 and 37.23) | Obtain proof of a 2-year history of receipt from a state- or county-sponsored organization, and that the income is likely to continue for the next 3 years. | |
| Alimony, child support or separate maintenance income (Guide Sections 37.13, 37.22 and 37.23) | Must obtain the following: <ul style="list-style-type: none"> • Proof of receipt by the borrower of the total court ordered amount for the most recent 3 months; if child support, proof of the ages of the children for which child support is received to prove 3 year continuance; and • Copy of the signed court order reflecting the payor's obligation for the previous 12 months, or • Copy of the signed court order reflecting the payor's obligation for the previous 6 to 12 months if the monthly income does not exceed 30% of the borrower's monthly qualifying income Income from alimony, child support or separate maintenance payments may be considered qualifying income if the documentation shows that the payor was obligated to make payments to the borrower for the most recent 12 months and is obligated to make payment to the borrower for the next 3 years. If the payor was obligated for less than 12 months but not less than 6 months, the income can be considered for qualifying if the amount of the monthly payment does not exceed 30% of the borrower's qualifying monthly income. However, if the payor has been obligated to make payments for less than 6 months, if the payments are not for the full amount or are not received on a consistent basis, the income must not be considered for qualifying | |
| Social security (Guide Sections 37.22 and 37.23) | Obtain one of the following: <ul style="list-style-type: none"> • Copy of the award letter • Most recent year's 1099s • 3 months bank statements showing receipt of the social security income Also, provide proof of continuance for the next 3 years for survivor, supplemental and disability social security payments. | Obtain one of the following: <ul style="list-style-type: none"> • Copy of the award letter • Most recent 2 year's 1099s • 12 months bank statements showing receipt of the social security income Also, provide proof of continuance for the next 3 years for survivor, supplemental and disability social security payments. |

INCOME AND EMPLOYMENT DOCUMENTATION, Continued

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| Retirement or pension income (Guide Sections 37.22 and 37.23) | Obtain one of the following: <ul style="list-style-type: none"> • Copy of the award letter • Most recent year's 1099s • 3 months bank statements showing receipt of the retirement or pension income | Obtain one of the following: <ul style="list-style-type: none"> • Copy of the award letter • Most recent year's 1099s • 12 months bank statements showing receipt of the retirement or pension income |
| Tax exempt income (Guide Sections 37.13, 37.22 and 37.23) | Only the nontaxable portion of income may be grossed up. Obtain either: <ul style="list-style-type: none"> • Complete signed individual federal tax returns for the most recent year OR <ul style="list-style-type: none"> • Other documentation evidencing that the income, or a portion of the income, is nontaxable. Note: Tax-exempt income that is established as continuing into the foreseeable future, may be grossed up by using either 25%, or the current federal and state income tax withholding tables to determine an amount which can be prudently employed to adjust or "gross up" the borrower's actual income. | |
| Housing or parsonage allowance (non-military) (Guide Sections 37.13, 37.22 and 37.23) | Must have a 12-month history of receipt and be likely to continue for the next 3 years. Obtain all the following: <ul style="list-style-type: none"> • A written VOE, letter from the employer or YTD paystub reflecting the amount of the housing or parsonage allowance and the terms under which it is paid • Proof of 12 months receipt of the housing allowance The housing allowance may not be used to offset the monthly housing payment. | |
| Rental income (Guide Section 37.14) | See Rental Income Matrix (http://www.freddie.com/learn/pdfs/uw/rental.pdf) | |
| Gaps in employment (Guide Sections 37.22 and 37.23) | No explanation required | Document gaps of more than 60 days on the application and provide explanation from borrower. |

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| Required funds (Guide Section 24.2, 26.2, 26.6 and 26.7) | <ul style="list-style-type: none"> • For purchases, document that the borrower has sufficient funds from eligible sources for down payment, closing costs, prepaids, and reserves (if required). For refinances, verification of funds is not required, except for reserves entered into Loan Prospector and on Higher-Priced Mortgage Loans. • Credit card charges, cash advances or unsecured line of credit may be used as borrower funds if all the following are met: <ul style="list-style-type: none"> – Limited to a maximum of 1% of mortgage amount – Limited to a maximum of \$500 for credit report and appraisal fees – Must be included in outstanding debt and total debt-to-income ratio – Borrower must exhibit sufficient funds to pay fees in full See <i>Credit Card Charge, Cash Advance or an Unsecured Line of Credit to Pay Fees Associated with the Mortgage</i> below for documentation requirements. • For loan-to-value (LTV) ratios greater than 80%, document the minimum required contribution of occupant borrower funds – typically 5%. For non-occupant co-borrower transactions, funds must be from occupant borrower. For exceptions, review product requirements in the Guide. | |

ASSET DOCUMENTATION, Continued

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| <p>Funds on deposit in borrower's checking, savings, money market or certificate of deposit account or other depository account (Guide Section 37.20.1, 37.22 and 37.23)</p> | <p>All borrower funds must be verified. Obtain depository or brokerage statement for the most recent month for each account included in the assets section of the application.</p> <p>If the account was opened within 90 days of the verification, has a large deposit or significantly greater than previously shown balance, include documentation of the source of the funds indicating they are from a source meeting the requirements of Guide Chapter 26. If a large deposit is from another account that is verified in the Mortgage file, that account must be verified after the withdrawal to assure that the assets are not counted twice.</p> <p>If a portion of the borrower's funds were to be saved by the borrower between the date of loan application and the date of loan closing, the Mortgage file documents should show that funds were accumulated and on deposit prior to closing.</p> | <p>All borrower funds must be verified. Obtain depository or brokerage statement for the most recent 2 months for each account included in the assets section of the application.</p> |
| <p>Gifts (Guide Section 22.22.1, 25.3, 26.2, 37.22 and 37.23)</p> | <ul style="list-style-type: none"> • Gift funds are not allowed on investment property mortgages • If a gift from a Related Person is used with a Mortgage with a LTV ratio greater than 80%, the gift is permitted only if the Borrower has made a down payment of at least 5% from other sources of cash or other Equity unless provided for otherwise in the Guide. • Documentation supporting a gift from a related person that does not have to be repaid must include the following information on the application or in a gift letter: <ul style="list-style-type: none"> – Donor's name and that funds are given by a related person, as defined in the Guide – Donor's mailing address – Address of the property being purchased – Amount of the gift – Establish that the funds are a gift that does not have to be repaid – If provided in a letter, the donor must sign it – If the gift funds are not verified in the borrower's account at time of application, provide proof of transfer from the donor to the borrower • Documentation supporting a gift or grant from an Agency must: <ul style="list-style-type: none"> – Establish funds were provided by the employer, municipality, nonprofit religious organization or nonprofit community organization – Establish the organization has a formal gift program – Establish that the funds are a gift or grant that does not have to be repaid – Evidence the funds were received by the borrower or by the property seller on the borrower's behalf – Identify the donor's mailing address <p>Examples of acceptable documentation include copies of grant program materials, award letters or terms and conditions provided to the borrower.</p> • A Gift of Equity from the property seller who is also a Related Person is acceptable when all of the following are met: <ul style="list-style-type: none"> – Related person is not the builder, developer, real estate agent or any other interested party to the transaction nor affiliated with same – Meets all the gift requirements of Guide sections 26.2, 37.20 and 37.22 or 37.23, as applicable – Must be reflected on the HUD-1 | |

ASSET DOCUMENTATION (continued)

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| Proceeds of a loan fully secured by the borrower's owned assets (Guide Sections 37.22, 37.23) | Proof of the value and ownership of the asset used to secure the loan must be documented in the Mortgage file as well as the amount and terms of the loan. | |
| Sale of real property (Guide Sections 37.20(a), 37.22, 37.23) | Obtain one of the following: <ul style="list-style-type: none"> • Executed HUD-1 or equivalent closing statement, or • Executed buy-out agreement and accompanying settlement statement from an employer relocation plan where the employer/relocation company takes responsibility for the outstanding mortgage(s) Settlement Statement or evidence of sale of asset must: <ul style="list-style-type: none"> • Be computer generated or typed • Identify the borrower as the seller of the property • Identify the property sold • Show the proceeds to the property seller • Show the disposition of all liens against the property • Be signed by the buyer and seller, or authorized agents | |
| Sale of an asset (other than real property or exchange-traded securities) (Guide Sections 37.22, 37.23) | Proceeds must be verified with a bill of sale and proof of receipt | |
| A cash deposit toward the purchase (with verifiable source) (Guide Sections 37.22, 37.23) | Document that the deposit check came from an acceptable source of funds with at least one of the following: <ul style="list-style-type: none"> • Copy of the borrower's deposit check and proof the check was cashed (a copy of the bank statement from which the deposit check was drawn), or • Verification of sufficient funds on deposit in the borrower's depository account for down payment, closing costs, financing costs, prepaids/reserves and, if applicable, reserves Note: Ensure the deposit is not counted twice in the file (i.e., deducted from the funds to close and counted in assets) | |
| Funds disbursed from a trust (Guide Sections 37.22, 37.23) | Provide verification of the trust funds that includes the following: <ul style="list-style-type: none"> • Typed copy of the trust agreement or • Signed statement on letterhead from the trustee that: <ul style="list-style-type: none"> – Identifies the Trustee including name, address, telephone number and an individual contact. The trustee must be an independent party that typically handles trust accounts (trust company, financial institution, CPA, lawyer) – Identifies the borrower as the beneficiary – Shows that the borrower has access to all or a certain specific amount of the funds – Shows that the trust has the assets to disburse funds to the borrower If the assets are needed for closing, proof of receipt is required. | |

ASSET DOCUMENTATION (continued)

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| Funds on deposit in an Individual Development Account (IDA) (Guide Sections 37.22, 37.23) | Provide documentation of the savings plan including: <ul style="list-style-type: none"> • Regular payments made by the borrower, and • Regular payment made by the IDA matching organization | |
| Funds on deposit in a Community Savings System that are deposited by the borrower (Guide Sections 37.22, 37.23) | Provide a Community Savings Systems account statement which: <ul style="list-style-type: none"> • Identifies the issuing institution or administrator, as applicable • Identifies the account owner(s) • Identifies the account number • Shows all transactions • Shows the period covered and ending balance • Shows any outstanding loans If assets are in a securities account, identify the stocks/securities. Provide proof of liquidation if funds are needed for closing. | |
| Pooled funds on deposit from Related Persons who reside with the borrower (Guide Sections 37.22, 37.23) | In addition to the documentation of the account in accordance with the requirements outlined in this document, provide proof that shows: <ul style="list-style-type: none"> • The borrower and the related person have resided together for at least 1 year, and • A letter stating that they will continue to reside together in the new residence and are pooling their funds to buy the new residence | |
| For purchase transactions, proceeds from an unsecured loan that is an Employer Assisted Homeownership (EAH) Benefit (Guide Sections 37.22, 37.23) | In addition to the documentation of the account in accordance with the requirements outlined in this document, provide: <ul style="list-style-type: none"> • A copy of the established, ongoing and documented employer benefit program showing the amount of the benefit and terms of the program • Documentation in the mortgage file evidencing: <ul style="list-style-type: none"> – The employer is not an interested party (as described in Section 25.3), – The funds were not obtained from an interested party either directly or through a third party, and – Proof of receipt of the benefit | |
| Credit card charge, cash advance or an unsecured line of credit to pay fees associated with the Mortgage (Guide Sections 37.22, 37.23) | Provide a copy of the credit card statement or credit card receipt evidencing: <ul style="list-style-type: none"> • The amount charged, • The outstanding balance, and • The terms of repayment. Note: Include the debt as a liability when qualifying the borrower | |

ASSET DOCUMENTATION (continued)

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| <p>Stocks, bonds, mutual funds, U.S. Government Securities and other securities (Guide Sections 37.22, 37.23)</p> | <p>Assets that are traded on an exchange or marketplace generally available to the public (such as the NYSE, NASDAQ, Midwest SE, CBOT, or OTC) provided that the value of the funds or securities can be readily verified through financial publications and is documented in the file.</p> <p>Provide stock/securities account statements which:</p> <ul style="list-style-type: none"> • Identify the issuing institution or administrator, as applicable • Identify the account owner(s) • Identify the account number • Show all transactions • Show the period covered and ending balance • Show any outstanding loans • If a securities account, identify the stocks/securities <p>If the borrower does not receive a stocks/securities account statement:</p> <ul style="list-style-type: none"> • Include a document in the Mortgage file confirming that the originator saw the stock certificates and that the stock certificates list the identification numbers of the stock(s), type and amount of stock and states that the borrower is the owner • Include current stock prices from a published source <p>If the assets are needed for closing, proof of liquidation is required.</p> | |
| <p>Cash Value Life Insurance (Guide Sections 37.22, 37.23)</p> | <p>Provide verification of the cash value life insurance which includes the following:</p> <ul style="list-style-type: none"> • A computer-generated or typed statement from the insurance company • Identifies the life insurance company • Identifies the policy owner(s) • Shows the period covered and ending cash value • Shows any outstanding loans <p>If the assets are needed for closing, provide proof of liquidation.</p> | |
| <p>Personal IRA and SEP-IRA accounts that are owned by the borrower and 401(k), KEOGH, 403(b) and other IRS-qualified employer plans (Guide Sections 26.5, 37.22, 37.23)</p> | <p>Provide the most recent statement reflecting:</p> <ul style="list-style-type: none"> • The vested balance or the percent of vesting, • Any outstanding loans, • The ending balance as of the end of the statement and • Conditions under which the funds may be withdrawn or borrowed <p>If the assets are needed for closing, provide proof of liquidation.</p> <p>Retirement accounts may be counted at 70% of the vested balance minus any outstanding loans against the asset. In lieu of the 70% requirement, the vested amount less outstanding loans secured by the account funds may be reduced by the minimum federal income tax withholdings required by the IRS.</p> | <p>Provide the most recent 2 months statements reflecting:</p> <ul style="list-style-type: none"> • The vested balance or the percent of vesting, • Any outstanding loans, • The ending balance as of the end of the statement and • Conditions under which the funds may be withdrawn or borrowed <p>If the assets are needed for closing, provide proof of liquidation.</p> <p>Retirement accounts may be counted at 70% of the vested balance minus any outstanding loans against the asset. In lieu of the 70% requirement, the vested amount less outstanding loans secured by the account funds may be reduced by the minimum federal income tax withholdings required by the IRS.</p> |

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| U.S. Savings Bonds (Guide Sections 37.22, 37.23) | <ul style="list-style-type: none"> • Provide verification of the U.S. Savings Bonds which includes a statement from a financial institution (or the Seller) confirming: <ul style="list-style-type: none"> – They have seen the bonds and listing the serial numbers of the bond(s), – Date of maturity, – Type and amount of bond and – The borrower as the owner • Provide proof of bond value from the appropriate U.S. Treasury Table If the assets are needed for closing, provide proof of liquidation. | |
| Reserves (Guide Sections 26.5, 37.22, 37.23) | Review the requirements of the products or offering for reserve requirements. Reserves, if required, must be documented in accordance with the asset requirements stated above. | |

GENERAL UNDERWRITING REQUIREMENTS
Eligibility (Guide Section 2.2.1 and Chapter 37)

Loan Prospector assumes that the last information submitted to Loan Prospector is the same as the information that is verified and documented in the Mortgage file delivered to Freddie Mac. If the information changes or an error is identified in a prior submission, the mortgage information must be resubmitted to Loan Prospector. Incorrect information in Loan Prospector may invalidate the Loan Prospector Feedback Certificate. To qualify as a Loan Prospector mortgage, the mortgage must meet all the following criteria:

- Be submitted to Loan Prospector before the closing of the mortgage
- Be submitted, and if applicable, resubmitted within 120 days on or before the Note Date unless otherwise permitted for Mortgages for Newly Constructed Homes
- Have credit reports (including Loan Prospector credit reports) dated no more than 120 days on or before the Note Date unless otherwise permitted for Mortgages for Newly Constructed Homes
- Receive a Complete AUS Status on the Last Feedback Certificate before the closing of the mortgage
- Comply with all requirements of Section 2.2.1 of the Guide – Introduction to Loan Prospector
- Have a delivery date or settlement date, as applicable, not more than 12 months after the Note Date, except as otherwise permitted

For Non-Loan Prospector or manually underwritten mortgages, refer to Guide Chapter 37.

Permanent and nonpermanent resident aliens (Guide Section 22.10.1)

Permanent and nonpermanent resident aliens lawfully residing in the United States are eligible for mortgages on the same terms as U.S. citizens.

Borrowers without usable credit scores (Guide Section 37.4)

For Accept Mortgages and A-minus Mortgages where not all borrowers have a usable Credit Score, the following requirements apply:

- At least one borrower on the transaction has a usable Credit Score, as determined by Loan Prospector
- The transaction is a purchase or "no cash-out" refinance Mortgage
- The Mortgage is secured by a 1-unit property and all borrowers occupy the property as their Primary Residence
- Borrowers with a usable Credit Score contribute more than 50% of the total monthly income
- Borrowers without a usable Credit Score are not self-employed

For borrower(s) without usable credit scores, any debt not reported on the credit report must be documented as being repaid in a satisfactory manner and the payment must be included in the total monthly debt-to-income ratio

Financing concessions (Guide Section 25.3)

- Financing concessions for primary residences and second homes are within allowable percentages:
 - 9 percent of value for mortgages with LTV/TLTV ratios less than or equal to 75 percent
 - 6 percent of value for mortgages with LTV/TLTV ratios greater than 75 percent up to and including 90 percent
 - 3 percent of value for mortgages with LTV/TLTV ratios greater than 90 percent
- The maximum financing concession for investment properties is 2 percent regardless of the LTV ratio

Note: Maximum financing concessions are based on the LTV ratio when there is no secondary financing, and TLTV ratio when secondary financing is present. Contributions in excess of the above limitations are considered sales concessions.

Sales concessions are deducted from the purchase price and LTV is calculated using the lower of the reduced purchase price or appraised value

Property (Guide Chapters 42, H33, and 44)

The Seller must ensure that the mortgage premises (collateral) is eligible for sale to Freddie Mac and that it supports the transaction; the collateral assessment must meet the Loan Prospector Minimum Assessment Feedback (an appraisal, an inspection, or the property inspection alternative).

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.) and the Seller must be able to make the required warranties for the project review type. For details, refer to Guide Chapter 42.

GENERAL UNDERWRITING REQUIREMENTS (continued)
Property (Guide Chapters 42, H33, and 44) (continued)

Mortgages secured by a Manufactured Home (even if located within a condominium project) must be submitted to Loan Prospector 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 42. 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 Prospector 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.

Use automated valuation models (AVMs) and other tools as part of the origination or pre-funding quality control process to detect fraud and objectively measure the accuracy of the appraisal. Freddie Mac recommends the use of Home Value Explorer® (HVE), Home Value Calibrator® (“Calibrator”) or other validated and tested AVMs, as well as other collateral valuation tools, to assess the quality and accuracy of appraisals. More information about HVE and Calibrator, and a list of distributors, can be found on FreddieMac.com at <http://www.freddiemac.com/hve/>.

Date and verification requirements for Loan Prospector results, employment, income, source of funds and payment history (other than credit reports) (Guide Section 37.20)
Date Requirements

- The Feedback Certificate is valid for 12 months from the Origination Date (Note Date), assuming the last submission to Loan Prospector is dated within 120 days on or before the Note Date.
- Loan Prospector results, verifications of employment, income, source of funds and payment history must be made within 120 days prior to the Note Date. Any information verified more than 120 days before the Note Date must be reverified. Verifications made after the Note Date are not acceptable.

Exception: For Mortgages for Newly Constructed Homes, refer to Guide Section K33.9 (b) for loan process and age of documentation requirements.

Verification Requirements

- Written verifications:
 - Standard verification forms such as original verifications of employment (VOE), verification of deposit (VOD) and mortgage or rental verification forms must be sent directly from the originator to the borrower’s employer, depository, creditor or landlord and upon completion, returned directly from the entity to the originator.
 - Facsimile verification forms are acceptable if it is clear from the document that the information was sent by facsimile transmission directly from the source to the originator and are considered to be originals.
 - The original documents must not contain any alterations, erasures, correction fluid or correction tape.
 - The Seller’s Mortgage file contains legible copies of the originals.
 - The copies must have been made by the originator or the applicant directly from the originals. Copies provided by any other source, such as the applicant, agent or builder, are not acceptable.
 - Electronic verifications (VOE, VOD, VOM/R) are computer-generated documents, accessed and printed from an Intranet or Internet. This includes online bank statements, investment account statements and employment and/or income statements. The borrower may provide the electronic verification directly, or the originator may obtain it directly from the employer, depository or other institution.

GENERAL UNDERWRITING REQUIREMENTS (continued)
Verification Requirements (continued)

- Verbal VOs must be completed not more than 10 business days prior to closing. Use Form 90, or a similar written document that includes the following:
 - Name of the person who contacted the employer
 - Name of the entity contacted
 - Name and title of the individual contacted at the entity
 - The phone number for the individual contacted. The phone number must be obtained from an acceptable third party source
 - Name of the third party source used to obtain the phone number for the employer (e.g., the phone book, internet, 411 information services, etc.)
 - The date of contact
 - The dates of employment
 - Borrower's position or title
 - Whether the borrower is currently employed and on active status or on leave
 - Additional information that was verified
- Verifications of income, employment and assets may be provided in the form of photocopy, facsimile or electronic verifications. When the originator is not viewing and copying the original document directly, the Seller is strongly encouraged to re-verify the information through the quality control process.
- Paystubs or salary vouchers must:
 - Be computer-generated or typed by the employer
 - Identify the borrower as the employee
 - Show the time period covered and both the current period and year-to-date earnings
- W-2 forms must be complete and be the employee copy provided by the employer.
- Tax returns must be the borrower's copy of the forms filed with the IRS, be signed by the borrower and include all schedules and forms required in Guide Section 37.21 through 37.23.
- Depository, Community Savings Systems, stock/securities account statements and other asset statements provided by the borrower must:
 - Identify the issuing institution or administrator, as applicable, the account owner(s), and the account number
 - Show all transactions, the period covered, ending balances, and any outstanding loans
 - Identify the stocks/securities if a securities account

Date requirements for Credit Reports (Guide Section 37.10(i))

All credit reports used in conjunction with Loan Prospector Mortgages (including the credit data provided through Loan Prospector, even those reports not used by the Seller) must be dated within 120 days prior to the Note Date or the date of the assumption agreement. **Exception:** For Mortgages for Newly Constructed Homes, refer to Guide Section K33.9 (b) for loan process and age of documentation requirements.

GENERAL UNDERWRITING REQUIREMENTS (continued)
Resubmission to Loan Prospector (Guide Section 2.2.1(k))

Resubmission of loan data to Loan Prospector is required if:

1. Information on the previous submission is not true, complete or accurate. For example:
 - Information on the previous submission is inaccurate, invalid, or changes during the origination process
 - Borrowers are added to or deleted from the loan application
 - Property information changes, the property information included an inaccurate or incomplete property address, or an appraisal provides a different value for the property
 - Credit Alert Interactive Voice Response System (CAIVRS) authorization shows a Federal Delinquency/Lien for any borrower (FHA or VA loan applications only)
 - You request a different mortgage product
2. The loan has not closed and the most recent submission (including the date of the Loan Prospector credit report(s)) exceeds the date requirements in Section 37.10(i).
3. Any information used by Loan Prospector changes; however, a change from the previous submission involving the following does not require resubmission:

Debts/income:

- The monthly debt payment decreases (including monthly housing expense)
- The income for any borrower increases; however, if the income used to qualify borrowers increases for Home Possible® Mortgages, resubmission is required
- The income for any borrower decreases and/or the monthly debt payment (including monthly housing expense) increases, and
 - The total difference does not change the total debt-to-income ratio by more than 3%, and
 - The total debt-to-income ratio on the previous submission did not exceed 45%

Assets/reserves:

- The amount of verified assets increases
- The amount of verified reserves increases
- The amount of verified reserves decreases by no more than 10%

Loan amount:

- The loan amount decreases by no more than 1% on a refinance transaction and at the time of the most recent Loan Prospector submission mortgage insurance is not required on the Mortgage
- The loan amount decreases by no more than 1% on a refinance transaction and at the time of the most recent Loan Prospector submission mortgage insurance on the Mortgage is required, and
 - The change does not impact the amount of the mortgage insurance coverage, and
 - The amount of the mortgage insurance premium collected by the Seller is based on the new loan amount and the Seller obtains a new mortgage insurance certificate

If the Risk Class and/or Documentation Level change as a result of the resubmission, the Seller must meet the new requirements.