

Effective for Mortgages with application dates on or before December 13, 2009, and Freddie Mac Settlements on and before March 31, 2009

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/Servicer Guide \(Guide\)](#).

CREDIT AND LIABILITIES

Topic	Streamlined Accept Documentation	Standard Documentation
Completing Liabilities Section of the Loan Application (Guide Section 37.8 and 37.16)	The liabilities portion of the application may be completed directly from the credit reports either manually or through an automated process. 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 data 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. 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 and Caution (A-minus eligible): Not required to determine if additional credit was granted. Caution (not 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 <u>history</u> is not required. 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 <u>history</u> 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 <u>history</u> and <u>payment amount</u> 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

Topic	Streamlined Accept Documentation	Standard Documentation
Direct verification of other debts (Guide Sections 37.11 and 37.16)	Direct verification of payment history is not required. Third party documentation to verify the payment amount is required 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, obtain selected pages from the applicable agreement to evidence the required monthly payment and duration of debt.	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" also 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, use 5% of the outstanding balance. • Auto lease payments, regardless of number of payments remaining • Aggregate negative net rental income from all investment properties owned and 2-4 unit primary residences • Monthly mortgage payment for second home 	
Derogatory credit information (Guide Section 37.7 (b), (c) and (d))	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 is <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:

CREDIT AND LIABILITIES, Continued

Topic	Streamlined Accept Documentation	Standard Documentation
Derogatory credit information (Guide Section 37.7 (b), (c) and (d)) (cont.)		<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
Sale of Primary Residence (Guide Section 37.16.2)	<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, and • Document reserves of six months for both properties (or reserves of two months if LTV/TLTV/HTLTV on current primary residence is $\leq 70\%$ and 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 six months (or reserves of two months meeting the reserve 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>	
Conversion of Primary Residence (Guide Section 37.16.2)	<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 • Document reserves of six months for both properties (or reserves of two months if LTV/TLTV/HTLTV 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 primary residence to an 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 on primary residence is $\leq 70\%$ as evidenced by at least a 2055 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 escrow 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) • Document reserves of six months for both properties 	
Excluding contingent liabilities from monthly debt payment-to-income ratio (Guide Section 37.17)	<p>Provide the following:</p> <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 • Document timely payment on the debt with credit report or lender payment reference for most recent 12 months <p>OR</p> <p>If a contingent liability (secured debt or mortgage) was assigned by a court order such as a divorce decree, provide:</p> <ul style="list-style-type: none"> • Appropriate pages of the court order • Transfer of title out of the borrower's name, if applicable 	

CREDIT AND LIABILITIES, Continued

Topic	Streamlined Accept Documentation	Standard Documentation
Excluding a contingent mortgage that has been assumed by another from monthly debt payment-to-income ratio (Guide Section 37.17)	Provide all of the following for mortgages assumed by another: <ul style="list-style-type: none"> • Document transfer of title out of the borrower’s name, and • Assumption agreement 	
Payoff of existing judgments and tax liens (Guide Section 22.3)	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: <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 	
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.	

INCOME AND EMPLOYMENT DOCUMENTATION

Topic	Streamlined Accept Documentation	Standard Documentation
Calculation of income (Guide Section 37.13)	Calculate stable monthly income from verifiable sources that are expected to continue for at least the next 3 years.* *May assume stability of income exists unless file documentation provides evidence to the contrary.	
Verification of income (Guide Section 37.12 and 37.13)	Verification of income required.	
Documentation requirements (Guide Sections 37.13)	Proper documentation must be supplied in accordance with risk class and documentation level to support all stable income for each borrower including: <ul style="list-style-type: none"> • Self-employed, employed, or non-employed borrowers • The dollar amount • Stability of income AND Monthly income must be within allowable program limitations (i.e., Home Possible® Mortgages).	
Employed Borrower (Guide Sections 37.22 and 37.23)	Obtain one of the following: <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting 1 full month earnings and W-2s covering the most recent tax year • If only base pay is used, the most recent paystub and a verbal verification of employment confirming the borrower has been with the same employer for 1 year • Written VOE(s) covering the most recent 1 year 	Obtain one of the following: <ul style="list-style-type: none"> • Most recent YTD paystub or salary voucher documenting 1 full month earnings and W-2s covering the most recent 2 tax years plus a verbal verification. (In lieu of a verbal verification, may provide an additional paystub from the same employer dated after the application). • Written VOE(s) covering the most recent 2 years

INCOME AND EMPLOYMENT DOCUMENTATION, Continued

Topic	Streamlined Accept Documentation	Standard Documentation
Self-employment Indicator (Guide Sections 37.22 and 37.23)	If a borrower owns 25% or more of a business, must indicate self-employment in Loan Prospector and on the loan application, even when the income is not used for qualification.	
Self-employed Borrower - individual federal income tax returns and business tax returns (Guide Sections 37.22 and 37.23)	<ul style="list-style-type: none"> • Obtain signed individual federal income tax returns and a signed IRS Form 8821 or 4506 for the most recent tax year. Have borrowers sign 8821 or 4506 at application and send it to the IRS for processing, and/or sign at closing if not processed. • This documentation is required even if the income is not being used to qualify the borrower so that a determination can be made about what effect the business income or loss has on borrower's stable monthly income. 	<ul style="list-style-type: none"> • Obtain signed individual federal income tax returns and a signed IRS Form 8821 or 4506 for the most recent 2 tax years. Have borrowers sign 8821 or 4506 at application and send it to the IRS for processing, and/or sign at closing if not processed. • Obtain complete signed business tax returns for the most recent two tax years for each business the borrower receives stable income, or document all of the following: <ul style="list-style-type: none"> – Signed individual federal income tax returns showing increased self-employed income over past 2 years. – Borrower funds are not coming from the business account. – Borrower is self-employed in the same business for at least 5 years. • This documentation is required even if the income is not being used to qualify the borrower so that a determination can be made about what effect the business income or loss has on borrower's stable monthly income.
Commission income (Guide Sections 37.22 and 37.23)	<p>Obtain all of the following:</p> <ul style="list-style-type: none"> • Most recent YTD paystub covering one month, and • W-2s covering the most recent tax year, and • Signed individual federal income tax returns for the most recent tax year if commissions are used to qualify <p>OR</p> <ul style="list-style-type: none"> • Written VOE covering one year, and • Signed individual federal income tax returns for the most recent tax year if commissions are used to qualify 	<p>Obtain all of the following:</p> <ul style="list-style-type: none"> • Verbal VOE, and • Most recent YTD paystub covering one month, and • W-2s covering the most recent 2 tax years, and • Signed individual federal income tax returns for the most recent 2 tax years if commissions are used to qualify <p>OR</p> <ul style="list-style-type: none"> • Written VOE covering 2 years, and • Signed individual federal income tax returns for the most recent 2 tax years if commissions are used to qualify

INCOME AND EMPLOYMENT DOCUMENTATION, Continued

Topic	Streamlined Accept Documentation	Standard Documentation
Employed by property seller, real estate broker or a closely held family business (Guide Sections 37.22 and 37.23)	Obtain all of the following: <ul style="list-style-type: none"> • Most recent YTD paystub covering one month, and • W-2s covering the most recent tax year, and • Signed individual federal income tax returns for the most recent tax year OR <ul style="list-style-type: none"> • Written VOE covering one year, and • Signed individual federal income tax returns for the most recent tax year 	Obtain all of the following: <ul style="list-style-type: none"> • Verbal VOE, and • Most recent YTD paystub covering one month, and • W-2s covering the most recent 2 tax years, and • Signed individual federal income tax returns for the most recent 2 tax years OR <ul style="list-style-type: none"> • Written VOE covering 2 years, and • Signed individual federal income tax returns for the most recent 2 tax years
Income per job or contract basis (Guide Sections 37.22 and 37.23)	Obtain all of the following: <ul style="list-style-type: none"> • Signed individual federal income tax returns for the most recent tax year, and, if applicable: • Most recent YTD paystub, and • W-2s covering the most recent tax year OR <ul style="list-style-type: none"> • Written VOE covering one year, and • Signed individual federal income tax returns for the most recent tax year 	Obtain all of the following: <ul style="list-style-type: none"> • Verbal VOE, and • Signed individual federal income tax returns for the most recent 2 years and, if applicable: <ul style="list-style-type: none"> – Most recent YTD paystub covering one month, and – W-2s covering the most recent 2 tax years OR <ul style="list-style-type: none"> • Written VOE covering 2 years, and • Individual federal income tax returns for the most recent 2 years
Rental income (Guide Section 37.14)	See Rental Income Matrix (http://www.freddie.com/learn/pdfs/uw/rental.pdf)	
Alimony, child support or separate maintenance (Guide Sections 37.22 and 37.23)	Obtain selected pages from the applicable agreement evidencing 3 years' continuance and proof of receipt for most recent 3 months from one of the following: <ul style="list-style-type: none"> • Court payment records • Canceled checks • Bank statements showing the deposits 	

Topic	Streamlined Accept Documentation	Standard Documentation
Non-employed income (Other) (Guide Sections 37.13(d), 37.22 and 37.23)	<p>Obtain one of the following:</p> <ul style="list-style-type: none"> Written verification of the income (such as award letter, pension statement IRS 1099, or other appropriate documents), or Complete individual federal income tax returns and signed IRS Form 8821 or 4506 for the most recent year. Have borrowers sign 8821 or 4506 at application and send it to the IRS for processing, and/or sign at closing if not processed. <p>Note: Tax-exempt income that is established as continuing into the foreseeable future, may be grossed up by 25%, or use the current federal and state income tax withholding tables to adjust the borrower's income.</p>	<p>Obtain one of the following:</p> <ul style="list-style-type: none"> Written verification of the income (such as award letter, pension statement IRS 1099 or other appropriate documents), or Complete individual federal income tax returns and signed IRS Form 8821 or 4506 for the most recent 2 years. Have borrowers sign 8821 or 4506 at application and send it to the IRS for processing, and/or sign at closing if not processed. <p>Note: Tax-exempt income that is established as continuing into the foreseeable future, may be grossed up by 25%, or use the current federal and state income tax withholding tables to adjust the borrower's income.</p>
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.

ASSET DOCUMENTATION

Topic	Streamlined Accept Documentation	Standard Documentation
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. 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 Borrower must exhibit sufficient funds to pay fees in full 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. 	
Funds on deposit/ exchange-traded assets (Guide Section 37.20)	<ul style="list-style-type: none"> All borrower funds must be verified. Obtain depository or brokerage statement for the most recent month for each account to verify funds paid by the borrower. If the account was opened within 90 days of the verification, or has a significantly greater than previously shown balance, document the source. For retirement accounts, obtain most recent statement and conditions under which funds may be withdrawn or borrowed. Assets must be sufficient to cover funds needed and any penalty. Proof of liquidation is not required. 	<ul style="list-style-type: none"> All borrower funds must be verified. Obtain depository or brokerage statement for the most recent two months for each account to verify funds paid by the borrower. If the account was opened within 90 of verification, or has a significantly greater than previously shown balance, document the source. For retirement accounts, obtain most recent statement and conditions under which funds may be withdrawn or borrowed. Assets must be sufficient to cover funds needed and any penalty. Proof of liquidation is not required.

ASSET DOCUMENTATION (continued)

Topic	Streamlined Accept Documentation	Standard Documentation
<p>Gifts (Guide Section 37.20, 37.22, 37.23 and 22.22.1)</p>	<ul style="list-style-type: none"> • Gift funds are not allowed on investment property mortgages • Gift information provided on the application or in a gift letter must include all of the following: <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 – 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 • 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 • 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 and 37.20 – Must be reflected on the HUD-1 	
<p>Sale of real property (Guide Sections 37.22, 37.23)</p>	<p>Obtain one of the following:</p> <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) 	
<p>Sale of an asset (other than real property or exchange-traded securities) (Guide Sections 37.22, 37.23)</p>	<p>Proceeds must be verified with the following:</p> <ul style="list-style-type: none"> • Bill of sale and proof of receipt, or • Document existence of asset and borrower ownership (e.g., title), value by a third party (e.g., blue book) and buyers existence at a specific price (e.g., letter of intent or contract) 	
<p>Reserves (Guide Sections 26.5, 37.22, 37.23)</p>	<p>No specific requirement for most loan applications; however, some products have certain requirements. All reserves entered into Loan Prospector must be verified.</p>	

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 for the mortgage that is delivered to Freddie Mac. If the information changes or an error is identified in a prior submission, the mortgage must be resubmitted. 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 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.

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.

General Underwriting Requirements *(continued)*

Property (Guide Chapters 42, H33, and 44) *(continued)*

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.

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: Mortgages for Newly Constructed Homes have 18 months to originate, underwrite, document, allow for construction or renovation and sell to Freddie Mac as indicated in Guide Chapter K33. 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.
- The original documents must not contain any alterations, erasures, correction fluid or correction tape.
- 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.
- 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/salary vouchers/W-2s must be computer-generated or typed by the employer.
- Paystubs or salary vouchers must:
 - 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 and stock/securities account statements 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

General Underwriting Requirements *(continued)*

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:** Mortgages for Newly Constructed Homes have 18 months to originate, underwrite, document, allow for construction or renovation and sell to Freddie Mac. Refer to Guide Section K33.9 (b) for loan process and age of documentation requirements.

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.