

LOAN PROSPECTOR® FHA TOTAL MORTGAGE SCORECARD and VA DOCUMENTATION MATRIX

CREDIT WARRANTIES AND WAIVERS

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
Credit Warranties and Waivers	<ul style="list-style-type: none"> No determination of ratios or credit worthiness CAIVRS for all Borrowers must not indicate a delinquent obligation/claim payment. 	<ul style="list-style-type: none"> Determine that Borrower shows willingness and financial ability to repay. CAIVRS for all Borrowers must not indicate a delinquent obligation/claim payment. 	<ul style="list-style-type: none"> No determination of ratios or credit worthiness CAIVRS for all Borrowers must not indicate a delinquent obligation/claim payment. 	<ul style="list-style-type: none"> Determine that Borrower shows willingness and financial ability to repay. CAIVRS for all Borrowers must not indicate a delinquent obligation/claim payment.

EMPLOYMENT INFORMATION

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
Current Employment	Obtain most recent YTD paystub documenting 1 full month's earnings and a verbal VOE, written VOE, or an acceptable electronic verification.	Same as Accept	<ul style="list-style-type: none"> Obtain most recent YTD paystub documenting 1 full month's earnings. Not on Active duty: Obtain verbal VOE. 	Same as Accept
Employment History	<ul style="list-style-type: none"> Obtain most recent 2 years' W-2(s). W-2(s) are not required if current employer confirms 2-year history, only base pay is used to qualify, and Borrower signs IRS Form 8821/4506. Standard forms of documentation (such as verbal VOE, written VOE, income information obtained directly from IRS or FHA-approved electronic verification service) may be used as addressed in the <i>HUD Handbook 4155</i> or <i>FHA's TOTAL Mortgage Scorecard User Guide</i>. 	<ul style="list-style-type: none"> Obtain most recent 2 years' W-2(s). Standard forms of documentation (such as verbal VOE, written VOE, income information obtained directly from IRS or FHA-approved electronic verification service) may be used as addressed in the <i>HUD Handbook 4155</i> or <i>FHA's TOTAL Mortgage Scorecard User Guide</i>. 	<ul style="list-style-type: none"> Not on Active duty: Obtain most recent 2 years' W-2(s). Not on Active duty: W-2(s) for most recent tax year are not required if current employer confirms 1-year history; only base pay is used to qualify and Borrower signs IRS Form 8821/4506 Not on Active duty: W-2(s) are not required, if current employer confirms 2-year history, only base pay is used to qualify and Borrower signs IRS Form 8821/4506. Standard forms of documentation (such as written VOE, verbal VOE, income information obtained directly from IRS or VA-approved electronic verification service) may be used as addressed in the <i>VA Lender's Handbook</i> or <i>Loan Prospector User Guide</i>. 	<ul style="list-style-type: none"> Not on Active duty: Obtain most recent 2 years' W-2(s). Standard forms of documentation (such as written VOE, verbal VOE, income information obtained directly from IRS or VA-approved electronic verification service) may be used as addressed in the <i>VA Lender's Handbook</i> or <i>Loan Prospector User Guide</i>.

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EMPLOYMENT INFORMATION, Continued

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
“Deminimus” Self-employed	If borrower receives less than 5% of stable monthly income from self-employment, individual and business tax returns, balance sheets, and P&L statements are not required. Verify existence of business through telephone listings, business cards, and etc.	Same as Accept	N/A	N/A
Self-employed Individual Tax Returns	Obtain most recent 2 years’ signed individual federal income tax returns and subtract unreimbursed business expenses in underwriting, and signed IRS Form 4506/8821.	Same as Accept	Obtain most recent 2 years’ signed individual federal income tax returns.	Same as Accept
Self-employed Business Tax Returns	<ul style="list-style-type: none"> Obtain most recent 2 years’ signed federal business tax return(s) for each business and signed IRS Form 4506/8821. If (a) individual federal income tax returns for self-employed Borrower show increasing self-employment income for past 2 years, (b) funds required to close do not come from business accounts and (c) loan is not a cash-out refinance, no business tax returns are required. Document file. 	Obtain most recent 2 years’ signed federal business tax return(s) for each business and signed IRS Form 4506/8821.	<ul style="list-style-type: none"> If income to Borrower from an individual business is greater than 5% of Borrower’s stable monthly income, obtain most recent 2 years’ signed federal business tax return(s). If individual federal income tax returns for self-employed Borrower show increasing self-employment income for past 2 years and the Borrower states (a) funds required to close do not come from business accounts and (b) he/she has been self-employed in this business for past 5 years, no business tax returns are required. Document file. 	If income to Borrower from an individual business is greater than 5% of Borrower’s stable monthly income, obtain most recent 2 years’ signed federal business tax return(s) for each business.
Self-employed Balance Sheets and P&L Statements	P&L statement not required unless the income used to qualify the borrower exceeds the previous two-year tax return average. Balance sheet not required.	If more than 7 months have elapsed since business tax year ending date, and income to self-employed Borrower from each individual business is greater than 5% of his/her stable monthly income, obtain balance sheet and YTD P&L statement or income information directly from IRS.	Not required	If more than 7 months have elapsed since business tax year ending date, and income to self-employed Borrower from each individual business is greater than 5% of his/her stable monthly income, obtain balance sheet and YTD P&L statement.

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EMPLOYMENT INFORMATION, Continued

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
Commissioned Borrower	If Borrower receives commission income greater than 25 % of his/her annual income, obtain most recent 2 years' signed individual federal income tax returns and consider business expenses in underwriting.	Same as Accept	Not on Active Duty: If Borrower receives commission income greater than 25% of his/her annual income, obtain most recent 2 years' signed individual federal income tax returns and consider business expenses in underwriting.	Same as Accept
Employment Gaps	If applicable, provide an explanation for employment gaps > 180 days if it occurred within last two years.	If applicable, provide an explanation for employment gaps > 30 days if it occurred within last two years.	If applicable, provide an explanation for employment gaps > 60 days.	If applicable, provide an explanation for employment gaps > 30 days.
Alimony and/or Child Support Income	Obtain most recent 3 months' bank statements or cancelled checks and evidence of 3-year continuance.	Same as Accept	Obtain most recent 3 months' bank statements or cancelled checks and evidence of 3-year continuance.	Same as Accept

ASSET INFORMATION

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
Reserves	Verify all reserves submitted to Loan Prospector.	Same as Accept	Verify all reserves submitted to Loan Prospector.	Same as Accept
Earnest Money Deposits	Obtain an explanation and documentation for large recent deposits in excess of 2% of the property's sales price, including earnest money deposit. You must also determine that any recent debts were not incurred to obtain part or all of the required cash investment.	Same as Accept	N/A	N/A
Funds Required to Close	Verify source of funds to close were not obtained through new debt.	Same as Accept	If Sales Price > Appraised value and down payment and closing costs are greater than 4% of appraised value, verify source.	If Sales Price > Appraised Value, verify source of funds for down payment and closing costs.
Gift Funds on Deposit at Initial Submission	List donor's name, address, phone number, relationship to Borrower and dollar amount of gift on application or in gift letter.	Same as Accept	N/A	N/A

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ASSET INFORMATION, Continued

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
Gift Funds not on Deposit at Initial Submission	Obtain gift letter with donor information per FHA requirements. Document transfer of gifts per FHA requirements.	Same as Accept	N/A	N/A
Depository Accounts	Obtain most recent statement(s) showing previous month's balance or 2 months' statement(s) for each account.	Obtain most recent 2 months' statement(s) showing previous month's balance, or 3 months' statement(s) for each account.	Obtain most recent statement(s) for each account.	Obtain most recent 2 months' statement(s) for each account.
Stocks and/or Bond Accounts	Obtain most recent 2 months' statement(s) for each account to verify sufficient funds required to close. Evidence of liquidation <i>is not</i> required.	Obtain most recent 3 months' statement(s) for each account to verify sufficient funds required to close. Proof of liquidation is required if funds are used for closing.	N/A	N/A
Retirement Accounts	Obtain most recent employer, depository or brokerage statement(s) for each account to verify sufficient funds required to close. Document conditions under which funds may be withdrawn or borrowed. Only 60% of the vested amount of the account may be used as funds to close or cash reserves.	Same as Accept	N/A	N/A
Sale of Home	Obtain executed HUD-1 or equivalent closing statement. If relocation, obtain buyout agreement and accompanying settlement statement indicating that the employer or relocation service takes responsibility for the outstanding mortgage debt.	Same as Accept	Obtain executed HUD-1 or equivalent closing statement. If relocation, obtain buyout agreement.	Same as Accept
Sale of Assets	Obtain bill of sale and evidence of proceeds or document existence; value and buyer's intent if an asset (other than real estate and exchange-traded securities) will be sold for funds required to close.	Obtain bill of sale and evidence of proceeds if an asset (other than real estate and exchange-traded securities) will be sold for funds required.	N/A	N/A

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LOAN PROCESSING REMARKS

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
Delivery Requirements	Enter ZFHA as CHUMS ID on HUD 92900. FHA Direct Endorsement Underwriter signature is not required on HUD 92900, unless loan is downgraded to Refer or CAIVRS shows a delinquent obligation/claim payment. Mortgagee's representative must attest data integrity on HUD 92900A. FHA approved DE Lender must submit this loan for FHA insurance.	FHA Direct Endorsement Underwriter signature required on HUD 92900 for this loan. FHA-approved DE Lender must submit this loan for FHA insurance.	VA Automatic Underwriter signature is not required on Loan Analysis Form 6393, unless loan is downgraded to Refer or CAIVRS shows a delinquent obligation/claim payment. Submit data integrity certification signed by mortgagee's representative. VA-approved Automatic Lender must submit this loan for VA guaranty.	VA Automatic Underwriter signature required on Loan Analysis Form 6393 for this loan. VA-approved Automatic Lender must submit this loan for VA guaranty.

CREDIT REPORT PROCESSING INFORMATION

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
Total Debt	<p>Include the following in monthly debt:</p> <ul style="list-style-type: none"> All debt listed on credit report Alimony, child support, separate maintenance payments Payroll-deducted installment debt Mortgage debt or negative rent New debt resulting from material inquiries Significant debt (with payments greater than \$100) <p>Note: Refer to the <i>HUD Handbook 4155</i> and <i>FHA's TOTAL Mortgage Scorecard User Guide</i> for additional information, as well as for debt with <10 months remaining.</p>	<p>All debt, including the following, must be included in monthly debt:</p> <ul style="list-style-type: none"> All debt listed on credit report Alimony, child support, separate maintenance payments Payroll-deducted installment debt Mortgage debt or negative rent New debt resulting from material inquiries <p>Note: Refer to the <i>HUD Handbook 4155</i> and <i>FHA's TOTAL Mortgage Scorecard User Guide</i> for additional information, as well as for debt with <10 months remaining.</p>	<p>Include the following in monthly debt:</p> <ul style="list-style-type: none"> All debt listed on credit report Alimony, child support, separate maintenance payments Payroll-deducted installment debt Mortgage debt or negative rent Significant debt (>2% gross monthly income) <p>Note: Refer to the <i>VA Lender's Handbook</i> for additional information, as well as for debt with <10 months remaining.</p>	<p>Include the following in monthly debt:</p> <ul style="list-style-type: none"> All debt listed on credit report Alimony, child support, separate maintenance payments Payroll-deducted installment debt Mortgage debt or negative rent Significant debt (>2% gross monthly income) New debt resulting from material inquiries within last 90 days <p>Note: Refer to the <i>VA Lender's Handbook</i> for additional information, as well as for debt with <10 months remaining.</p>
Credit Report Types	<p>Obtain one of the following for each Borrower:</p> <ul style="list-style-type: none"> Merged from CRC via Loan Prospector Infile, merged, or RMCR directly from credit provider outside of Loan Prospector 	Same as Accept	<p>Obtain one of the following for each Borrower:</p> <ul style="list-style-type: none"> Infile or merged from CRC via Loan Prospector Infile, merged, or RMCR directly from credit provider outside of Loan Prospector 	Same as Accept

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CREDIT REPORT PROCESSING INFORMATION, Continued

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Business Credit Report	Not required	If self-employed and income is derived from corporation or S-corporation, obtain business credit report.	N/A	N/A
Late Mortgage Payments	If any mortgage trade line including mortgage line-of-credit payments, during the most recent 12 months, shows: <ul style="list-style-type: none"> • 3 or more late payments of greater than 30 days, or • 1 or more late payments of 60 days plus one or more 30-day late payments, or • 1 payment greater than 90 days late, Manually downgrade to Refer.	N/A	N/A	N/A
Contingent Mortgage Debt	If credit report shows a contingent mortgage debt, obtain transfer of title and assumption or divorce agreement and do not count debt in Borrower's ratios.	If credit report shows a contingent mortgage debt, obtain transfer of title and assumption or divorce agreement and count debt in Borrower's ratios unless evidence is provided indicating contingent mortgage payment was 0X30 during previous 12 months, or loan-to-value on contingent mortgage is 75% or less.	If credit report shows a contingent mortgage debt, obtain transfer of title and assumption or divorce agreement and do not count debt in Borrower's ratios.	Same as Accept
Mortgage Reference	If a mortgage debt does not appear on credit report, 12-month history does not exist, or no rating is available, obtain most recent 12-month payment.	Same as Accept	No verification required	If a mortgage debt does not appear on credit report, obtain most recent 12-month payment history.
Rental Reference	No verification required	Obtain 12-month history on rental reference.	No verification required	Obtain 12-month history on rental reference.
CAIVRS	If CAIVRS authorization shows a delinquent obligation/claim payment, change "Is the borrower presently delinquent or in default on any federal debt?" to "yes" and resubmit.	N/A	If CAIVRS authorization shows a delinquent obligation/claim payment, resubmit.	N/A

CREDIT REPORT PROCESSING INFORMATION, Continued

Topic	FHA Accept	FHA Refer	VA Accept	VA Refer
Derogatory Credit Information	If applicable, obtain evidence of payoff for judgments on credit report. No other explanation required for adverse credit or other derogatory information.	<ul style="list-style-type: none"> Obtain explanation for derogatory credit. If applicable, obtain evidence of payoff for judgments on credit report. 	If applicable, judgments must be paid in full or subject to a repayment plan with a history of timely payments. No other explanation required.	<ul style="list-style-type: none"> Obtain explanation for derogatory credit. If applicable, judgments must be paid in full or subject to a repayment plan with a history of timely payments.
Account Balances	N/A	N/A	If a mortgage or significant debt is past due on credit report and has not been updated in 90 days, re-verify to determine current status. Downgrade to Refer if rating is currently greater than 90 days past due.	If a mortgage or significant debt is past due on credit report and has not been updated in 90 days, re-verify to determine current status.
Significant Inaccuracy	If you determine a significant inaccuracy on the merged credit report accessed by Loan Prospector, downgrade to Refer, and order RMCR, merged credit report or third-party documentation to clarify.	If you determine a significant inaccuracy on the merged credit report accessed by Loan Prospector, order RMCR, merged credit report or third-party documentation to clarify.	If you determine a significant inaccuracy on infile credit report, downgrade to Refer and order RMCR, merged credit report or third-party documentation to clarify.	If you determine a significant inaccuracy on infile credit report, order RMCR, merged credit report or third-party documentation to clarify.