

Bulletin

NUMBER: 2013-11

TO: Freddie Mac Sellers

June 24, 2013

SUBJECT: AVAILABILITY OF LOAN QUALITY ADVISORSM

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are announcing that Loan Quality Advisor (LQA) is available to Sellers.

We are also making the following updates and revisions to our **selling** requirements, which will help support the use of LQA:

- Adding new Guide Exhibit 37, *Loan Quality AdvisorSM Agreement*, which provides the terms and conditions for the use of LQA
- Allowing Mortgages to be resubmitted to Loan Prospector® after the Note Date

LOAN QUALITY ADVISOR

As announced in our Single-Family Update e-mail dated April 30, 2013, LQA is Freddie Mac’s new web-based risk and eligibility assessment tool that provides an automated way to help identify possible Freddie Mac eligibility issues – both pre- and post-closing. LQA is part of our *Greater Purchase Certainty* initiative and adds to our suite of tools and resources that support Sellers throughout their loan manufacturing process.

Sellers should visit the [LQA web page](#) for additional information and can contact their Freddie Mac representative or (800) FREDDIE to learn more about signing up for and using LQA.

To receive notifications about the operation status of LQA and important news and information about our single-family business, Sellers should subscribe to the [Single-Family Business News Subscription Center](#). For technology operation status, select the LQA category under the Technology System Alerts section to sign up.

LOAN QUALITY ADVISOR AGREEMENT

Effective immediately

We are adding Guide Section 2.25 and Exhibit 37, both titled *Loan Quality AdvisorSM Agreement*, to the Guide. This agreement supersedes any other LQA terms of use document signed by a Seller. Each Seller that uses LQA, by virtue of such use, will be deemed to have agreed to the terms and conditions set forth in the exhibit.

RESUBMISSION TO LOAN PROSPECTOR AFTER THE NOTE DATE

Effective immediately

The Guide is being updated to permit Sellers to resubmit Mortgages to Loan Prospector after the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages. This will help Sellers meet requirements to submit true, complete and accurate data that matches the terms of the Mortgage that will be delivered to Freddie Mac.

Loan Prospector is an automated system that relies heavily on information from other sources, so accurate data and accurate data entry are critical. Since Loan Prospector assumes that the last information

submitted to Loan Prospector is the same as the information for the Mortgage delivered to Freddie Mac, the Seller should ensure that the information submitted to Loan Prospector before the Note Date, or the Effective Date of Permanent Financing, as applicable, is true, complete and accurate and matches the terms of the Mortgage to be delivered to Freddie Mac.

The Seller may determine after the Note Date or Effective Date of Permanent Financing, as applicable, through LQA or by other means, that the information entered into Loan Prospector was not true, complete, and accurate and does not match the terms of the Mortgage to be delivered to Freddie Mac. In these instances, unless otherwise prohibited or not required by Section 2.2.1, *Introduction to Loan Prospector*[®], the Seller must resubmit the Mortgage to Loan Prospector after the Note Date or Effective Date of Permanent Financing, as applicable, but prior to the Delivery Date.

This change does not affect the current requirement that Mortgages must be **initially** submitted to Loan Prospector on or before the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing.

Detailed requirements for resubmitting a Mortgage to Loan Prospector after the Note Date or Effective Date of Permanent Financing, as applicable, are provided in Section 2.2.1. A Mortgage **cannot** be resubmitted to Loan Prospector after the Note Date, or the Effective Date of Permanent Financing, as applicable, if:

- The Note Date was more than 120 days prior to the resubmission; or
- Resubmission is after the “Loan Prospector Assessment Expiration Date” displayed on the Feedback Certificate; or
- A Borrower is being added or deleted, or a change is being made to a Borrower’s last name or Social Security Number; or
- A new credit report company needs to be selected; or
- The single or joint merged credit report indicator changes; or
- The order of Borrowers changes on a joint merged credit request; or
- The merged credit report number does not match the merged credit report number from the most recent complete transaction

If the Mortgage cannot be resubmitted to Loan Prospector after the Note Date or the Effective Date of Permanent Financing, as applicable, the Mortgage must be manually underwritten and is considered a Non-Loan Prospector Mortgage.

Sections 2.2.1, 17.2, *Provisions for the Payment of Fees and Proceeds and Application of Delivery Fee Credits*, and 27.1, *Mortgage Insurance*, and the Glossary have been updated to reflect this change.

Applicable footnotes in Exhibit 19, *Postsettlement Delivery Fees*, will be removed with a future Bulletin as a result of this change.

Delivery requirement for resubmissions to Loan Prospector after the Note Date

The Seller must deliver “912” in the ULDD Data Point *Investor Feature Identifier* (Sort ID 368) to indicate the Mortgage was resubmitted to Loan Prospector after the Note Date. For Construction Conversion and Renovation Mortgages, the Seller must deliver “912” to indicate the Mortgage was resubmitted to Loan Prospector after the Effective Date of Permanent Financing.

Section 17.13, *Loan Prospector*[®] *Mortgage Underwriting Data Requirements*, has been updated to reflect this change.

TRAINING

Sellers are encouraged to enroll in our new webinar, *Loan Quality Advisor*SM: *An Introduction and Overview*, available on Freddie Mac’s Learning Center.

Information and registration is available at:

<http://www.freddiemac.com/ontrack/html/LearningCenter/ClassDescription.jsp?crsNum=LQA>.

For other training resources, please visit the [LOA Learning Center page](#).

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 2, 17 and 27
- Exhibit 37
- Glossary

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE (press 1, then 3).

Sincerely,

A handwritten signature in black ink that reads "Laurie A. Redmond". The signature is written in a cursive, flowing style.

Laurie A. Redmond
Vice President
Offerings Effectiveness