## At-A-Glance: Loan Prospector® Enhancements

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<th>Feature</th>
<th>Old Loan Prospector</th>
<th>New Loan Prospector</th>
<th>Customer Benefit</th>
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<td><strong>Loan Prospector October 19, 2014 Release – Liabilities Messages Enhancements</strong></td>
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| Total Debt Calculation | ▪ No indication of which liabilities are excluded from the total debt calculation making it difficult to reconcile to the lender’s debt-to-income (DTI) ratio. | ▪ Messages are returned that identify any liabilities that are reported by the lender but excluded from the debt calculation. (This change applies to all loan types including Conventional, FHA and VA loans). | ▪ More useful and detailed loan-specific feedback  
▪ Provides more transparency into Freddie Mac’s requirements  
▪ Increased control over what’s included in the debt calculation  
▪ Enhanced efficiency with fewer messages to review |
| Loan-Specific Liabilities Messages | ▪ Generic liabilities feedback messages are returned for every loan assessed through LP. | ▪ Messages for liabilities are returned based on the type of debt.  
▪ Loan-specific messages relevant to Revolving and Open-Ended Accounts, Installment Debt and other types of debt are returned when debts are submitted with no payment.  
▪ Loans with subordinate financing receive messages that clarify requirements based on the purpose of the refinance. | |
| Remove Unnecessary Feedback Messages | ▪ Multiple contingent liabilities messages are returned on every loan.  
▪ Messages are returned regarding the requirement to disclose secondary financing. | ▪ LP returns loan-specific feedback messages for liabilities. | |
| **Loan Prospector June 22, 2014 Release – Usability Enhancements** | |
| Cash-Out/No Cash-Out | ▪ LP does not accept a cash-out amount greater than zero for a no cash-out refinance. | ▪ The No Cash-Out message triggers in alignment with the Guide which allows nominal cash-out (lesser of $2K or 2% of loan amount). | ▪ Provides actionable and loan-specific feedback  
▪ Increases the number of loans assessed through LP  
▪ Improves data quality and highlights data inconsistencies that could cause repurchases  
▪ Helps to streamline the customer’s loan origination process by reducing workarounds |
| Income | ▪ LP doesn’t accept submission of income losses where the income is reported as negative for any borrower (e.g. from self-employed borrowers). | ▪ Allows submission of income losses (e.g. from self-employed borrowers).  
▪ Losses can be reported under the appropriate borrower and borrower-specific income messages are generated.  
▪ The combined income for all borrowers on the loan must continue to be positive. | |
| Assets | ▪ A nominal asset amount ($1) must be entered for LP to score the loan. | ▪ LP accepts submission of borrowers with no reported assets.  
▪ Assets reported in LP are consistent with the loan application. | |
| DTI and LTV Data Checks | ▪ No cross-system checks are performed to ensure HOA dues are entered when Property Type is a PUD, Condo, or Co-op.  
▪ No cross system checks are performed to ensure data is entered in both fields when there is a dollar amount present in one of the following: Subordinate Lien Amount and/or HELOC Actual Current Balance and Other Financing (P&I) for the Proposed Monthly Housing Expense. | ▪ LP returns messages if HOA dues are not entered for the following property types: PUD, Condo, or Co-op (or vice-versa).  
▪ Messaging is provided when there is a balance for subordinate financing but no related housing expense (or vice-versa). | |
| Loans with Financed MI | ▪ Loans with financed MI receive a new feedback message that clarifies how the LTV is determined. | |
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<td><strong>Loan Prospector October 27, 2013 Release – Underwriting Income Message Enhancements</strong></td>
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<td>- Number of Messages Impacted: 42 New Messages; 5 Messages Removed; 45 Messages Updated</td>
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| **Loan-Specific Messages** | - Generic income feedback messages relevant to some income types such as alimony/child support, base, bonus, commissions, dividends/interest, notes receivable/installment and overtime are returned for every loan assessed through LP. | - Messages relevant to the income type are returned only when that specific income type is provided on the loan. | - More detailed loan-specific feedback
- Provides more transparency into Freddie Mac’s requirements |
| **New Messages for Other Income Types** | - Loan-specific feedback messages are not returned for the following income types (that are referred to in the Guide): military, other, social security, pension, subject property net cashflow, VA benefits/non-educational, trust, unemployment, mortgage differential, automobile expense account, foster care contract basis. | - Loan-specific feedback messages returned for income type(s) available in LP.
- Messages contain specific requirements from the Guide to properly document the income. | |
| **User-Friendly Messages** | | - Consistent format (e.g. message starts with type of income, followed by the applicable borrower name).
- Concise, easy-to-read messaging.
- Includes key underwriting documentation requirements. | |
| **Loan Prospector July 24, 2013 Release – Purchase Eligibility Message Enhancements** | | | |
| - Number of Messages Impacted: 267 New Messages | | | |
| **Enhanced Purchase Eligibility Messages** | - Loans returned with a purchase restriction receive messages that indicate the type of violation but not the specifics. This requires the lender to do additional analysis. | - Loans returned with a purchase restriction receive messages that provide more loan, product and/or program-specific purchase restriction information.
- For example, previously, the message indicated a total loan-to-value (TLTV) violation. Now, the message provides the TLTV of the loan, the associated program, and what limit has been exceeded.
- Messages further align with purchase eligibility messages returned in the selling system. | - More detailed loan-specific feedback
- Provides more transparency into Freddie Mac’s purchase eligibility requirements |