

# At-A-Glance: Loan Prospector® Enhancements



Feature	Old Loan Prospector	New Loan Prospector	Customer Benefit
<b>Loan Prospector July 2015 Release – Assets and Reserves Enhancements</b>			
<b>Number of Messages Impacted: 57 New Messages; 14 Messages Removed; 14 Messages Updated</b>			
<b>Reserves Requirements</b>	<ul style="list-style-type: none"> <li>All reserves submitted to Loan Prospector require verification.</li> <li>Reserves required by the Guide for certain scenarios such as Investor, Second Home, and 2-4 unit properties receive separate messages.</li> </ul>	<ul style="list-style-type: none"> <li>Indicates the reserves required to be verified based on both the risk of the loan as well as Guide reserve requirements.</li> <li>Indicates the loan is ineligible for purchase if the reported reserves are insufficient to cover the required reserves for the subject property.</li> <li>Specific messages are provided for all Guide reserve requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Streamlines the underwriting process by aligning documentation requirements with the risk of the loan</li> <li>Provides more transparency into Freddie Mac's requirements</li> <li>Potentially reduces the number of unnecessary resubmissions to Loan Prospector</li> </ul>
<b>Loan-Specific Assets Messages</b>	<ul style="list-style-type: none"> <li>Generic assets documentation feedback messages are returned for certain asset types assessed through Loan Prospector.</li> <li>Assets/reserves feedback messages are located in multiple sections of the Feedback Certificate.</li> </ul>	<ul style="list-style-type: none"> <li>Feedback messages are returned for each specific asset type.</li> <li>Loan-specific feedback messages are returned for assets/reserves.</li> <li>Asset documentation feedback messages include specific Guide policy language.</li> <li>Messages for assets/reserves are consolidated in one section on the Feedback Certificate.</li> </ul>	
<b>Loan Prospector October 19, 2014 Release – Liabilities Messages Enhancements</b>			
<b>Number of Messages Impacted: 15 New Messages; 10 Messages Removed; 8 Messages Updated</b>			
<b>Total Debt Calculation</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>More useful and detailed loan-specific feedback</li> <li>Provides more transparency into Freddie Mac's requirements</li> <li>Increased control over what's included in the debt calculation</li> <li>Enhanced efficiency with fewer messages to review</li> </ul>
<b>Loan-Specific Liabilities Messages</b>	<ul style="list-style-type: none"> <li>Generic liabilities feedback messages are returned for <u>every</u> loan assessed through Loan Prospector.</li> </ul>	<ul style="list-style-type: none"> <li>Messages for liabilities are returned based on the type of debt.</li> <li>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.</li> <li>Loans with subordinate financing receive messages that clarify requirements based on the purpose of the refinance.</li> </ul>	
<b>Remove Unnecessary Feedback Messages</b>	<ul style="list-style-type: none"> <li>Multiple contingent liabilities messages are returned on every loan.</li> <li>Messages are returned regarding the requirement to disclose secondary financing.</li> </ul>	<ul style="list-style-type: none"> <li>Loan Prospector returns loan-specific feedback messages for liabilities.</li> </ul>	
<b>Loan Prospector June 22, 2014 Release – Usability Enhancements</b>			
<b>Number of Messages Impacted: 11 New Messages; 16 Messages Removed; 10 Messages Updated</b>			
<b>Cash-Out/No Cash-Out</b>	<ul style="list-style-type: none"> <li>Loan Prospector does not accept a cash-out amount greater than zero for a no cash-out refinance.</li> </ul>	<ul style="list-style-type: none"> <li>The No Cash-Out message triggers in alignment with the Guide which allows nominal cash-out (lesser of \$2K or 2% of</li> </ul>	

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<b>Income</b>	<ul style="list-style-type: none"> <li>Loan Prospector doesn't accept submission of income losses where the income is reported as negative for any borrower (e.g. from self-employed borrowers).</li> </ul>	<p>loan amount).</p> <ul style="list-style-type: none"> <li>Allows submission of income losses (e.g. from self-employed borrowers).</li> <li>Losses can be reported under the appropriate borrower and borrower-specific income messages are generated.</li> <li>The combined income for all borrowers on the loan must continue to be positive.</li> </ul>	<ul style="list-style-type: none"> <li>Provides actionable and loan-specific feedback</li> <li>Increases the number of loans assessed through Loan Prospector</li> <li>Improves data quality and highlights data inconsistencies that could cause repurchases</li> <li>Helps to streamline the customer's loan origination process by reducing workarounds</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>A nominal asset amount (\$1) must be entered for Loan Prospector to score the loan.</li> </ul>	<ul style="list-style-type: none"> <li>Loan Prospector accepts submission of borrowers with no reported assets.</li> <li>Assets reported in Loan Prospector are consistent with the loan application.</li> </ul>	
<b>DTI and LTV Data Checks</b>	<ul style="list-style-type: none"> <li>No cross-system checks are performed to ensure HOA dues are entered when <i>Property Type</i> is a PUD, Condo, or Co-op.</li> <li>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: <i>Subordinate Lien Amount and/or HELOC Actual Current Balance and Other Financing (P&amp;I) for the Proposed Monthly Housing Expense</i>.</li> </ul>	<ul style="list-style-type: none"> <li>Loan Prospector returns messages if HOA dues are not entered for the following property types: PUD, Condo, or Co-op (or vice-versa).</li> <li>Messaging is provided when there is a balance for subordinate financing but no related housing expense (or vice-versa).</li> </ul>	
<b>Loans with Financed MI</b>		<ul style="list-style-type: none"> <li>Loans with financed MI receive a new feedback message that clarifies how the LTV is determined.</li> </ul>	

## Loan Prospector October 27, 2013 Release – Underwriting Income Message Enhancements

▪ **Number of Messages Impacted: 42 New Messages; 5 Messages Removed; 45 Messages Updated**

<b>Loan-Specific Messages</b>	<ul style="list-style-type: none"> <li>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 <u>every</u> loan assessed through Loan Prospector.</li> </ul>	<ul style="list-style-type: none"> <li>Messages relevant to the income type are returned only when that specific income type is provided on the loan.</li> </ul>	<ul style="list-style-type: none"> <li>More detailed loan-specific feedback</li> <li>Provides more transparency into Freddie Mac's requirements</li> </ul>
<b>New Messages for Other Income Types</b>	<ul style="list-style-type: none"> <li>Loan-specific feedback messages are not returned for the following income types (that <b>are</b> 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.</li> </ul>	<ul style="list-style-type: none"> <li>Loan-specific feedback messages returned for income type(s) available in Loan Prospector.</li> <li>Messages contain specific requirements from the Guide to properly document the income.</li> </ul>	
<b>User-Friendly Messages</b>		<ul style="list-style-type: none"> <li>Consistent format (e.g. message starts with type of income, followed by the applicable borrower name).</li> <li>Concise, easy-to-read messaging.</li> <li>Includes key underwriting documentation requirements.</li> </ul>	