



Loan Prospector December 13 Release New and Updated Feedback Messages

On December 13, we updated Loan Prospector® to align with previously announced underwriting and credit requirement changes. To help you identify these changes at origination, Loan Prospector was updated with new and revised feedback messages to reflect:

- Revised underwriting requirements announced in our [July 10 Single-Family Seller/Service Guide \(Guide\) Bulletin 2009-18](#).
- Revised credit and property eligibility requirement changes announced in [August 20 Guide Bulletin 2009-22](#) and [October 9 Guide Bulletin 2009-24](#).

New and Updated Feedback Messages to Support Revised Underwriting Requirements

On December 13, we added new and updated Loan Prospector feedback messages to provide you with additional guidance on our revised underwriting requirements announced in our [Guide Bulletin 2009-18](#) for employment, income and assets. As announced in our [Guide Bulletin 2009-24](#), these changes are effective for all mortgages with application dates on or after December 14, 2009, and Freddie Mac settlement dates on or after April 1, 2010.

Review the new and updated feedback messages, effective for all Loan Prospector submissions, including new submissions and pipeline loans, on December 14.

Message Codes*	Feedback Messages	Purpose
INCOME		
New Feedback Messages		
DOC X1	Obtain most recent YTD pay stub documenting at least 30 days of income, W-2(s) from the most recent 2 years, and a verbal VOE, using Form 90 or comparable form, not more than 10 days prior to the Note Date; or, a written VOE for 24 full months and a verbal VOE not more than 10 days prior to the Note Date to verify employment and income for ~EmplBorr~.	Indicates the documentation required for an employed borrower receiving a Standard Accept documentation level.
DOC X3	For Borrowers who receive income from commissions, dividends and interest, or capital gains; obtain signed complete individual federal tax returns for the most recent two year period. The income must have been received for the most recent two years and be likely to continue for the next three years.	Indicates the documentation requirements when using commissions, dividend and/or interest and capital gains as qualifying income. Applies to both Standard and Streamlined Accept documentation classes.

DOC X5	For Borrowers who receives income from bonus, overtime, tips, second or additional jobs, seasonal employment, foster care, or automobile allowance; document that the borrower has a two-year consecutive history of receipt of the income and that continuance is likely for the next three years.	Indicates the documentation requirements when using bonus, overtime, tips, second or additional jobs, seasonal employment, foster care and automobile allowance as qualifying income. Applies to both Standard and Streamlined Accept documentation classes.
DOC X7	For borrowers with the following income sources; notes receivable, royalty payments or housing/parsonage income, verify receipt of the income for most recent 12 months and that continuance is likely for the next three years.	Indicates the documentation requirements when using notes receivable, royalty and non-military housing allowance as qualifying income. Applies to both Standard and Streamlined Accept documentation classes.
Updated Feedback Messages (Existing messages updated with new language)		
DOC CV	Obtain most recent YTD pay stub documenting 1 full month, W-2(s) from the most recent tax year, and a verbal VOE, using Form 90 or comparable form, not more than 10 days prior to the Note Date; or, a written VOE for 12 full months and a verbal VOE not more than 10 days prior to the Note Date to verify employment and income for ~EmplBorr~.	Indicates the documentation required for an employed borrower receiving Streamlined Accept documentation level.
DOC 1G	If ~NonEmplBorr~ receives income from sources other than employment or self-employment, document source of income with written verification of income such as award letter, pension statement, IRS 1099 or most recent year signed complete individual federal tax return and use verified income for qualification in accordance with the requirements in Chapter 37.	Indicates the documentation requirements when using alimony, child support or separate maintenance payments, public assistance payments, Social Security or retirement benefits, trust, investment, etc. as qualifying income. More detail on income documentation requirements is in Chapter 37 of the Guide. Applies to Streamlined Accept documentation class.
DOC CL	If ~NonEmplBorr~ receives income from sources other than employment or self-employment, document with written verification of income such as award letter, pension statement, IRS 1099 or most recent 2 years signed complete individual federal income returns and use verified income for qualification in accordance with the requirements in Chapter 37.	Indicates the documentation requirements when using alimony, child support or separate maintenance payments, public assistance payments, Social Security or retirement benefits, trust, investment, etc. as qualifying income. More detail on income documentation requirements is in Chapter 37 of the Guide. Applies to Standard Accept documentation class.
DOC CM	If tax returns are used to document source of income or to verify income, obtain signed IRS Form 8821,4506 or 4506-T at application.	Reflects requirements when tax returns are used to document income. If tax returns are used obtain a signed IRS Form 8821, 4506 or 4506-T at application.

		Applies to Streamlined Accept documentation class.
DOC 1K	If signed Form 8821, 4506 or 4506-T not submitted to IRS within 60 days prior to closing, obtain another signed IRS Form 8821, 4506 or 4506-T at closing.	Reflects requirements when tax returns are used to document income. Applies to Standard Accept documentation class.
DOC CX	For an employed borrower who receives income on a per-job basis or contract basis, or is employed by the property seller, real estate broker or a closely held family business, obtain most recent year signed complete individual federal tax returns, including 1099's and W-2(s) from the most recent tax year, YTD pay stub documenting at least 30 days of income, and verbal VOE not more than 10 days prior to the Note Date to verify employment and income.	Indicates the documentation requirements when using per-job or contract income as qualifying income or if the borrower is employed by the property seller, real estate broker or a family-owned business and that income is being used to qualify the borrower. Applies to Streamlined Accept documentation class.
DOC DM	For an employed borrower who receives income on a per-job basis or contract basis, or is employed by the property seller, real estate broker or a closely held family business, obtain 2 years signed complete individual federal tax returns, including 1099's and W-2(s), YTD pay stub documenting at least 30 days of income, and verbal VOE not more than 10 days prior to the Note Date to verify employment and income.	Indicates the documentation requirements when using per-job or contract income as qualifying income or if the borrower is employed by the property seller, real estate broker or a family-owned business and that income is being used to qualify the borrower. Applies to Standard Accept documentation class.
DOC 4R	If any borrower is self-employed, most recent 1 year signed complete individual and business federal tax returns, third party verification of business within 30 days prior to Note Date, and Form 91 or comparable form are required. If not using self-employed income to qualify, obtain individual federal tax returns to review for possible business loss and determine the effect any possible business loss has on the Borrower's qualifying income.	Indicates the Streamlined Accept documentation requirements for borrowers who may have secondary income from a self-employed source. Applies to Streamlined Accept documentation class.
DOC 5C	If any borrower is self-employed, most recent 2 years signed complete individual and business federal tax returns, third party verification of business within 30 days prior to Note Date, Form 91 or comparable form required. If not using self-employed income to qualify, obtain individual federal tax returns to review for possible business loss and determine the effect any possible business loss has on the qualifying income.	Indicates the Standard Accept documentation requirements for borrowers who are self-employed.
DOC CY	If self-employed, most recent 1 year complete individual and business tax returns for each business providing	Indicates the Streamlined Accept documentation requirements for borrowers who are self-employed.

	income to ~SIfEmpBorr~, third party verification within 30 days prior to the Note Date, and completed Form 91 or comparable form required. If not using self-employed income to qualify, then obtain individual federal tax returns to review for possible business loss and determine the effect any possible business loss has on qualifying income.	
DOC DP	If self-employed, most recent 2 year complete individual and business tax returns for each business providing income to ~SIfEmpBorr~, third party verification within 30 days prior to the Note Date, and completed Form 91 or comparable form required. If not using self-employed income to qualify, then obtain individual federal tax returns to review for possible business loss and determine the effect any possible business loss has on qualifying income.	Indicates the Standard Accept documentation requirements for borrowers who are self-employed. Applies to Standard Accept documentation class.
DOC 4V	If using alimony/child support income to qualify, obtain copy of signed court order w/ payor's obligation for previous 12 months, and evidence of 3-year continuance. If court order shows that payor was obligated for <12 months but not <6 months, income can be considered for qualifying as long as it is not >30 percent of the qualifying income. File must contain proof of consistent receipt for the full amount by the borrower for the most recent 3 months.	Indicates documentation requirements when using alimony, child support or separate maintenance as qualifying income. Applies to both Standard and Streamlined Accept documentation classes.
ASSET DOCUMENTATION		
New Feedback Message		
DOC Y8	Retirement Accounts: Obtain most recent monthly statement. 70% of the vested amount minus any outstanding loans may be used as funds for closing and reserves submitted to LP. If the assets in the account are needed for closing, proof of liquidation must be provided in the mortgage file.	Indicates the documentation requirements when using retirement accounts as asset and liquidation requirements if the retirement account is used for assets to close. Applies to Streamlined Accept documentation class.
Updated Feedback Messages (Existing messages updated with new language)		
DOC CP	Retirement Accounts: Obtain most recent 2 months statement. 70% of the vested amount minus any outstanding loans may be used as funds for closing and reserves submitted to LP. If the assets in the account are needed for closing, proof of liquidation must be provided in the mortgage file.	Indicates the documentation requirements when using retirement accounts as asset and liquidation requirements if the retirement account is used for assets to close Applies to Standard Accept documentation class.

DOC CN	Depository, Stock and/or Bond Accounts: Obtain most recent statement(s) for each account to verify sufficient funds for closing and for amount of reserves submitted to LP. Proof of liquidation of non-liquid accounts is required if assets are needed for closing.	Indicates the documentation requirements when using depository, stock and/or bond accounts as asset and liquidation requirements if the assets in those accounts are used for assets to close Applies to Streamlined Accept documentation class.
DOC DS	Depository, Stock and/or Bond Accounts: Obtain most recent 2 months statements for each account to verify sufficient funds for closing and for amount of reserves submitted to LP. Proof of liquidation of non-liquid accounts is required if assets are needed for closing.	Indicates the documentation requirements when using depository, stock and/or bond accounts as asset and liquidation requirements if the assets in those accounts are used for assets to close Applies to Standard Accept documentation class.
DOC 3X	For any asset account that was opened within 90 days of verification, reflects large deposits or has a balance that is significantly greater than the previously shown balance, the Seller must include reliable documentation that the source of the funds meets Freddie Mac's requirements.	Reflects requirements for all asset accounts Applies to both Standard and Streamlined Accept documentation classes.
LIABILITIES		
Updated Feedback Messages (Existing messages updated with new language)		
LPR E7	If credit report does not show the required monthly payment for an installment account, the file must be documented with evidence of the required payment amount. Examples of acceptable documentation would include a copy of the payment coupon, a copy of the original contract or direct verification obtained from the creditor.	Indicates that if the credit report does not show the required monthly payment for an installment account and the file must be documented with evidence of the required payment amount. Applies to both Standard and Streamlined Accept documentation classes.
LPR 4U	Use 5% of the outstanding balance on revolving or open-ended accounts, regardless of the balance, in the absence of a stated payment on the credit report or direct verification. Open-end accounts do not have to be included in the monthly debt payment if the Borrower has sufficient funds to pay off the outstanding account balance.	Indicates the requirements for revolving and open-ended accounts when no payment is reflected on the credit report or there is no direct verification. Applies to both Standard and Streamlined Accept documentation classes.

*Corresponding Web messages for the documentation checklist for both new and revised messages was updated at the same time.

New and Updated Feedback Messages to Reflect Recent *Single-Family Seller/Servicer Guide* Changes

On December 13, we updated Loan Prospector with the following new and updated feedback messages to support credit and property eligibility requirement changes announced in the [Guide Bulletin 2009-22](#) and [Guide Bulletin 2009-24](#). All new and revised feedback messages were effective for all new submissions and resubmissions on or after December 14, 2009, and are effective for mortgages with Freddie Mac settlements dated on or after February 1, 2010.

Message Code	Feedback Message	Purpose	Corresponding Guide Bulletin
New Feedback Message			
ELV 97	Initial Interest loan is ineligible as Cash-out refinance.	Indicates cash-out refinance mortgages are not eligible for purchase as an Initial Interest Mortgage.	Guide Bulletin 2009-24
Updated Feedback Messages (Existing messages updated with new language)			
ELV CL	Purpose of refinance is ineligible.	Indicates the loan was submitted as a no cash-out refinance Freddie Mac-owned streamlined or a no cash-out streamlined refinance mortgage and is not eligible for sale to Freddie Mac.	Guide Bulletin 2009-24
LPN ZD	For super conforming Mortgages with LTV/TLTV/HTLTV >75% and the value of the Mortgaged Premises is >\$1,000,000, Form 1032 is required.	Indicates super conforming mortgages require a Form 1032, <i>One-Unit Residential Appraisal Field Review Report</i> , only when the LTV/TLTV/HTLV ratio is greater than 75 percent and the value is \$1,000,000 or greater.	Guide Bulletin 2009-22

As a reminder per [Guide Bulletin 2009-24](#), all new Freddie Mac-owned Streamlined Refinance Mortgages must be manually underwritten and not submitted to Loan Prospector for assessment.