



## Loan Prospector's Property Inspection Alternative

### A Competitive, Cost-Effective Solution for More of Your Loans

Loan Prospector's Property Inspection Alternative (PIA) is a model-based evaluation option for your appraisal and inspection needs. With PIA, you'll have a cost-effective, point-of-sale option for more of your loans, helping you further streamline your appraisal and inspection process. For eligible mortgages, you'll receive relief from representations and warranties regarding value, condition and marketability for one single \$50 delivery fee.

#### Key Features

- Assess 1-unit primary residences, second homes including condos and PUDs.
- Purchase and no cash-out refinance.
- Relief from representations and warranties regarding value, condition and marketability for eligible mortgages.
- Choose from a no-appraisal option or Form 2070 option.

#### Lender Benefits

- Use for conventional mortgages for 1-unit primary residences, as well as second homes and eligible condominium units. Use for purchase mortgages or no cash-out refinance mortgages with total loan-to-value (TLTV) ratios less than or equal to 90 percent.
- Choose to either obtain a Form 2070, Loan Prospector Condition and Marketability Report, or PIA option; you'll only be required to obtain an exterior inspection, saving your borrower time and money.
- Available for one, flat \$50 delivery fee. No delivery fee if you use our Form 2070 option.
- Automatically check for PIA eligibility with every submission to Loan Prospector. If the submission is eligible, Loan Prospector will return a feedback message. If you receive this feedback message, you can choose to obtain a Form 2070 with an exterior-only inspection, or take advantage of the PIA option.

LOAN PROSPECTOR'S PROPERTY INSPECTION ALTERNATIVE ELIGIBILITY REQUIREMENTS	
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1-unit primary residences, second homes including condos and PUDs.</li> <li>• Manufactured homes and leasehold estates are not eligible.</li> </ul>
<b>Eligible Mortgages</b>	<ul style="list-style-type: none"> <li>• Purchase and no cash-out refinances</li> <li>• The following mortgages are not eligible for the PIA option or Form 2070 option: <ul style="list-style-type: none"> <li>▪ Seasoned mortgages</li> <li>▪ Mortgages having the potential of negative amortization</li> <li>▪ A-minus mortgages</li> <li>▪ Initial Interest<sup>SM</sup> mortgages</li> </ul> </li> <li>• To be eligible for the PIA option, the transaction must meet the following requirements: <ul style="list-style-type: none"> <li>▪ The mortgaged premises must be owned in fee simple (leaseholds are not eligible)</li> <li>▪ The mortgaged premises must be fully completed as of the note date (escrow accounts for incomplete items as provided in Section 44.2(b) of the Single-Family Seller/Servicer Guide (Guide) are not allowed)</li> <li>▪ The Seller must comply with the conversion delivery requirements set forth in Guide Section 17.34</li> </ul> </li> <li>• The PIA option may be used only for Loan Prospector mortgages. A print out of the last Feedback Certificate with the Minimum Assessment Feedback (MAF) of Form 2070 or PIA must be retained in the mortgage file.</li> <li>• A mortgage is not eligible for the PIA option and the Seller must obtain an appraisal report with an interior and exterior inspection if: <ul style="list-style-type: none"> <li>▪ There is a home inspection report or other information in the mortgage file that indicates the presence of adverse condition and/or marketability factors.</li> <li>▪ The Seller is aware of the presence of any contaminated or hazardous substance affecting the property or the neighborhood in which the property is located.</li> </ul> </li> </ul>
<b>Form 2070, Loan Prospector Condition and Marketability Report</b>	<ul style="list-style-type: none"> <li>• Form 2070 is an appraiser-completed inspection report used in conjunction with Freddie Mac's Home Value Models, and may be used only with Loan Prospector mortgages. It is designed to report the condition and marketability of a 1-unit property. Because the appraiser provides no estimate of value, the report is not considered an appraisal report. Form 2070 is completed with an exterior-only inspection.</li> <li>• The Seller may substitute Fannie Mae Form 2075 when the last Feedback Certificate indicates a MAF of Form 2070 or PIA.</li> </ul>
<b>Date Requirements</b>	<ul style="list-style-type: none"> <li>• For mortgages originated using the PIA option, the date of the last LP Feedback Certificate with the MAF of Form 2070 or the PIA option, must be no more than 120 days before the note date. If the mortgage is resubmitted to LP and the new MAF requires an appraisal, the Seller must comply with the new MAF requirements.</li> <li>• The effective date of the Form 2070 must be no more than 120 days before the note date. If the mortgage is resubmitted to Loan Prospector because the effective date of the Form 2070 will be more than 120 days before the note date or is resubmitted for another reason, and the MAF changes, the Seller must obtain the report indicated in the new MAF.</li> </ul>
<b>Representations and Warranties</b>	<ul style="list-style-type: none"> <li>• The Seller is relieved from representations and warranties for value, interior condition, exterior condition and marketability of the mortgage premises for the life of the mortgage if the mortgage meets the requirements set forth in Guide Section 44.11(b) and: <ul style="list-style-type: none"> <li>▪ The MAF on the last Feedback Certificate indicates that Home Value Models support the transaction and the mortgage for Form 2070 or the PIA option and the Seller chose to originate the mortgage using the PIA option.</li> <li>▪ No appraisal of the mortgaged premises was performed.</li> <li>▪ No inspection of the mortgaged premises was performed.</li> </ul> </li> </ul>
<b>Borrower Disclosure</b>	<ul style="list-style-type: none"> <li>• For purchase mortgages originated using the PIA option or Form 2070 option in lieu of an appraisal of the mortgaged premises, the Seller must, in connection with the origination, provide the borrower with Freddie Mac Form 1149, Notice About Appraisal of Your Property, or some substantially similar notice.</li> <li>• The borrower must sign the notice and the Seller must maintain a copy of the signed notice in the mortgage file.</li> </ul>
<b>Eligible Executions</b>	<ul style="list-style-type: none"> <li>• Servicing-released or retained for cash through the selling system</li> <li>• Fixed-rate Guarantor and WAC ARM Guarantor</li> <li>• MultiLender Swap</li> </ul>
DELIVERY REQUIREMENTS	
<b>Pooling Requirements</b>	<ul style="list-style-type: none"> <li>• There are no special pooling requirements for mortgages secured or originated using the PIA option or Form 2070.</li> </ul>
<b>Delivery Requirements</b>	<ul style="list-style-type: none"> <li>• In connection with the delivery of each mortgage originated using PIA or Form 2070, the Seller must complete the following data fields of the Form 11 or Form 13SF as follows: <ul style="list-style-type: none"> <li>▪ <b>Total Appraised Value for purchase and refinance mortgages:</b> Insert the amount of the purchase price and the Borrower estimated value.</li> <li>▪ Special Characteristics Code for: <ul style="list-style-type: none"> <li>▪ Loan Prospector mortgages originated using PIA: 357</li> <li>▪ Loan Prospector mortgages originated using Form 2070 with an interior and exterior inspection: 902</li> <li>▪ Loan Prospector mortgages originated using Form 2070 with an exterior-only inspection: 903</li> <li>▪ Loan Prospector mortgages originated using the Fannie Mae Form 2075 as an allowable substitute for Form 2070: 904</li> </ul> </li> </ul> </li> </ul>
<b>Delivery Fees</b>	<ul style="list-style-type: none"> <li>• Loan Prospector Inspection Alternative: \$50 delivery fee per loan</li> <li>• Form 2070: No delivery fee</li> <li>• Additional postsettlement delivery fees may apply based on certain characteristics of the mortgage. See Guide Exhibit 19 for details at <a href="http://www.FreddieMac.com/singlefamily/pdf/ex19.pdf">www.FreddieMac.com/singlefamily/pdf/ex19.pdf</a></li> </ul>

#### ADDITIONAL REQUIREMENTS

##### **Third-Party Originator Requirements**

- A third-party originator may not use the Loan Prospector PIA option unless its wholesale lender is willing to accept loans with this form of collateral assessment. Third-party originators should check with their wholesale lenders to determine if this option is available.

##### ***Learn more about Loan Prospector's Property Inspection Alternative:***

- Refer to Chapter 17 and 44 of your *Single-Family Seller/Service Guide*
- Freddie Mac Seller/Service: (800) FREDDIE
- Third-Party Originators: (888) LP ON WEB
- Visit [www.LoanProspector.com](http://www.LoanProspector.com)