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Loan Prospector February 28 Release New and Updated Feedback Messages

On February 28, we are updating Loan Prospector® to provide new feedback messages that include the [Home Value Explorer® \(HVE®\)](#) point value estimate, to use as a property valuation tool when reviewing appraisal results early in the loan origination process.

We are also updating Loan Prospector with revised feedback messages to reflect our credit requirements for verbal verifications of employment and to require all borrowers to sign IRS Form 4506-T as announced in the [Single-Family Seller/Service Guide \(Guide\) Bulletin 2009-27](#) issued on December 4, 2009.

HVE Point Value Estimate New Feedback Messages in Loan Prospector

Freddie Mac is enhancing Loan Prospector to help you review appraisal results early in the origination process. With this enhancement, Loan Prospector will provide a point value estimate for the property address from HVE, Freddie Mac's automated valuation model (AVM). This free additional service can help you more easily identify potentially inflated appraisal values that may need additional review early in the origination process.

Beginning February 28, Loan Prospector will return the following new feedback messages to provide you with the HVE point value estimate, for the subject property, as a property valuation tool to use in reviewing appraisal results.

Message Codes	Feedback Messages	Purpose
New Feedback Messages		
LPN YO	<<HVE point value>> is the HVE point value estimate of the subject property.	Indicates a complete evaluation status and the HVE point value estimate for the subject property.
LPN Y1	<<HVE Standard Deviation>> is the HVE Forecast Standard Deviation of the HVE point value estimate of the subject property.	Indicates the Forecast Standard Deviation of the HVE point value estimate for the subject property.
LPN Y2	<<HVE Confidence Level>> is the HVE Confidence Level of the HVE point value estimate of the subject property	Indicates the confidence level of the HVE point value estimate of the subject property.
LPN Y3	Unable to determine the HVE point value estimate for the submitted address.	Indicates no HVE point value estimate is available for the submitted property.
LPN Y4	The HVE point value estimate returned does not indicate Freddie Mac's acceptance of the appraised value or purchase price entered for the subject property. The Lender will continue to be responsible for the property appraisal as well as representations and warranties of the appraisal, regardless of	Indicates the HVE point value estimate returned is not a substitute for an appraisal. Representations and warranties of the appraisal of the subject property are still required.

	the HVE Market Value.	
LPN Y5	The percentage difference between the estimated/appraised value or purchase price and the HVE point value estimate of the subject property is <<HVE value differential>>%.	Indicates the difference between the property value submitted and the HVE point value estimate. Loan Prospector uses the borrower's estimated value until an appraisal value is submitted. That value is compared to the purchase price. The lower of these values is then compared to the HVE point value estimate to determine the HVE variance.
LPN Y6	Review for Accuracy: The Estimated Value of Property or Net Purchase Price submitted for this transaction may be excessive for the local market. The appraisal should be carefully reviewed for this transaction.	Indicates the appraised value or purchase price exceeds 20 percent of the HVE point value estimate.

Please note as part of this release we are adding a new feedback message (Y6) that replaces the current feedback message (6G).

Updates to Loan Prospector to Align With Credit Requirements Announced in Recent *Single-Family Seller/Service Guide Bulletins*

On February 28, 2010, Loan Prospector will be updated with revised feedback messages to reflect our credit requirements for verbal verifications of employment and the requirement that all borrowers sign IRS Form 4506-T as announced in the [Guide Bulletin 2009-27](#) issued December 4, 2009.

These revised feedback messages are effective for all Loan Prospector submissions, including new submissions and resubmissions as of February 28. Below is a complete list of the feedback messages, as well as the date of the corresponding Guide Bulletin that summarizes the previously announced changes:

Message Code	Feedback Message	Purpose	Corresponding Guide Bulletin	Effective Date
Updated Feedback Messages (Existing messages updated with new language)				
WEB RX	Signed IRS Form 4506-T: All borrowers must sign IRS Form 4506-T at both application and on the Note Date.	Indicates all borrowers must sign Form 4506-T on the application and note dates.	Guide Bulletin 2009-27 Guide Bulletin 2009-18	Effective for mortgages with application dates on or after February 15, 2010, and for Freddie Mac settlements on or after April 1, 2010. This message will be returned on the Documentation Checklist for all conventional loans, regardless of risk class.
DOC 1K	All borrowers must sign IRS Form 4506-T at both application and on the Note Date. If the signed IRS Form 4506-T from application is	Indicates you must obtain a signed IRS Form 4506-T for all borrowers whose income is used to qualify on both the application date and on the note date.	Guide Bulletin 2009-27 Guide Bulletin 2009-18	Effective for mortgages with application dates on or after February 15, 2010, and for Freddie

	submitted to the IRS, and transcripts are received back from the IRS, the requirement to obtain an additional Borrower signed IRS Form 4506-T on the Note Date is not required.			Mac settlements on or after April 1, 2010. This message will be returned on the Loan Prospector Feedback Certificate for all conventional loans, regardless of risk class.
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 Business Days prior to the Note Date; or, a written VOE for 12 full months and a verbal VOE not more than 10 Business Days prior to the Note Date to verify employment and income for ~EmplBorr~.	Indicates that to verify employment and income the following are required: most recent pay stub for 30 days of income, W-2 for the most recent two years, and verbal verification of employment not more than 10 business days prior to the note date using Form 90; or a written verbal verification of employment for 24 months and a verbal VOE not more than 10 business days prior to the note date.	Guide Bulletin 2009-27 Guide Bulletin 2009-18	Effective for mortgages with application dates on or after December 14, 2009, and for Freddie Mac settlements on or after April 1, 2010.
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 Business Days prior to the Note Date; or, a written VOE for 24 full months and a verbal VOE not more than 10 Business Days prior to the Note Date to verify employment and income for ~EmplBorr~.	Indicates that to verify employment and income the following are required: most recent pay stub for 30 days of income, W-2 for the most recent two years, and verbal verification of employment not more than 10 business days prior to the note date using Form 90; or a written verbal verification of employment for 24 months and a verbal VOE for not more than 10 business days prior to the note date.	Guide Bulletin 2009-27 Guide Bulletin 2009-18	Effective for mortgages with application dates on or after December 14, 2009, and for Freddie Mac settlements on or after April 1, 2010.
DOC CX	For an employed borrower who receives income on a per-job 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 Business Days prior to the Note Date to verify employment and income.	Indicates that to verify employment and income for an employed borrower the following are required: two years of federal tax returns, pay stub for 30 days of income, and verbal verification of employment not more than 10 business days prior to the note date.	Guide Bulletin 2009-27 Guide Bulletin 2009-18	Effective for mortgages with application dates on or after December 14, 2009, and for Freddie Mac settlements on or after April 1, 2010.

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 Business Days prior to the Note Date to verify employment and income.	Indicates to verify employment and income for an employed borrower the following are required: two years of federal tax returns, pay stub for 30 days of income, and verbal verification of employment not more than 10 business days prior to the note date.	Guide Bulletin 2009-27 Guide Bulletin 2009-18	Effective for mortgages with application dates on or after December 14, 2009, and for Freddie Mac settlements on or after April 1, 2010.
LPR 5L	The Seller must assume the borrower's capacity to repay is not acceptable when the Mortgage is a LP Caution Mortgage, a cash-out refinance, and at least one Credit Risk Comment related to the monthly debt payment-to-income ratio is returned on the Feedback Certificate.	Indicates Sellers no longer need to calculate or evaluate a borrower's debt-to-housing gap ratio when evaluating the borrower's capacity to meet their monthly obligations.	October 17, 2008 Guide Bulletin	Effective for mortgages with Freddie Mac settlement dates on or after January 2, 2009.

On February 28, we are updating Loan Prospector to remove the following feedback messages:

Message Code	Feedback Message
WEB WN	^Signed IRS Form 4506-T: All borrowers must sign IRS Form 4506-T at both application and on the Note Date.
DOC CM	All borrowers must sign IRS Form 4506-T at both application and on the Note Date. If the signed IRS Form 4506-T from application is submitted to the IRS, and transcripts are received back from the IRS, the requirement to obtain an additional Borrower signed IRS Form 4506-T on the Note Date is not required.