



Overview of the Loan Prospector 2007 November Enhancements

| Changes in Loan Prospector | Why We're Making These Changes | Key Information | Effective Date | | | | | | | | | |
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| New Credit Repository Requirements | | | | | | | | | | | | |
| <ul style="list-style-type: none"> We are enhancing Loan Prospector to help you meet new credit requirements issued by the national credit repositories. We are doing this by enhancing Loan Prospector to identify all entities that view a borrower's credit data in Loan Prospector and providing that information to the credit repositories and the CRCs, so they can be identified on the borrower's credit report. This will include identifying requests for previously viewed credit data for the same loan application by secondary parties, referred to as secondary use submissions. <p>We will also make changes to the way Loan Prospector manages borrower credit data. These changes include:</p> <ul style="list-style-type: none"> Displaying merged credit or infiles obtained in a previous submission unless critical data is changed. Retaining and using credit | <p>To help you meet the new credit requirements issued by three credit repositories (Experian, Equifax, and TransUnion), requiring all viewers of credit data to be identified on a borrower's credit report.</p> <p>Earlier this year the credit repositories communicated to the credit reporting companies (CRCs) changes in the industry regarding secondary use of credit.</p> <p>The CRCs must identify an inquiry for the initial user of the credit report data and identify an inquiry for subsequent users of the credit data with each credit repository for specification on the borrower's credit report.</p> | <p>After November 18, to ensure all users of Loan Prospector requesting credit for a loan are identified to the credit repositories and CRCs, please make sure to follow this guidance:</p> <table border="1" data-bbox="930 516 1766 1373"> <thead> <tr> <th data-bbox="930 516 1094 540"></th> <th data-bbox="1094 516 1455 540">Browser</th> <th data-bbox="1455 516 1766 540">System-to-System</th> </tr> </thead> <tbody> <tr> <td data-bbox="930 540 1094 748">Third-Party Originators</td> <td data-bbox="1094 540 1455 748"> <ul style="list-style-type: none"> If you assign a loan to a Freddie Mac participating wholesale lender, the lender will not be able to view the credit data and Loan Prospector Feedback Certificate until they resubmit in final assignment. </td> <td data-bbox="1455 540 1766 748"> <ul style="list-style-type: none"> Ensure your Broker/TPO Number is provided to Freddie Mac when submitting a loan. </td> </tr> <tr> <td data-bbox="930 748 1094 1373">Freddie Mac Sellers/MSPs</td> <td data-bbox="1094 748 1455 1373"> <ul style="list-style-type: none"> If a loan is assigned to you by a TPO or another wholesaler, in order to view credit you must resubmit. To view the credit data and Loan Prospector Feedback Certificate, you must resubmit the loan with your Seller Number to specify that a participating Freddie Mac wholesale lender is the entity viewing credit data. You will not incur a validation fee when resubmitting a loan in Loan Prospector (Effective November 18) If you attempt to view credit for the assigned loan, without resubmitting the loan with your Seller Number in final assignment, you will receive this message: </td> <td data-bbox="1455 748 1766 1373"> <ul style="list-style-type: none"> If a loan is assigned to you by a TPO or another wholesale lender, to view the credit data and Loan Prospector Feedback Certificate, you must resubmit the loan with your Freddie Mac Seller Number only, to specify you are the entity viewing credit data. The TPO identification continues to be required when the TPO is the submitting party. Please ensure the Broker/TPO Number is included when the TPO submits a loan through your system. </td> </tr> </tbody> </table> | | Browser | System-to-System | Third-Party Originators | <ul style="list-style-type: none"> If you assign a loan to a Freddie Mac participating wholesale lender, the lender will not be able to view the credit data and Loan Prospector Feedback Certificate until they resubmit in final assignment. | <ul style="list-style-type: none"> Ensure your Broker/TPO Number is provided to Freddie Mac when submitting a loan. | Freddie Mac Sellers/MSPs | <ul style="list-style-type: none"> If a loan is assigned to you by a TPO or another wholesaler, in order to view credit you must resubmit. To view the credit data and Loan Prospector Feedback Certificate, you must resubmit the loan with your Seller Number to specify that a participating Freddie Mac wholesale lender is the entity viewing credit data. 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| <p>data from the most recent complete transaction.</p> <ul style="list-style-type: none"> • Matching the Merged Credit Reference Numbers (MCRN) that is on the current submission with the MCRN on the most recent complete transaction. | | | <ul style="list-style-type: none"> – Feedback Message: “Entity viewing credit data has changed. Please request final assignment from assigning party and resubmit the loan application in final assignment to view the credit data.” • This resubmission may result in a new credit pull if certain factors exist, including data changes, such as critical borrower data. | | |
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The credit repositories have new fees associated with the secondary use of credit report data that may be passed on to you by the CRCs. **So, beginning with your first 2008 monthly billing invoice from your CRC, you may see the new secondary credit use merged credit fees, if applicable.** Timing and fees will depend on your selected CRC.

- As of November 18, Loan Prospector will continue to specify initial credit requests and will begin to specify secondary credit use requests for the same loan application for a borrower, but by a different credit viewing entity, also known as secondary use credit requests.
- To continue using credit infiles and merged credit, all Loan Prospector users must establish agreements with:
 - One or more of Loan Prospector's participating CRCs for **merged credit files**
 - All credit repositories for **infiles**

Key Message for Mortgage Service Providers (MSPs)

- Loan Prospector will continue to identify the Seller or TPO on the borrower's credit report, when a MSP acts on behalf of a Seller in a loan transaction, as we do today. The MSP may be billed a new secondary use fee, when and where applicable using merged credit or Merged Credit Reference Number. The billing amount and details depend on your relationship with the participating wholesale lender and credit provider(s) used.

Key Factors When Requesting Credit in Loan Prospector

- For new loans sent to Loan Prospector, after November 18, we encourage you to provide the MCRNs on all resubmissions, because duplicate

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| | | <p>Reference Number fees will no longer be incurred when you resend the same MCRN on a resubmission beginning on or after November 18, as long as the critical borrower data has not changed.</p> <ul style="list-style-type: none"> • For any submission sent to Loan Prospector, prior to November 18, you will not incur a MCRN fee when you resubmit your loan with the MCRN to Loan Prospector between November 18 and December 31. Your selected CRC may charge a fee for resubmissions with MCRN for loans sent to Loan Prospector prior to November 18, as of January 1, 2008. CRCs will begin to invoice any applicable MCRN fees in February, for January transactions. • You will not incur a fee for any submissions with MCRN between November 18 and December 31. • If certain data changes, such as critical borrower data, Loan Prospector will obtain new infiles or merged credit if a MCRN is not present on the submission. • The credit freshness for loans in Loan Prospector will stay the same, unless you change any of the critical borrower data. The credit freshness timelines for infiles and merged credit are: <ul style="list-style-type: none"> – Non-Construction loans - 120 days – Mortgages for Newly Constructed Homes Mortgages (Newly Built and Construction Conversion Mortgages) – 18 months. | |
| New Order Reorder Credit Service | | | |
| <p>Offering a new optional service, Reorder Credit Service, that allows you to request new credit infiles within an existing transaction in Loan Prospector.</p> <p>Note: At this time, this new functionality is for use with credit infiles only.</p> | <p>To provide you with the ability to request that a transaction be assessed with new infile credit for the borrower.</p> | <p>Starting November 18, to get started using our new optional Reorder Credit Service, here are key factors to keep in mind:</p> <ul style="list-style-type: none"> • If you select the Reorder Credit option in Loan Prospector you will incur a \$4 fee for each request of fresh credit in Loan Prospector, and the credit repositories will identify your inquiry on the borrower's credit report. • The Reorder Credit option can be found on the Request Services page by Loan Prospector browser access method, and is also available by system-to-system access method. Please check with your loan origination system (LOS) contact for availability. The credit format available is credit infiles at this time. • The Reorder Credit option can be selected for one or more borrower(s) per loan transaction. • If you select the Reorder Credit option to request new credit in Loan | <p>November 18, 2007</p> |

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| | | <p>Prospector, but the new credit does not reflect expected updates or has a negative impact to the assessment, the borrower cannot subsequently request to use the original credit.</p> <ul style="list-style-type: none"> Note: Loan Prospector uses infiles to assess a loan transaction, whether infiles or merged credit is requested. For more information on documenting the loan file with credit used, refer to the Freddie Mac's Single-Family Seller/Servicer Guide (Guide) Section 37.10 (h). The assessment expiration date for each borrower can be found in the Loan Processing Information section of the Loan Prospector Full Feedback Certificate. | |
| Credit Reporting Company Billing Transition | | | |
| <p>Transitioning the invoicing of new merged credit fees, including Reference Number fees, from your monthly Loan Prospector invoice sent by Freddie Mac to the monthly invoice you receive directly from the credit reporting companies, to improve process and reconciliation efficiencies related to merged credit report option fees.</p> | <p>This billing transition will make your accounting and reconciliation process easier by streamlining your Loan Prospector invoice to include only your automated underwriting service (AUS) fees. You can also work directly with your selected CRC to explore additional billing options and various payment methods.</p> | <p>To help you prepare for the Loan Prospector billing transition we're providing you with helpful tips to ensure you receive your bill directly from your selected CRC in a timely fashion. Before January 1, you need to contact your CRC to:</p> <ul style="list-style-type: none"> Confirm Merged Credit Report Pricing with your CRCs. The CRCs are required to incorporate the Loan Prospector merged credit (and any Reference Number fees) into their current billing process. Check with your selected CRCs for the price and applicability of their fees. The fees may vary, according to the CRC used, number of borrowers, and whether single or joint merge is indicated. Any questions regarding Merged Credit report pricing, including the amount and timing of new secondary use fees, should be directed to your CRC(s). Confirm Loan Prospector Data Identifiers with your CRCs. With this billing transition, you should still receive the key Loan Prospector information you need to help you reconcile your bill. The CRCs are required, at a minimum, to incorporate the following Loan Prospector data fields into their invoices: <ul style="list-style-type: none"> Loan Prospector AUS Key Number Loan Origination System (LOS) Loan Application Number Merged Credit Reference Number Freddie Mac will send data fields to the CRCs to help with the transition. The exact number of data fields, and the location, may vary by CRC and by invoice method (hard copy vs. electronic). If you have additional needs for data beyond what is displayed on your CRC invoice, please contact your CRC directly to discuss. Here are the data fields that will be sent to the CRCs: <ul style="list-style-type: none"> LP.com User ID Vendor ID Loan Prospector ID | <p>January 1, 2008</p> |

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| | | <ul style="list-style-type: none"> ○ Transaction ID Number ○ Branch number <ul style="list-style-type: none"> ● Make Sure Your Contact Information is Accurate with the CRCs. To ensure you receive your bill directly from your selected CRC in a timely fashion, it's important that the CRC has your accurate contact information. If you already have an agreement with a CRC in place, make sure the billing contact, including payment information they have for you is accurate. It's suggested that you have agreements with more than one CRC to ensure no service interruption to your business. ● Establish CRC Agreements. If you don't already have a CRC agreement in place, you'll need to contact one of Loan Prospector's participating CRCs to establish an agreement before using our merged credit report options. ● Existing CRC Customers. Although you have an existing relationship with a CRC, in order to use Loan Prospector's Merged Credit Report options, you have to activate your account to access merged credit reports and Reference Numbers through Loan Prospector. Follow these instructions to have your account activated in Loan Prospector. ● Contact CRCs for Questions - Beginning January 1, if you have questions or issues about your merged credit charges, you'll need to contact your selected CRC directly. | |
| <p>New Feedback Message for Home Possible[®] Mortgage in Loan Prospector</p> | | | |

| <p>We're updating Loan Prospector with a new feedback message for Home Possible purchase transactions, the following new feedback message will:</p> <ul style="list-style-type: none"> • Notify you when the income used to qualify a borrower for a Home Possible Mortgage is equal to or less than 80 percent of the applicable area median income (AMI). • Indicate that the loan may be eligible for a reduced Home Possible delivery fee. | <p>To help you address Home Possible Mortgage delivery fee modifications we announced in our August 1 Freddie Mac Single-Family Seller/Service Guide (Guide) Bulletin</p> | <p>For Home Possible purchase transactions, the following new feedback message will:</p> <ul style="list-style-type: none"> • Notify you when the income used to qualify a borrower for a Home Possible Mortgage is equal to or less than 80 percent of the applicable area median income (AMI). • Indicate that the loan may be eligible for a reduced Home Possible delivery fee. <table border="1" data-bbox="898 358 1761 483"> <tr> <th>Message Code</th> <th>New feedback message</th> </tr> <tr> <td>LPR/ K8</td> <td>The income used to qualify the borrower for this mortgage is at or below 80% of the Area Median Income and may be eligible for a reduced Home Possible delivery fee.</td> </tr> </table> <ul style="list-style-type: none"> • We encourage you to begin using this LPR/K8 message code in your processing in anticipation of the November 18 message implementation. <p>For Home Possible Mortgages when the income used to qualify a borrower for a Home Possible Mortgage is greater than 80 percent of the AMI and the loan is subject to the full Home Possible delivery fee, we will update Loan Prospector to return the following existing feedback message:</p> <table border="1" data-bbox="898 760 1551 836"> <tr> <th>Message Code</th> <th>Feedback Message</th> </tr> <tr> <td>LPR JG</td> <td>This loan is subject to a Home Possible delivery fee.</td> </tr> </table> | Message Code | New feedback message | LPR/ K8 | The income used to qualify the borrower for this mortgage is at or below 80% of the Area Median Income and may be eligible for a reduced Home Possible delivery fee. | Message Code | Feedback Message | LPR JG | This loan is subject to a Home Possible delivery fee. | <p>November 18, 2007</p> |
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