Loan Prospector's Property Inspection Alternative

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

Loan Prospector’s new Property Inspection Alternative (PIA) is a robust 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.

You also have the option of using Freddie Mac's Form 2070 as no-cost alternative to our PIA option. When you choose to use Form 2070, you’ll only be required to obtain an exterior inspection, saving your borrower time and money. What's more, you'll have more competitive solutions to offer your borrowers for more mortgage products and property types. Our simplified, easy-to-use PIA option replaces our current Loan Prospector No-appraisal Minimum Assessment Feedback (MAF) option.

**Lender Benefits**

Loan Prospector's Property Inspection Alternative provides you with:

- **Expanded Eligibility.** You can use the PIA option for a more of your loans, including conventional mortgages for 1-unit primary residences, as well as second homes and eligible condominium units. Use this option for purchase mortgages or no-cashout refinance mortgages with total loan-to-value (TLTV) ratios less than or equal to 90 percent.

- **More Options.** We also offer a no-cost alternative to the PIA option. If the loan is eligible for our PIA option, you can choose to either obtain a Form 2070, Loan Prospector Condition and Marketability Report, with an exterior-only inspection and no delivery fee, or our PIA option. With our modified Form 2070 requirements, you’ll only be required to obtain an exterior inspection, saving your borrower time and money.

- **Streamlined Pricing.** Our PIA option is available for one, flat $50 delivery fee. There’s no longer a tiered fee structure, streamlining the fee process for your operations. There is no delivery fee if you use our Form 2070 option.

- **Greater Ease of Use.** Taking advantage of our PIA option is simple; for every submission to Loan Prospector, the system will automatically check for PIA eligibility. 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.

**Key Features:**

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

Looking for More Loan Prospector Features?

Visit www.LoanProspector.com for more information on:

- Flexible Merged Credit Report Options
- Easy-to-use Feedback
- Low Documentation Requirements

See reverse for underwriting, execution and other details.
How it Works

Available in LoanProspector.com (browser and system-to-system) and LP Classic®, Loan Prospector’s PIA option is easy-to-use. Here’s a high-level overview of how it works:

<table>
<thead>
<tr>
<th>Message Returned For</th>
<th>Message Code</th>
<th>Message Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freddie Mac Seller/Servicers</td>
<td>MS</td>
<td>Form 2070 or Property Inspection Alternative is the minimum assessment required for sale to Freddie Mac.</td>
</tr>
<tr>
<td>Third-Party Originators</td>
<td>MY</td>
<td>Form 2070 or Property Inspection Alternative is the minimum assessment required for sale to Freddie Mac; check with your lender for pricing and delivery requirements.</td>
</tr>
</tbody>
</table>

* You may also substitute Fannie Mae Form 2075 when the last Feedback Certificate indicates a MAF of Form 2070 or PIA. To use Fannie Form 2075, you’ll need to submit SCC 904.

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.

Eligible Property Types
- 1-unit primary residences, second homes including condos and PUDs.
- Manufactured homes and leasehold estates are not eligible.

Eligible Mortgages
- Purchase and no cash-out refinances.
- The following mortgages are not eligible for the PIA option or Form 2070 option:
  - Seasoned mortgages
  - Mortgages having the potential of negative amortization
  - A-minus mortgages
  - Initial Interest™ mortgages
- To be eligible for the PIA option, the transaction must meet the following requirements:
  - The mortgaged premises must be owned in fee simple (leaseholds are not eligible)
  - 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)
  - The Seller must comply with the conversion delivery requirements set forth in Guide Section 17.34
- 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.
- A mortgage is not eligible for the PIA option and the Seller must obtain an appraisal report with an interior and exterior inspection if:
  - There is a home inspection report or other information in the mortgage file that indicates the presence of adverse condition and/or marketability factors
Eligible Mortgages (cont.)
⇒ 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.

Form 2070, Loan Prospector Condition and Marketability Report
• 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.
• The Seller may substitute Fannie Mae Form 2075 when the last Feedback Certificate indicates a MAF of Form 2070 or PIA.

Date Requirements
• 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.
• 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.

Representations and Warranties
• 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:
⇒ 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
⇒ No appraisal of the mortgaged premises was performed.
⇒ No inspection of the mortgaged premises was performed.

Borrower Disclosure
• 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.
• The borrower must sign the notice and the Seller must maintain a copy of the signed notice in the mortgage file.

Eligible Executions
• Servicing-released or retained for cash through the selling system
• Fixed-rate Guarantor and WAC ARM Guarantor
• MultiLender Swap

Pooling Requirements
• There are no special pooling requirements for mortgages secured or originated using the PIA option or Form 2070.

Delivery Requirements
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:
• Total Appraised Value for purchase and refinance mortgages: Insert the amount of the purchase price and the Borrower estimated value.
• Special Characteristics Code for:
⇒ Loan Prospector mortgages originated using PIA: 357
⇒ Loan Prospector mortgages originated using Form 2070 with an interior and exterior inspection: 902
⇒ Loan Prospector mortgages originated using Form 2070 with an exterior-only inspection: 903
⇒ Loan Prospector mortgages originated using the Fannie Mae Form 2075 as an allowable substitute for Form 2070: 904
### Delivery Fees
- **Loan Prospector Inspection Alternative:** $50 delivery fee per loan
- **Form 2070:** No delivery fee

### Learn More About Freddie Mac's Loan Prospector Property Inspection Alternative:
- **Call (800) FREDDIE**
- **Visit our website:** [www.LoanProspector.com](http://www.LoanProspector.com)
- **Refer to Chapter 44 of your Single-Family Seller/Servicer Guide**

The information in this document is not a replacement or substitute for information found in the *Single-Family Seller/Servicer Guide* and/or the terms of your Master Agreement and/or Master Commitment.