Introduction:

In this training material we explore the items necessary to run Automated Underwriting DU & LPA. We will go step by step through the general processes and required procedures.
Topics covered in this training:

**Desktop Underwriter (DU)**
1. Automated Underwriting Engines
2. Common AUS Errors
3. Locating the Credit Reference #
4. Multiple Borrowers
5. Requesting Preliminary Findings DU
6. Processing Preliminary Findings DU
7. Recommendations DU
8. Exploring Findings DU

**Loan Prospect Advisor (LPA)**
1. Automated Underwriting Engines
2. Common AUS Errors
3. Special Loan Product Advisor Note
4. Locating the Credit Reference #
5. Multiple Borrowers
6. Requesting Preliminary Findings LPA
7. Incomplete Loan Application LPA
8. Logging into Loan Advisor Suite
9. Requesting Services LPA
10. Correcting Errors and Submission Confirmation LPA
11. Processing and Response LPA
12. Unable to Perform and Assessment LPA
13. Purchase Eligibility LPA
14. Feedback Certificate LPA

DU Fannie Mae Early Check
## Loan Origination Overview

### AUS Roles and Responsibilities:

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Officer</strong></td>
<td>• Runs Initial AUS Findings</td>
</tr>
<tr>
<td><strong>Processor</strong></td>
<td>• Validates AUS findings from supporting documentation</td>
</tr>
<tr>
<td><strong>Underwriter</strong></td>
<td>• Validates AUS findings from supporting documentation</td>
</tr>
<tr>
<td></td>
<td>• Completes Fannie Mae Early Check</td>
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Desktop Underwriter (DU)
**Automated Underwriting Engines:**

- Which underwriting engine to I use?

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**Access Level**

<table>
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Locating the Credit Reference #:

- Prior to running automated underwriting, it is necessary to locate the Credit Reference # for each borrower pair.
- The Credit Reference # can be located in the following locations:
  1. Borrower Summary (PRMG)
  2. The Credit Report

**Special Note:** Additionally you can click CTRL + G and enter field ID 300.
Multiple Borrowers:

• Each borrower pair will have their own Credit Report and Credit Reference #

1. To access the Credit Reference # please select the desired applicant

2. The Credit Reference # can be located in the following locations:
   1. Borrower Summary (PRMG)
   2. The Credit Report
**Requesting Preliminary Findings DU:**

- The Fannie Mae DU for ePASS service seamlessly integrates with Fannie Mae's Desktop Underwriting.

1. On the Services Tab, click the Request Underwriting button
2. On the Underwriting window, Click Fannie Mae DU for ePASS
3. Click Submit
Requesting Preliminary Findings DU:

1. Top left side click Submit to DU on ePASS
2. Click the radio button accompanied by the Provide a reference number to re-issue a previously ordered credit report
3. Click Next
Requesting Preliminary Findings DU:

1. Select Paramount Residential Mortgage Group from the Institution ID dropdown menu
2. Type in the credit report agencies Account Number/Login In and Password
3. Click Submit

Special Note: If you change or entered the wrong credit reference number click the Edit Credit Reference Info button
Processing Preliminary Findings DU:

- DU on ePass will begin processing underwriting
- If DU on ePass is unable to process a recommendation you will be prompted with an error message requiring additional information
- The DU will be automatically placed in the correct placeholder within the eFolder
Recommendations DU:

1. Approve/Eligible
2. Approve/Ineligible – Review results and determine why loan is Ineligible
3. *Refer with Caution - Loan may be manually underwritten if loan meets Fannie Mae Selling Guide
4. **Out of Scope - DU does not have the rules necessary to analyze loan case file or borrower does not have sufficient traditional credit
   - *Ineligible for delivery as a DU loan, but may be manually underwritten
   - **Would need to be manually underwritten

Note: PRMG requires and Approve/Eligible, manual underwriting is not allowed
Exploring DU Findings:

1. Summary
   - Mortgage and Property Information
2. Risk/Eligibility
3. Potential Red Flags (does not appear in every report)
4. Findings (factors contribution to the recommendation)
5. Verification Messages/Approval Conditions
   - Credit and Liabilities, Employment and Income, Assets, Property and Appraisal Information, Ratio Information
6. Observations
7. Underwriting Analysis

### Automated Underwriting DU & LPA

#### DU Underwriting Findings

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>Recommendation</th>
<th>approve ineligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Borrower</td>
<td>Co-Borrower</td>
<td></td>
</tr>
<tr>
<td>Lender Loan Number</td>
<td>Casefile ID</td>
<td></td>
</tr>
<tr>
<td>Submission Date</td>
<td>Submitted By</td>
<td></td>
</tr>
<tr>
<td>Final Submission Date</td>
<td>DU Version</td>
<td></td>
</tr>
<tr>
<td>Submission Number</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Mortgage Information

<table>
<thead>
<tr>
<th>Feature</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTV/CLTV/HCLTV</td>
<td>80.00% / 80.00% / 4.125%</td>
</tr>
<tr>
<td>Housing Expense Ratio</td>
<td>50.00%</td>
</tr>
<tr>
<td>Debt-to-Income Ratio</td>
<td>50.00%</td>
</tr>
<tr>
<td>Total Loan Amount</td>
<td>$720,000.00</td>
</tr>
<tr>
<td>Sales Price</td>
<td>$900,000.00</td>
</tr>
<tr>
<td>Actual/Estimated Appraised Value</td>
<td>$900,000.00</td>
</tr>
</tbody>
</table>

#### Property Information

<table>
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<tr>
<th>Feature</th>
<th>Value</th>
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<tbody>
<tr>
<td>Property Address</td>
<td>Beverly Hills, CA 90210</td>
</tr>
<tr>
<td>Property Type</td>
<td>TBD</td>
</tr>
<tr>
<td>Occupancy Status</td>
<td>Primary Residence</td>
</tr>
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</table>

#### Risk/Eligibility

1. This case does not meet Fannie Mae's eligibility requirements.
2. The debt-to-income ratio for the loan casefile is 50.00%. This loan casefile is ineligible for delivery to Fannie Mae due to the excessive debt-to-income ratio in combination with other risk factors on the loan.
3. This high balance mortgage loan casefile is ineligible for delivery to Fannie Mae because the loan amount exceeds the maximum allowable loan limit of $625,500.00 for the county of Los Angeles County.

#### Findings

4. The following risk factors represent strengths in the borrower's loan application:
   - Loan Purpose

#### Verification Messages/Approval Conditions

5. This loan is also subject to all other lender specified conditions and must comply with all applicable federal, state, and local laws and regulations.
6. Based on the credit report obtained through Desktop Underwriter, this loan casefile must close on or before 11/25/2016. All credit documents must be no more than four months old on the note date. Guidelines on the use of the appraisal or property inspection report, refer to the Fannie Mae Selling Guide.
7. If there is a home equity line of credit secured against the subject property the maximum allowable HCLTV is 95 percent and the terms of the home equity line of credit must be verified for compliance with the Fannie Mae Selling Guide. The HCLTV calculation is based on the maximum credit limit of the equity line.

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### Potential Red Flags

3. According to the credit report, the total payments and balances declared on the 1003 differ by more than expected tolerances. Verify that all liabilities belonging to the borrowers are disclosed on the 1003 and that the balances and payments are accurate.
Exploring DU Findings Continued:

1. Summary
   - Mortgage and Property Information

2. Risk/Eligibility

3. Potential Red Flags (does not appear in every report)

4. Findings (factors contribution to the recommendation)

5. Verification Messages/Approval Conditions
   - Credit and Liabilities, Employment and Income, Assets, Property and Appraisal Information, Ratio Information

6. Observations

7. Underwriting Analysis
PRMG University™
Fannie Mae Early Check
Fannie Mae Early Check:

- The Fannie Mae Early Check service seamlessly integrates with Fannie Mae's Desktop Underwriting.

1. On the Services Tab, click the Request Underwriting button
2. On the Underwriting window, Click Fannie Mae Early Check
3. Click Submit
Submit Early Check:

- Complete information on Submit Early Check Screen
  1. Select Project Type
  2. Select MI Company
  3. Select File Format

1. Click Submit
Automated Underwriting Engines:

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Special Loan Product Advisor Note:

• When using LPA, the PRMG’s credit report must be used in the LPA decision so a tri-merge will need to be pulled from PRMG’s credit vendor, or an in-file report can be ordered directly through LPA.

• The credit report used with LPA must be printed and placed in the file. Please note, if using the LPA in-file credit report it must be printed immediately, as it is only available for a limited time (currently 7 days) and then cannot be retrieved. Instructions for submitting loans to LPA can be found in the Resource Center.

• All requirements from LPA must be met, including reviewing the documentation matrix that is found on the following website to ensure compliance with LPA requirements [http://www.freddiemac.com/loanadvisorsuite/loanproductadvisor/](http://www.freddiemac.com/loanadvisorsuite/loanproductadvisor/)

• Streamline LP documentation may not be eligible with all programs, check product profiles for specific requirements
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**Requesting Preliminary Findings LPA:**

- The Freddie Mac’s Loan Product Advisor for ePass service integrates with Loan Product Advisor

1. On the Services Tab, click the Request Underwriting button

2. On the Underwriting window, Click Freddie Mac’s Loan Product Advisor for ePass

3. Click Submit
Requesting Preliminary Findings LPA:

1. Click Submit Loan to LPA
2. Click the Pass a reference number from a previously ordered tri-merged credit report to LP
3. Click Next
Requesting Preliminary Findings LPA:

This Screen is currently a placeholder until Ellie Mae updates their ePass integration with Loan Prospector Advisor.

Nothing is required to be entered on this screen.

Click Submit.
Incomplete Loan Application LPA:

1. Review the Field ID and corresponding descriptions
2. Continue, Cancel or Print the information
3. To move forward click Continue

Automated Underwriting DU & LPA
Logging Into Loan Advisor Suite:

• In the Services View tab please enter your LPA login credentials provided from support

1. Click LOG IN
**Requesting Services LPA:**

1. **Mark the Request and Automated Underwriting Assessment**
2. **Mark Use a Reference Number to Request credit**
3. **Select Equifax Mortgage Solutions where it was for a credit reporting agency with who, you have an established relationship**
4. **Technical Affiliate select the desired credit provider (Acranet or Credit Plus)**
Correcting Errors and Submission Confirmation LPA:

• If there are any required corrections needed the Correct Errors message will pop-up

1. Read the onscreen instructions and click Continue to proceed

2. Once all corrections have been made confirm submission by clicking:
   1. Confirm Submit
   2. Cancel Submit
   3. Request Services

Note: If additional borrowers exist additional space will be provided for borrowers
Processing and Response LPA:

- Wait for Loan Prospect Advisor’s response

1. Send Results Your System for findings to be imported into underwriting placeholder in the eFolder

2. Click close to Exit Loan Prospector
Unable to Perform An Assessment LPA:

1. **Accept** – A risk class returned by Loan Product Advisor indicating that based on analysis of the credit and other data submitted the mortgage is eligible for one of the following, provided the data is true, complete and accurate.

2. **Refer** – A risk class returned by Loan Product Advisor indicating the mortgage has serious risk and may make the mortgage unacceptable by FHA or VA and must be assessed by the lender. Requires full credit underwriting analysis to carefully evaluate the mortgage and determine if it qualifies for FHA insurance or VA guarantee.

3. **Caution** – A risk class returned by Loan Product Advisor indicating the mortgage has serious risks the lender must evaluate acceptable is unlikely – requires full credit and collateral underwriting analysis.

**Note:** PRMG requires and Accept/Eligible, manual underwriting is not allowed.
Purchase Eligibility LPA:

1. **Eligible** – Indicates mortgage is eligible for delivery per the Freddie Mac Single-Family Seller/Servicer Guide (Guide)

2. **Eligible LP A-** - Indicates mortgage may be eligible for the Loan Product Advisor A-minus Offering; may be eligible for credit and ratio representations and warranties waivers subject to specific terms as defined in Guide Chapter 33

3. **Ineligible** – Indicates mortgage is not eligible for delivery per the Guide. This response may result in a Purchase Restriction message when the loan is eligible for assessment by Loan Product Advisor but not eligible for sale to Freddie Mac per the standards in the Guide. Contact your wholesaler, as applicable

**Note:** PRMG requires and Accept/Eligible, manual underwriting is not allowed
Feedback Certificate LPA:

Mortgage Information:
- New section: Mortgage information may appear. All of the relevant data has been grouped together.
- Print added to Feedback Certificate.

Asset Information:
- Note: Applicable answers may be found in the Asset & Reserve section for this data. If applicable, two mortgage assets.

Calculated Values:
- If the percent gap criteria is met, then an additional mortgage asset will appear.
- The data is represented graphically. Copy of mortgage approval.

Borrower Information:
- Data relevant to the borrower is new grouped together in this section. Data relevant to the other section of the Loan Prospector feedback certificate.

New section: Mortgage information may appear. All of the relevant data has been grouped together.

Print added to Feedback Certificate.