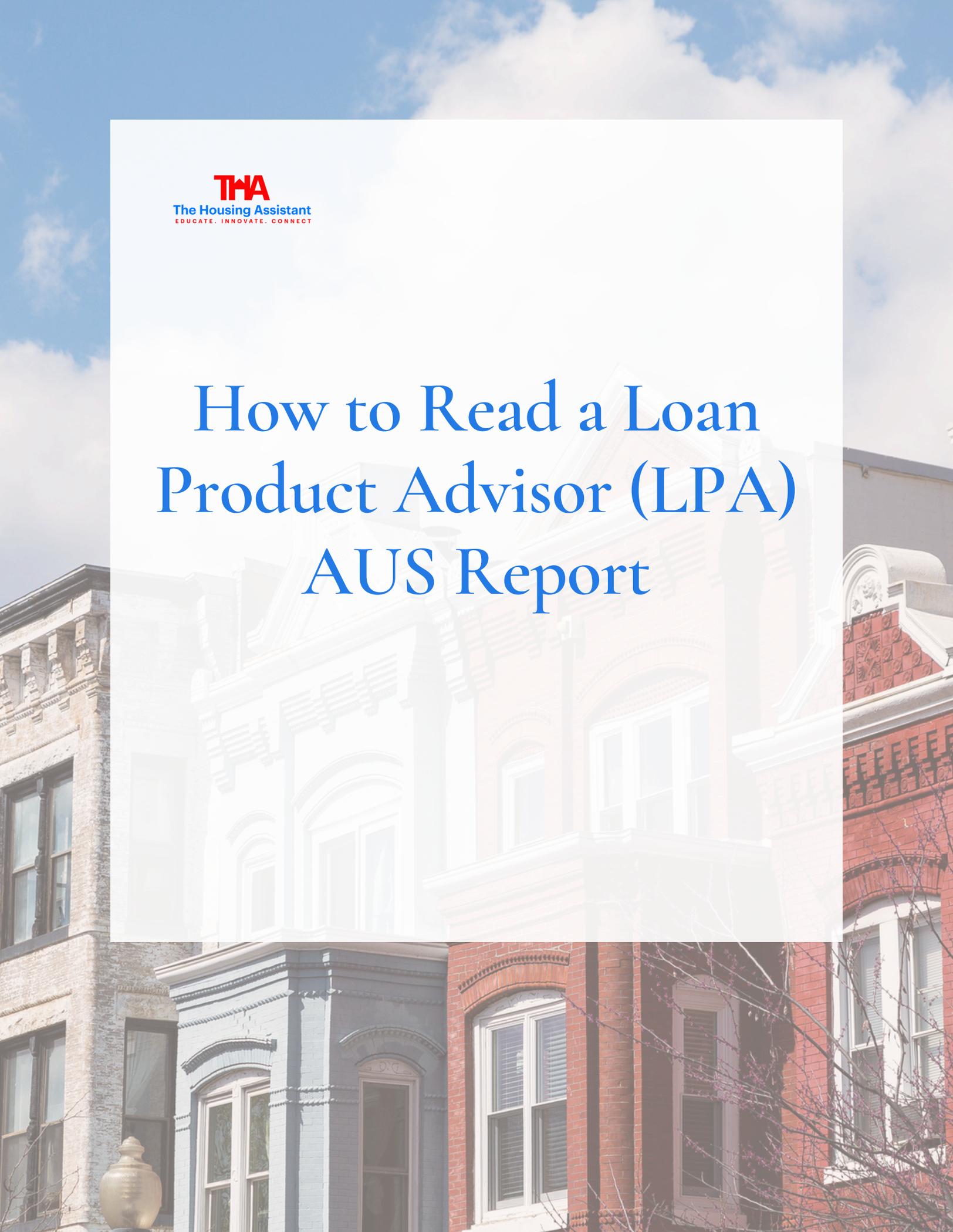




How to Read a Loan Product Advisor (LPA) AUS Report



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A Comprehensive Guide by The Housing Assistant



Introduction

Loan Product Advisor (LPA) is Freddie Mac's Automated Underwriting System (AUS). It evaluates loan application data and provides the lender with an underwriting recommendation. Mortgage operations staff must know how to read, analyze, and act on LPA findings to ensure loans remain eligible and salable.

Key Sections of an LPA AUS Report

Section	What to Review
Risk Class and Eligibility	Confirm whether the loan received an 'Accept' or 'Caution.'
Feedback Messages	Detailed instructions for what the lender must verify, document, or cure.
Borrower Information	Check borrower name(s), SSN, credit scores, income, assets match the loan file.
Income and Employment	Review how LPA calculated income compared to internal calculations.
Assets	Verify LPA assets match disclosed bank accounts, gift funds, reserves.
Property and Appraisal	Check if an appraisal is required or if eligible for an ACE waiver.
Liabilities and DTI	Confirm DTI ratios match loan application and supporting documentation.
Mortgage Insurance	Review if LPA specifies MI coverage requirements for loans over 80% LTV.

Important Things to Look For

- Accept vs. Caution recommendations.
- Required Documentation outlined in feedback.
- Proper Income Type Treatment (bonus, commissions, rental income).

- Reserves Requirements that must be met.
- Collateral Waivers eligibility if ACE is offered.

When to Escalate Issues

- Borrower employment or income differs from LPA submission.
- Large undisclosed debts or post-application liabilities.
- Major errors in borrower data (SSN, DOB).
- AUS Feedback shows 'Caution' unexpectedly.
- Assets don't match documentation provided.

Best Practices for Reviewing LPA Findings

- ✓ Always cross-check final AUS Findings against the latest loan file data.
- ✓ Update and re-run AUS if material changes occur.
- ✓ Print and save a copy of the Final AUS Findings at closing.
- ✓ Follow documentation requirements exactly as outlined in feedback.

THA Tip:

- ◆ LPA findings are only as accurate as the data entered! Always double-check that your final loan terms match the information LPA evaluated.