



February 18, 2014

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Ladies/Gentlemen:

In anticipation of the impending consideration by the Securities and Exchange Commission of proposed revisions to Regulation AB under the Securities Act of 1933, as amended, and the potential adoption of those revisions in final regulations (Regulation AB, as so revised, the Final Rules), the Structured Finance Industry Group (SFIG)<sup>1</sup> wishes to submit for the consideration of the Commission, several recommended revisions to Schedule L, as proposed to be added to Regulation AB in the revisions thereto originally proposed by the Commission on April 7, 2010 (the Proposed Rules).

*Background*

A signature element of the Proposed Rules is the proposed addition of Schedule L to Item 1111 of Regulation AB, for the purpose of mandating, for the first time, certain loan-level disclosures about the pool assets underlying asset-backed securities (ABS). With respect to ABS backed by residential mortgage loans (RMBS), the proposed loan-level disclosure consisted of 28 fields of data common to all ABS plus an additional 137 fields of data specific to RMBS. In addition, the Commission proposed a comparable number of data fields for ongoing reporting of loan-level information for RMBS through the proposed addition of Schedule L-D to the periodic reporting requirements contained in Item 1121 of Regulation AB.

In the Notice of Proposed Rulemaking accompanying the Proposed Rules, the Commission acknowledged that among the influences for proposed Schedule L was the RMBS Disclosure Package (the PLS Disclosure Package) published in 2009 by the American Securitization Forum (ASF) as part of its Project RESTART. Indeed, many of the loan-level fields contained in proposed Schedule L were drawn verbatim from the PLS Disclosure Package. In 2013, substantially all of the institutions that comprised the Project RESTART working group which formulated the PLS Disclosure Package, consisting of RMBS issuers, underwriters, investors, rating agencies, law firms and analytical firms became members of SFIG.

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<sup>1</sup> SFIG is a member-based, trade industry advocacy group focused on improving and strengthening the broader structured finance and securitization market. SFIG provides an inclusive network for securitization professionals to collaborate, and as industry leaders, drive necessary changes, be advocates for the securitization community, share best practices and innovative ideas, and educate industry members through conferences and other programs. Members of SFIG represent all sectors of the securitization market including issuers, investors, financial intermediaries, law firms, accounting firms, technology firms, rating agencies, servicers and trustees. Further information can be found at [www.sfindustry.org](http://www.sfindustry.org).



In the 4 ½ years since publication of the PLS Disclosure Package, only a relatively small number of private label new issue RMBS transactions have been consummated. In those transactions, where loan-level data has been provided in order to increase transparency to investors about the pool assets, the de facto standard used by issuers, in the absence of final rules governing loan-level disclosure, has been the data fields, or a subset of the data fields, contained in the PLS Disclosure Package. However, in applying the PLS Disclosure Package to new transactions, securitization transaction participants, and in particular issuers, investors and rating agencies, have noted a number of ambiguities in the data fields that need to be clarified and have identified the need to expand certain fields for increased transparency. To address these issues in a deliberative and comprehensive fashion, with the benefit of input from all segments of the private label RMBS market, from late 2013 through January 2014, the members of the Loan-Level Disclosure Subcommittee of SFIG's RMBS Committee held a series of meetings to discuss issues identified in the PLS Disclosure Package and which are, in turn, reflected in the Proposed Rules, with the goal of proposing changes that could be implemented by the Commission in the Final Rules. Also considered were the addition of certain new fields which it was believed by subcommittee members would enhance the disclosures proposed in Schedule L. Appendix A to this letter contains a list of the recommended changes to Schedule L, as well as recommended supplementary fields. The Subcommittee's recommendations have been reviewed by SFIG's Investor Committee to ensure that they represent the broad consensus view of SFIG's membership.

### *Recommendations*

The following is a summary of SFIG's recommendations and the rationale therefor. Please refer to Appendix A for the precise language of each recommended change and addition.<sup>2</sup>

1. **Item 1(a)(4)—Originator.** SFIG recommends creating additional granularity about the roles of various participants in the mortgage loan “manufacturing” process by providing fields to identify both the “originator,” which is commonly understood to be the entity whose underwriting guidelines are used to approve the loan and the “funding entity,” if different than the originator, which is the entity that funded the loan.
2. **Item 1(a)(9)—Original amortization term.** SFIG recommends clarifying, including through illustrative examples, how to calculate the original amortization term in the case of interest only and balloon loans.

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<sup>2</sup> It should be noted that because the focus of the Subcommittee was, in the first instance, making changes and additions to the PLS Disclosure Package and then recommending changes to the corresponding fields in proposed Schedule L, and the Subcommittee did not conduct a *de novo* review of all the proposed Schedule L fields, there may be elements of the PLS Disclosure Package which the SFIG membership favors, but which were not previously incorporated into proposed Schedule L or which were incorporated into Schedule L with changes from the PLS Disclosure Package but which, in either case, are not the subject of this letter. Accordingly, the recommendations in this letter are not intended to be a comprehensive set of comments on the proposed Schedule L fields, or to supersede comments previously submitted by securitization industry participants with respect to proposed Schedule L, except to the extent that these recommendations expressly conflict with such prior comments.



3. **Item 2(a)(10)—Channel.** Because an issuer may be several steps removed from the originator, SFIG believes that it would be appropriate to show both the origination channel through which the originator sourced the loan, and the acquisition channel through which the issuer acquired the loan. Also, have recommended corresponding changes to the field, including additional codes to reflect acquisition channels.
4. **Item 2(a)(16)—Junior mortgage balance.** SFIG recommends changing the field title to clarify that the junior mortgage balances are to be presented at the time of securitization, rather than at the time of origination, and adding a parenthetical acknowledgement of the practical reality that all such junior mortgages may not be known. In addition, SFIG recommends that a companion field be added to require disclosure, if the subject loan is secured by a first lien and the related property is also subject to a home equity line of credit at the time of origination, of the maximum possible balance of all junior lien loans.
5. **Items 2(a)(20) (vi) and (vii)—Initial periodic payment cap and subsequent periodic payment cap.** SFIG recommends changing the field descriptions to clarify that they relate only to payment increases, since decreases in monthly payments are not limited.
6. **Item 2(b)(3)—Sales price.** Because the relevance of a home's purchase price diminishes over time, SFIG recommends revising the field description to require disclosure of the sale price only for loans made for purchase purposes, or to refinance an existing loan within 12 months after purchase.
7. **Item 2(b)(4)—Property Type.** SFIG recommends certain additional codes for the proposed response, to provide more refined disclosure with respect to condos and condotels.
8. **Items 2(b)(15) and (16)—Original combined loan-to-value and Original loan-to-value.** In each case, SFIG recommends clarifying that the ratios required to be disclosed are the ratios actually used by the loan underwriter to approve the loan.
9. **Items 2(c)(1) through 2(c)(6)—Obligor and co-obligor credit score type, credit score and FICO score.** SFIG recommends, with respect to these fields, and all other fields in which data is proposed, to be presented for an obligor and a single co-obligor, that the fields be expanded to provide for the presentation, to the extent applicable, of data with respect to four obligors and that they be designated as Obligor 1, Obligor 2, Obligor 3 and Obligor 4. SFIG believes that the ability to reflect information on four obligors will capture the relevant data with respect to a substantial majority of residential mortgage loans, while presenting information on only two obligors may, in some cases, omit information material to understanding the credit decision. SFIG also recommends that, wherever data fields require information about a FICO score or model, additional



fields be added to require, to the extent applicable, comparable disclosure of VantageScore information, as VantageScore is another widely accepted credit score that has become frequently used in recent years in lieu of or in addition to FICO scores.

10. **Items 2(c)(7) and 2(c)(8)—Obligor and co-obligor income verification.** In addition to splitting the fields into separate fields for four obligors, SFIG recommends a revised formulation for the verification levels that would explain what is meant by “partial verification” and would be more tailored to the obligor’s source of income, recognizing that the review of different documentation is appropriate depending on whether the obligor’s income is derived from employment wages or other sources.
11. **Items 2(c)(9) and 2(c)(10)—Obligor and Co-obligor employment verification.** In addition to splitting the fields into separate fields for four obligors, SFIG recommends replacing the proposed level 3 verification response with three new responses, designated levels 3 through 5, which SFIG believes provide more insight into the verification process and which would be more tailored to the nature of the obligor’s source of income. In addition, a new response code is recommended to reflect those situations in which employment verification is inapplicable, such as in the case of a retired obligor.
12. **Items 2(c)(11) and 2(c)(12)—Obligor asset verification and Co-obligor asset verification—**SFIG recommends splitting the fields into separate fields for four obligors.
13. **Item 2(c)(14)—Number of mortgaged properties.** SFIG recommends a revision to the field description to clarify that the number of mortgaged properties is intended to include the total of all mortgaged properties owned by all of the obligors, including the property that is the subject of the loan reported on Schedule L.
14. **Item 2(c)(18) Percentage of down payment from obligor own funds.** SFIG recommends disclosure of the dollar amount of the portion of the down payment made from the obligor’s own funds, rather than stating such amount as a percentage, in order to avoid calculation ambiguity.
15. **Item 2(c)(20)—Self-employment flag.** In addition to splitting the fields into separate fields for four obligors, SFIG recommends adding a code to reflect that, in some cases, such as with respect to retirees, it may be inappropriate to characterize an obligor who is not an employee as self-employed.
16. **Item 2(c)(21)—Current other monthly payment.** SFIG recommends revisions to the field description to clarify the nature of “other” monthly payments and to



specify that the disclosure relates to other monthly payments in effect at origination of the subject loan.

17. **Items 2(c)(22) and 2(c)(23)—Length of employment: obligor and Length of employment: Co-obligor.** In addition to splitting the fields into separate fields for four obligors, SFIG recommends, for increased granularity, that the proposed response be given as the actual number of months of employment as of the date of the loan, rather than a six month band. SFIG also recommends the addition of new fields, for each of four obligors, to disclose the number of months that the obligor has, as represented on the loan application, been employed in his or her line of work.
18. **Items 2(c)(26) and 2(c)(27)—Obligor wage income and Co-obligor wage income.** In addition to splitting the fields into separate fields for four obligors, SFIG recommends retitling the fields “Qualifying base income” to clarify that the wage income presented is the base income, whether or not consisting of wage or self-employment income that was actually used to qualify the obligor. In addition, SFIG recommends, for increased granularity of analysis by investors, that the actual wage income, rather than a wage income band, be required to be disclosed.
19. **Items 2(c)(28) and 2(c)(29)—Obligor other income and Co-obligor other income.** In addition to splitting the fields into separate fields for four obligors, SFIG recommends retitling the fields “Other qualifying income” to clarify that the other income presented is the other income that was actually used to qualify the obligor, and SFIG has recommended revisions to the field description to illustrate types of “other” income. In addition, SFIG recommends, for increased granularity of analysis by investors, that the other wage income, rather than another income band, be required to be disclosed.
20. **Item 2(c)(30)—All obligor wage income.** In light of the revisions recommended to Items 2(c)(26) through 2(c)(29), SFIG recommends that this item be deleted as superfluous.
21. **Item 2(c)(31)—All obligor total income.** In addition to splitting the fields into separate fields for four obligors, SFIG recommends retitling the fields “Total qualifying income” to clarify that the total income presented is the total income that was actually used to qualify the obligor. In addition, SFIG recommends, for increased granularity of analysis by investors, that the total income, rather than a total income band, be required to be disclosed.
22. **New Fields**—In addition to the new fields described above as adjuncts to proposed changes to existing fields, SFIG recommends adding new fields to provide for (i) the assignment of a specific identification code to each obligor of the related pool asset, (ii) disclosure of the number of months the obligor has



resided in the subject property as of the loan origination date, (iii) disclosure of the date of the most recent credit score used to underwrite the loan or, alternatively, a code indicating that the credit score was not more than four months old at the date of issuance of the RMBS, (iv) disclosure of each obligor's U.S. citizenship status, (v) disclosure, with respect to any loan that has previously been modified for loss mitigation purposes, of the maturity date prior to the modification and (vi) the addition of a code to indicate whether the loan is assumable.

SFIG respectfully requests that the Commission incorporate into the Final Rules the revisions and additions to Schedule L proposed in this letter and that the Commission make corresponding changes to any correlative fields in Schedule L-D. In light of the experience of SFIG's members gleaned from implementing voluminous and detailed additional data disclosures, SFIG also respectfully requests that, after effectiveness of the Final Rules, the Commission periodically seeks input from RMBS transaction participants, as well as transaction participants in other ABS asset classes, regarding any further clarifications and additions that may be helpful to more effectively implement the intended loan-level disclosure regime.

We are grateful for the opportunity to provide these comments on the Proposed Rules. Please do not hesitate to contact us if there are questions arising from our comments or any other aspect of the Proposed Rules. Please contact Richard Johns, Executive Director of the Structured Finance Industry Group at (2 [REDACTED]) or via e-mail at [REDACTED]

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "R. Johns", is written over a horizontal line.

Richard Johns  
Executive Director  
Structured Finance Industry Group

## APPENDIX A

Schedule L Field	Reg AB Proposed Title and Definition	SFIG Proposed Field Name and Definition	Reg AB H Proposed Response	SFIG Proposed Response	Notes
Item 1(a){4}	<b>Originator.</b> Identify the name or MERS organization number of the originator entity. If the asset is a security, identify the name of the issuer.	<b>Originator:</b> The MERS Organization ID of the entity whose underwriting standards were initially used to approve the loan.  <b>Funding entity:</b> The MERS Organization ID of the entity (in whose name the loan is closed) that lends funds to the obligor and, in return, places a lien on the mortgage property as collateral.	Text or Number	Text	"Funding Entity" may be the same entity as "Originator"
New				Text	<b>EXAMPLES ADDED</b> <u>Example 1:</u> 30-Year Loan with 5-year I/O period and no Balloon; Original Amortization Term = 360  <u>Example 2:</u> 7-Year Balloon Loan amortizing over 15 years; Original Amortization Term = 180  <u>Example 3:</u> 10-Year Balloon Loan with 5-year I/O period and 20-year amortization between Year 5 and the Year 10 balloon payment; Original Amortization Term = 240
Item 1(a){9}	<b>Original amortization term.</b> Indicate the number of months in which the asset would be retired if the amortizing principal and interest payment were to be paid each month.	<b>Original amortization term:</b> The number of months in which the loan would be retired if the amortizing principal and interest payment were to be paid each month. In the case of an interest only loan, the Original Amortization Term is the Original Term to Maturity (other than in the case of a balloon loan). In the case of a balloon loan, the Original Amortization Term is the number of months used to calculate the principal and interest payment due each month (other than the balloon payment).	Number	Number	
New		<b>Pre-modification maturity date:</b> The maturity date of the loan prior to modification		Date	
Item 2(a){10}	<b>Channel.</b> Specify the code that describes the source from which the issuer obtained the loan.	<b>Origination channel:</b> Code indicating the source (channel) from which the Originator (identified in Field 5a) obtained the mortgage loan.	1=Retail 2=Broker 3=Correspondent bulk 4=Correspondent flow with delegated underwriting 5=Correspondent flow without delegated underwriting 98=other 99=unknown	1 = Retail; 2 = Broker; 3 = Correspondent Bulk; 4 = Correspondent Flow with delegated underwriting; 5 = Correspondent Flow without delegated underwriting; 99= unknown	<b>EXAMPLE:</b> Correspondent A underwrites the loan to Bank B's standards, sells the loan to Bank B who in turn sells the loan to Issuer C who places the loan into a security. <i>Origination Channel = 5</i>
New		<b>Acquisition channel:</b> Code indicating the source (channel) from which the security issuer obtained the mortgage loan.		Same as "Origination Channel" plus: 6 = Conduit Bulk; 7 = Conduit Flow (6 and 7 apply to acquisition channel only)	Under Example Above: Acquisition Channel = 6 (or 7, depending on whether the issuer obtained via bulk or flow). Or 5 if Bank B placed the loan into the security
Item 2(a){16}	<b>Junior mortgage balance.</b> For first mortgages with subordinate liens at the time of origination, provide the amount of the combined balance of the subordinate liens.	<b>Current junior mortgage balance:</b> For first mortgages with subordinate liens at the time of origination, the combined balance of the subordinate liens (if known).	Number	Number	Change to field name clarifies that we are seeking the junior mortgage balance at as of securitization (if known)
New		<b>Maximum junior mortgage balance:</b> For first mortgages with a subordinate HELOC at the time of origination, the maximum possible balance of all junior liens (if known).		Number	Will equal "Current junior mortgage balance" if there are no subordinate HELOCs  Closed-end Seconds = Current Balance;  HELOCs = Maximum possible balance

Item 2(a)(20)(vi)	<b>Initial periodic payment cap.</b> Indicate the maximum percentage by which a payment can change (increase or decrease) in the first period.	<b>Initial periodic payment cap:</b> The maximum percentage by which a payment can increase in the first period.	Percentage	Percentage	Clarified definition (increase only)
Item 2(a)(20)(vii)	<b>Subsequent periodic payment cap.</b> Indicate the maximum percentage by which a payment can change (increase or decrease) in one period after the initial cap.	<b>Subsequent periodic payment cap:</b> The maximum percentage by which a payment can increase in one period after the initial cap.	Percentage	Percentage	Clarified definition (increase only)
Item 2(b)(3)	<b>Sales price.</b> Provide the negotiated price of a given property between the buyer and seller.	<b>Sales price.</b> The negotiated price of a given property between the buyer and seller.	Number	Number: Applicable only to Purchase Loans and refinance Loans originated within 12 months of purchase	No change to field name or description. Change only to when applicable
Item 2(b)(4)	<b>Property type.</b> Specify the code that describes the type of property that secures the loan.	<b>Property type:</b> Specifies the type of property being used to secure the loan.	1=Single family detached (non-PUD) 2=Co-op 3=Condo, low rise (4 or fewer stories) 4=Condo, high rise (5+ stories) 5=Condotel (as defined in Issuer's Underwriting Guidelines) 6=PUD (PUD with "de minimus" monthly HOA dues 7=PUD (Only for use with Single-Family Detached Homes with PUD riders) 8=Townhouse (Do not report as "PUD") 9=Single-wide manufactured housing 10=Double-wide manufactured housing 11=Multi-wide manufactured housing 12=1 family attached 13=2 family 14=3 family 15=4 family 98=other 99=unavailable	SEE TAB "APPENDIX A-1"	Addition of property types (see Appendix A-1)
Item 2(b)(15)	<b>Original combined loan-to-value (CLTV).</b> Provide the ratio obtained by dividing the amount of all known outstanding mortgage liens on a property at origination by the lesser of the original appraised property value or the sales price.	<b>Original CLTV:</b> The Combined Loan-to-Value ratio used by the underwriter to approve the loan.			Clarified definition
Item 2(b)(16)	<b>Original loan-to-value (LTV).</b> Provide the ratio obtained by dividing the amount of the original mortgage loan at origination by the lesser of the original appraised property value or the sales price.	<b>Original LTV:</b> The Loan-to-Value ratio used by the underwriter to approve the loan.			Clarified definition
New		<b>Original HCLTV:</b> The High-Combined Loan to Value ratio (the maximum possible CLTV if all revolving liens are fully drawn) used by the underwriter to approve the loan.		Number (decimal)	
Item 2(c)(1)	<b>Obligor credit score type.</b> Specify the type of the standardized credit score used to evaluate the obligor.	<b>NOT SPECIFIED:</b> Specific Fields for VantageScore vs. FICO score laid out below.	Text		
Item 2(c)(4)	<b>Co-obligor credit score type.</b> Specify the type of the standardized credit score used to evaluate the co-obligor.	<b>NOT SPECIFIED:</b> Specific Fields for VantageScore vs. FICO score laid out below.	Text		
Item 2(c)(2)	<b>Obligor credit score.</b> Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 2(c)(3).	<b>VantageScore at origination (obligor 1):</b> Credit Score used to approve the loan and obtained using the Vantage credit evaluation model.	Text or Number	Number	
Item 2(c)(5)	<b>Co-obligor credit score.</b> Provide the standardized credit score of the coobligor. If the credit score type is FICO, skip to Item 2(c)(6).	<b>VantageScore at origination (obligor 2):</b> Credit Score used to approve the loan and obtained using the Vantage credit evaluation model.	Text or Number	Number	

New		<b>VantageScore at origination (obligor 3):</b> Credit Score used to approve the loan and obtained using the Vantage credit evaluation model.	Number
New		<b>VantageScore at origination (obligor 4):</b> Credit Score used to approve the loan and obtained using the Vantage credit evaluation model.	Number
New		<b>VantageScore used for approval:</b> Vantage Score used by the underwriter to qualify the loan.	Number
New		<b>VantageScore method:</b> Number of credit repositories used to update the Vantage Score.	Number
New		<b>Updated VantageScore date:</b> Specifies the date on which the most recent post-origination Vantage credit score was obtained.	Date
New		<b>Updated VantageScore (obligor 1):</b> Updated Vantage credit score if obtained by the lender or issuer after origination.	Number
New		<b>Updated VantageScore (obligor 2):</b> Updated Vantage credit score if obtained by the lender or issuer after origination.	Number
New		<b>Updated VantageScore (obligor 3):</b> Updated Vantage credit score if obtained by the lender or issuer after origination.	Number
New		<b>Updated VantageScore (obligor 4):</b> Updated Vantage credit score if obtained by the lender or issuer after origination.	Number
New		<b>VantageScore date (origination credit score):</b> Specifies the date on which the most recent Vantage credit score was obtained for loan origination.	Date
New		<b>FICO model used:</b> Indicates whether the FICO score was calculated using the Classic, Classic 08, or Next Generation model.	1 = Classic 2 = Classic 08 3 = Next Generation 99 = Unknown
New		<b>Most recent origination FICO date:</b> Specifies the date on which the most recent FICO score was obtained for loan origination.	Date
Item 2(c)(3)	<b>Obligor FICO score.</b> If the obligor credit score type is FICO, provide the standardized FICO credit score of the obligor.	<b>FICO score used for approval:</b> FICO score used by the underwriter to qualify the loan.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+ Number
Item 2(c)(6)	<b>Co-obligor FICO Score.</b> Provide the standardized FICO credit score of the co-obligor.	<b>SEE FOLLOWING FIELD DETAIL</b>	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+
New		<b>FICO at origination: Equifax (obligor 1):</b> Equifax FICO score used at origination (if applicable).	Number
New		<b>FICO at origination: Equifax (obligor 2):</b> Equifax FICO score used at origination (if applicable).	Number
New		<b>FICO at origination: Equifax (obligor 3):</b> Equifax FICO score used at origination (if applicable).	Number
New		<b>FICO at origination: Equifax (obligor 4):</b> Equifax FICO score used at origination (if applicable).	Number
New		<b>FICO at origination: Experian (obligor 1):</b> Experian FICO score used at origination (if applicable).	Number
New		<b>FICO at origination: Experian (obligor 2):</b> Experian FICO score used at origination (if applicable).	Number
New		<b>FICO at origination: Experian (obligor 3):</b> Experian FICO score used at origination (if applicable).	Number
New		<b>FICO at origination: Experian (obligor 4):</b> Experian FICO score used at origination (if applicable).	Number

New		FICO at origination: TransUnion (obligor 1): TransUnion FICO score used at origination (if applicable).	Number
New		FICO at origination: TransUnion (obligor 2): TransUnion FICO score used at origination (if applicable).	Number
New		FICO at origination: TransUnion (obligor 3): TransUnion FICO score used at origination (if applicable).	Number
New		FICO at origination: TransUnion (obligor 4): TransUnion FICO score used at origination (if applicable).	Number
New		Updated FICO date: Specifies the date on which the most recent post-origination FICO score was obtained.	Date
New		Updated FICO (obligor 1): Updated FICO score if obtained by the lender or issuer after origination.	Number
New		Updated FICO (obligor 2): Updated FICO score if obtained by the lender or issuer after origination.	Number
New		Updated FICO (obligor 3): Updated FICO score if obtained by the lender or issuer after origination.	Number
New		Updated FICO (obligor 4): Updated FICO score if obtained by the lender or issuer after origination.	Number
New		Updated FICO method (obligor 1): Number of credit repositories used to update the FICO Score.	Number
New		Updated FICO method (obligor 2): Number of credit repositories used to update the FICO Score.	Number
New		Updated FICO method (obligor 3): Number of credit repositories used to update the FICO Score.	Number
New		Updated FICO method (obligor 4): Number of credit repositories used to update the FICO Score.	Number

Item 2(c)(7)	<b>Obligor income verification level.</b> Indicate the code describing the extent to which the obligor's income has been verified.	<b>Income verification level (obligor 1):</b> A code indicating the extent to which the obligor's income has been verified	
Item 2(c)(8)	<b>Co-obligor income verification.</b> Indicate the code describing the extent to which the co-obligor's income has been verified.	<b>Income verification level (obligor 2):</b> A code indicating the extent to which the obligor's income has been verified	
New		<b>Income verification level (obligor 3):</b> A code indicating the extent to which the obligor's income has been verified	
New		<b>Income verification level (obligor 4):</b> A code indicating the extent to which the obligor's income has been verified	

1=Not Stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.

SEE TAB "APPENDIX A-2"

Replacing "Obligor/Co-Obligor" concept with Obligors 1, 2, 3, and 4. Expansion of Proposed Response

Item 2(c)(9)	<b>Obligor employment verification.</b> Indicate the code describing the extent to which the obligor's employment has been verified.	<b>Employment verification (obligor 1):</b> A code indicating the extent to which the primary obligor's employment has been verified (see proposed response)
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Item 2(c)(10)	<b>Co-obligor employment verification.</b> Indicate the code describing the extent to which the co-obligor's employment has been verified.	<b>Employment verification (obligor 2):</b> A code indicating the extent to which the primary obligor's employment has been verified (see proposed response)	1=Not stated, not verified 2=Stated, not verified 3=Stated, Level 3 verified		
New		<b>Employment verification (obligor 3):</b> A code indicating the extent to which the primary obligor's employment has been verified (see proposed response)	(Level 3 verified = direct independent verification with a third party of the obligor's current employment.)	SEE TAB "APPENDIX A-3"	Replacing "Obligor/Co-Obligor" concept with Obligors 1, 2, 3, and 4. Expansion of Proposed Response
New		<b>Employment verification (obligor 4):</b> A code indicating the extent to which the primary obligor's employment has been verified (see proposed response)			
Item 2(c)(11)	<b>Obligor asset verification.</b> Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.	<b>Asset verification (obligor 1):</b> A code indicating the extent to which the primary obligor's assets used to qualify the loan have been verified:	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified	
Item 2(c)(12)	<b>Co-obligor asset verification.</b> Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.	<b>Asset verification (obligor 2):</b> A code indicating the extent to which the primary obligor's assets used to qualify the loan have been verified:  <b>Asset verification (obligor 3):</b> A code indicating the extent to which the primary obligor's assets used to qualify the loan have been verified:  <b>Asset verification (obligor 4):</b> A code indicating the extent to which the primary obligor's assets used to qualify the loan have been verified:	(Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).)	(Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).)	Replacing "Obligor/Co-Obligor" concept with Obligors 1, 2, 3, and 4.
New					
New					
Item 2(c)(14)	<b>Number of mortgaged properties.</b> Provide the number of properties owned by the obligor that currently secure mortgage loans.	<b>Number of mortgaged properties (all obligors):</b> The number of properties (inclusive of the subject property) owned by the obligors that currently secure mortgage loans.	Number	Number	Clarified field name and definition (all obligors)
Item 2(c)(18)	<b>Percentage of down payment from obligor own funds.</b> Provide the percentage of down payment from obligor own funds other than any gift or borrowed funds.	<b>Down payment from obligor own funds:</b> Obligor down payment contribution (in dollars) exclusive of any gift or borrowed funds.	Percentage	Number	Propose changing the field to capture the actual dollar amount of down payment to eliminate ambiguity associated with the denominator of the percentage.
Item 2(c)(20)	<b>Self-employment flag.</b> Indicate whether the obligor is self-employed.	<b>Self-employment Flag (obligor 1):</b> An indicator of whether the obligor is self-employed. <b>Self-employment Flag (obligor 2):</b> An indicator of whether the obligor is self-employed. <b>Self-employment Flag (obligor 3):</b> An indicator of whether the obligor is self-employed. <b>Self-employment Flag (obligor 4):</b> An indicator of whether the obligor is self-employed.	1 = Yes 2 = No	0 = No; 1 = Yes; 99 = Unknown	
New					
New					
New					
Item 2(c)(21)	<b>Current other monthly payment.</b> Provide the total amount per month of all payments pertaining to the subject property other than principal and interest.	<b>'Other' monthly payment (at origination):</b> The aggregate of all payments pertaining to the subject property and the subject loan other than principal and interest at origination (includes common charges, condo fees, T&I, HOA, etc.), whether escrowed or not.	Number	Number	Clarified field name and definition
Item 2(c)(22)	<b>Length of employment: obligor.</b> Provide the number of complete months of service with the obligor's current employer as of the origination date.	<b>Length of employment: obligor 1:</b> The number of months of service with the obligor's current employer as of the date of the loan.			
Item 2(c)(23)	<b>Length of employment: co-obligor.</b> Provide the number of complete months of service with the co-obligor's current employer as of the origination date.	<b>Length of employment: obligor 2:</b> The number of months of service with the obligor's current employer as of the date of the loan.	Month Bands (i.e., 1 to 6 months; 7 to 12 months, etc.)	Number (Actual number of months)	Replacing "Obligor/Co-Obligor" concept with Obligors 1, 2, 3, and 4.

New		<b>Length of employment: obligor 3:</b> The number of months of service with the obligor's current employer as of the date of the loan.			
New		<b>Length of employment: obligor 4:</b> The number of months of service with the obligor's current employer as of the date of the loan.			
New		<b>Time in current line of work/profession: obligor 1:</b> The number of months the obligor has been employed in his/her current line of work, as represented by the obligor on the application		Number	
New		<b>Time in current line of work/profession: obligor 2:</b> The number of months the obligor has been employed in his/her current line of work, as represented by the obligor on the application		Number	
New		<b>Time in current line of work/profession: obligor 3:</b> The number of months the obligor has been employed in his/her current line of work, as represented by the obligor on the application		Number	
New		<b>Time in current line of work/profession: obligor 4:</b> The number of months the obligor has been employed in his/her current line of work, as represented by the obligor on the application		Number	
Item 2(c){26}	<b>Obligor wage income.</b> Provide the code that base describes the dollar amount per month of income associated with the obligor's employment.	<b>Qualifying base income: (obligor 1):</b> Monthly base income as captured on the Loan Application			
Item 2(c){27}	<b>Co-Obligor wage income.</b> Provide the code that base describes the dollar amount per month of income associated with the co-obligor's employment.	<b>Qualifying base income: (obligor 2):</b> Monthly base income as captured on the Loan Application	Income Bands (i.e., less than \$500; \$500 to \$999, etc.)	Number (Actual monthly base qualifying income)	Replacing "Obligor/Co-Obligor" concept with Obligors 1, 2, 3, and 4.
New		<b>Qualifying base income: (obligor 3):</b> Monthly base income as captured on the Loan Application			
New		<b>Qualifying base income: (obligor 4):</b> Monthly base income as captured on the Loan Application			
Item 2(c){28}	<b>Obligor other income.</b> Provide the dollar amount of the obligor's monthly income other than obligor wage income.	<b>Other Qualifying Income (obligor 1):</b> Monthly Other income, including qualifying overtime, bonus, commission, dividend/interest, net rental and other income as captured on the Loan Application. (This figure should include net rental income and be reduced by any net rental loss.)	Income Bands (i.e., less than \$500; \$500 to \$999, etc.)	Number (Actual monthly other qualifying income)	Replacing "Obligor/Co-Obligor" concept with Obligors 1, 2, 3, and 4.
Item 2(c){29}	<b>Co-Obligor other income.</b> Provide the dollar amount of the co-obligor's monthly income other than obligor wage income.	<b>Other qualifying income (obligor 2):</b> See Definition for obligor 1			
New		<b>Other qualifying income (obligor 3):</b> See Definition for obligor 1			
New		<b>Other qualifying income (obligor 4):</b> See Definition for obligor 1			
Item 2(c){31}	<b>All obligor total income.</b> Provide the monthly income of all obligors.	<b>Total qualifying income (obligor 1):</b> Total monthly income used to qualify the obligor			
New		<b>Total qualifying income (obligor 2):</b> Total monthly income used to qualify the obligor	Income Bands (i.e., less than \$500; \$500 to \$999, etc.)	Number (Actual monthly total qualifying income)	Expand to 4 obligors; when combined with wage income for Obligors 1 thru 4, eliminates need for Item 2(c){30} (All Obligor Wage Income)
New		<b>Total qualifying income (obligor 3):</b> Total monthly income used to qualify the obligor			

New	<b>Total qualifying income (obligor 4):</b> Total monthly income used to qualify the obligor		
New	<b>Scheduled Loan Amount:</b> Mortgage loan outstanding principal balance, reflecting all scheduled payments due on or before the cut-off date	Number	
New	<b>Obligor ID (obligor 1):</b> The ID number used by the issuer to identify obligor 1 within this transaction.	Number	
New	<b>Obligor ID (obligor 2):</b> The ID number used by the issuer to identify obligor 2 within this transaction.	Number	Used to identify the number of times a single obligor appears in a given deal. Ensure that obligors 1 through 4 are consistent across all fields.
New	<b>Obligor ID (obligor 3):</b> The ID number used by the issuer to identify obligor 3 within this transaction.	Number	Used to identify the number of times a single borrower appears in a given deal.
New	<b>Obligor ID (obligor 4):</b> The ID number used by the issuer to identify obligor 4 within this transaction.	Number	Ensure that obligor 1 through 4 are consistent across all fields.
New	<b>Months in home:</b> The longest time (in months) that any obligor has resided in the subject property (as of loan origination).	Number	
New	<b>Citizenship type (obligor 1):</b> Indicator of whether obligor is a U.S. Citizen, Resident Alien or Foreign National		
New	<b>Citizenship type (obligor 2):</b> Indicator of whether obligor is a U.S. Citizen, Resident Alien or Foreign National		
New	<b>Citizenship type (obligor 3):</b> Indicator of whether obligor is a U.S. Citizen, Resident Alien or Foreign National		
New	<b>Citizenship type (obligor 4):</b> Indicator of whether obligor is a U.S. Citizen, Resident Alien or Foreign National		
New	<b>Assumability indicator:</b> Indicates whether the loan may be assumed		

- 1: U.S. Citizen
- 2: Permanent Resident Alien
- 3: Non-Perm. Resident Alien
- 4: Foreign National
- 5: Other
- 99: Unknown

- 0 = No
- 1 = Yes
- 99 = Unknown

# APPENDIX A-1: Property Type

1	Single Family Detached (non-PUD)
2	Co-op
3	Condo, Low Rise (4 or fewer stories)
3W	Condo, Low Rise (Warrantable)
3U	Condo, Low Rise (Unwarrantable)
4	Condo, High Rise (5+ stories)
4W	Condo, High Rise (Warrantable)
4U	Condo, High Rise (Unwarrantable)
5	Condotel (as defined in Issuer's Underwriting Guidelines)
5W	Condotel (Warrantable)
5U	Condotel (Unwarrantable)
6	Attached PUD
7	PUD (Only for use with Single-Family Detached Homes with PUD riders)
8	Single Family Attached (i.e., non-PUD townhouse) (Do not report as "PUD")
9	Single-wide Manufactured Housing
10	Double-wide Manufactured Housing
11	Multi-wide Manufactured Housing
12	Reserved
13	2 Family
14	3 Family
15	4 Family
16	Anchored Retail
17	Healthcare
18	Hotel
19	Industrial
20	Land
21	Mixed Use
22	Multi w/Minor Retail
23	Office
25	Regional Mall
26	School
27	Unanchored Retail
28	Warehouse
29	5-10 Unit Multi-Family
30	11-20 Unit Multi-Family
31	21-40 Unit Multi-Family
32	41-100 Unit Multi-Family
33	100+ Unit Multi-Family
34	Gas Station
35	Parking Lot
36	Religious Congregation Building
98	Other
99	Unavailable

## APPENDIX A-2: Income Verification

Level	Wage Income	Non-wage Income
1	Not stated on application; Not verified	
2	Stated on application; Not verified	
3	Verified to less than the Level 4 standard (see below)	Verified to less than the Level 4 standard (see below)—including bank deposit/non-traditional verification
4	Verified to the Following Standard: 2 years W-2, paystub(s) with last 30 days wages	Verified to the Following Standard: 2 years personal and business signed tax returns with all schedules, including K-1s, accompanied by a letter of certification issued by a CPA or other independent third-party at the time of origination.
5	Verified using 2 years of IRS tax transcripts supporting borrower-supplied information (or accompanied by an explanation of variance)	

## APPENDIX A-3: Employment Verification

Level	Wage Income	Non-wage Income
1	Not stated on application; Not verified	
2	Stated on application; Not verified	
3	Level 4/5 Verification of Employment (VOE) performed more than 30 calendar days before closing with any of above <b>OR</b> written VOE with no external verification (TALX/Work Number) or other third-party confirmation	Employment verified more than 30 calendar days before closing with at least 1 independent confirmation
4	Within 14-30 calendar days of closing, either: Verbal VOE (with probability of income continuance) <b>OR</b> written VOE with TALX/Work Number. or other third-party confirmation	1 independent confirmation, e.g., CPA letter, state licensing, internet site, reverse phone lookup, etc., within 30 days of closing
5	<u>No more than 10 business days prior to closing, either:</u> Verbal VOE (with probability of income continuance) or Written VOE with TALX/WorkNumber or other third-party confirmation	2 or more independent confirmations, e.g., CPA letter, state licensing, internet site, reverse phone lookup, etc., within 30 days of closing
9	Not applicable (e.g., retired borrower)	