

Alimony and Affordable Seconds using LPA v5.0.06 with the Redesigned URLA, Federal Tax Extension and Retail IHDA

Purpose

This announcement includes the following topics:

- ✓ LPA Specs for Alimony and Affordable Seconds
 - ✓ Federal Tax Extension
 - ✓ Retail IHDA – *Reminder revised*
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LPA v5.0.06: Alimony and Affordable Seconds

Effective March 1, 2021 with implementation of the new URLA Per [Freddie Mac Bulletin 2020-26](#):

Alimony

When entering an alimony obligation with the updated LPA Specification v5.0.06, select “Alimony” for Income Type and enter it as a Negative number.

If the Borrower receives alimony income, select the applicable income type(s) of “Alimony” for Income Type and enter the amount received.

It is no longer necessary to manually add applicable income type(s) together and subtract out any obligations.

Affordable Seconds

The updated LPA v5.0.06 technical specifications contain new data fields for Affordable Seconds and must be used with the redesigned URLA.

The new data points in LPA v5.0.06 enable it to accurately identify Affordable Seconds with no payment requirements before the Due Date of the 61st monthly payment. The chart on the following page is provided for additional clarity on how to enter data in LPA for these types of Affordable Seconds, depending on which version of the request file specification that is being used.

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Alimony and Affordable Seconds using LPA v5.0.06 with the Redesigned URLA, Federal Tax Extension and Retail IHDA, Continued

**LPA v5.0.06:
Alimony and
Affordable
Seconds,
continued**

LPA request file specification version for non-amortizing Affordable Seconds	Special Instructions
v4.8.01 and earlier	<ul style="list-style-type: none"> • UID 16.00-AssetType="GiftsTotal" • UID 10.00-AssetCashOrMarketValueAmount = Affordable Second amount <p>Do not include the Affordable Second amount in UID 170.00-SubordinateLienAmount</p>
v5.0.06 and used with redesigned URLA	<p>In the LOAN container with UID 101.00-LoanRoleType="RelatedLoan" provide the values as shown for the following data points:</p> <ul style="list-style-type: none"> • UID 206.00-LoanAffordableIndicator="true" • UID 207.00-InitialPrincipalAndInterestPaymentAmount = "0" • UID 207.10-lpa: PaymentDeferredFirstFiveYearsIndicator = "true" • UID 194.00-LienPriorityType = "SecondLien" • UID 209.00-NoteAmount = Affordable Second loan amount <p>Note that additional data points are also required by LPA v5.0.06 for every subordinate lien and must also be provided.</p>

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Alimony and Affordable Seconds using LPA v5.0.06 with the Redesigned URLA, Federal Tax Extension and Retail IHDA, Continued

Federal Tax Extension

The IRS has extended the tax filing deadline to May 17, 2021.

**Retail IHDA –
Reminder
revised**

Retail IHDA requires:

- ✓ three (3) years of signed returns or transcripts
 - *IHDA also requires three (3) years of signed tax returns for non-purchasing spouses.*
- ✓ the most recent w2's for each borrower (which should align with the tax returns provided)
- ✓ **CANNOT** accept IRS tax extensions.

Revised chart due to tax extension:

Files closing before May 17, 2021	Files closing after May 17, 2021
2017, 2018, 2019 OR	2017, 2018, 2019 <i>not accepted after May 17, 2021</i>
2018, 2019, 2020	2018, 2019, 2020

Effective Dates

As Noted

Questions

Retail – Please contact your Manager with any questions.
 Mod Corr – Please contact Brent Wilder, National Account Executive, at bwilder@fsmloans.biz