

Disclosure of HVE Valuation Data through the LPA Feedback Certificate

October 22, 2023



If a Seller/Servicer uses a Loan Product Advisor® (LPASM) Feedback Certificate to disclose Freddie Mac Home Value Explorer® (HVE®) valuation data received from Freddie Mac to a loan applicant or borrower, Seller/Servicers should include the following notice and the appropriate supporting text, which should accompany the LPA Feedback Certificate in a sufficiently prominent fashion so as to not escape the attention of the loan applicant, borrower, any other party or a reasonable observer:

A. Notice

IMPORTANT NOTICE: PLEASE READ FIRST

The Loan Product Advisor® (LPASM) Feedback Certificate (the “Certificate”) accompanying this notice is intended only for use by the Originating or Submitting Company identified on the Certificate and any Freddie Mac Seller on behalf of which either such Company processes the information provided in the Certificate.

The Certificate does not contain any valuation information that either constitutes or is a substitute for an appraisal. Moreover, it is not a ‘credit report’ or ‘consumer report’ within the meaning of any fair credit reporting laws, nor may it be relied upon as such by any Originating or Submitting Company, Freddie Mac Seller or any other individual or entity. Further, the Certificate is not a decision as to whether to extend credit; such decision can only be made by the Originating or Submitting Company identified below or by any Freddie Mac Seller on behalf of which either such Company processes the information provided in this Certificate.

Any questions regarding any information set forth in the Certificate should be directed to any of these three parties.

B. Supporting Text

Supporting Text When an Appraisal is Required for the Lender’s Credit Decision

Home Value Explorer® (HVE®) point value estimates are provided by Freddie Mac and are calculated using various models and techniques proprietary to Freddie Mac. [Seller/ Servicer Name] may have used a different property value to make its credit decision. An HVE point value estimate does not indicate Freddie Mac’s acceptance or rejection of the appraised property value submitted by [Seller/ Servicer Name]. [Seller/ Servicer Name] is responsible for the property appraisal, as well as representation and warranties of the appraisal, regardless of the HVE point value estimate.

If you have questions regarding Freddie Mac’s HVE information, please see Freddie Mac’s website at sf.freddiemac.com/tools-learning/home-value-suite/home-value-explorer.

Supporting Text When an Appraisal is Not Required for the Lender’s Credit Decision

Home Value Explorer® (HVE®) point value estimates are provided by Freddie Mac and are calculated using various models and techniques proprietary to Freddie Mac. [Seller/ Servicer Name] may have used a different property value to make the credit decision.

If you have questions regarding Freddie Mac’s HVE information, please see Freddie Mac’s website at sf.freddiemac.com/tools-learning/home-value-suite/home-value-explorer.



In addition to providing the notice and supporting text, Seller/Service providers should include additional information regarding the LPA HVE-related feedback messages and field definitions to clarify the information provided to the Borrower or loan applicant. Information regarding some of these fields are listed below.

Field Definitions

LP Key Number: LPA assigned loan level identifier.

Address: Subject property address.

Purchase Price: Purchase price provided by the Seller/Service provider (if applicable).

Date/Time Assessed: The date on which the LPA transaction was run and the HVE value generated from the HVE Database.

HVE Point Value Estimate: An estimate of property value based on a Freddie Mac statistical model (HVE) that assumes average marketability and condition of the property.

Estimated Value of Property: The estimated or appraised value of the property provided by the Seller/Service provider.

Percent Difference: The difference between the Seller/Service provider provided Estimated Value of Property or Purchase Price and the HVE Point Value expressed as a percentage:

$$\frac{(\text{Lesser of appraised/estimated value or purchase price}) - \text{HVE point value}}{\text{Lesser of appraised/estimated value or purchase price}}$$

Rounded to the nearest integer and multiplied by 100 (%)

Forecast Standard Deviation (FSD): A statistical measure of the accuracy of the HVE point value estimate. The lower the forecast standard deviation returned, the smaller the error in predicting actual market value.

Confidence (Score) Level: A confidence level is a measure providing information about the accuracy of an AVM's value. HVE derives the confidence levels from the FSD and summarizes within high, medium, and low value ranges.

- High = FSD of .001 to .130
- Medium = FSD of .131 to .200
- Low = FSD of .201 to .400

Loan Processing Information Feedback Message Codes

Y0 - Current Property Point Value Amount (HVE)

Y1 - Current Property Forecast Standard Deviation Rate (HVE)

Y2 - Current Home Value Explorer Confidence Level

Y3 - Unable to determine the HVE point value estimate for the submitted address



As a reminder, following these instructions does not relieve Seller/Service providers of any compliance obligations under applicable regulatory requirements.

If you have questions, please contact your Freddie Mac representative or call the Customer Support Contact Center (800-FREDDIE).