Loan Product Advisor®

September 2024 Release Notes

Loan Product Advisor® (LPA℠) release notes provide updates on LPA enhancements to help streamline the way you work and offer a summary of feedback messages.

Warning Message with Invalid Home Possible Advantage℠ LPI

Effective August 1

We removed the enumeration "HomePossibleAdvantage" from Loan Program Identifier (LPI). This mortgage product has been retired for several years. With this change, feedback message DQE0439 will no longer be returned on the feedback certificate. If a loan is submitted with "HomePossibleAdvantage" for the LPI, you'll receive warning message DQE0404 instead of a critical error message and the transaction will not be assessed as a Home Possible Advantage mortgage.

New Credit Report Format with Loan Assignment API

Effective August 1

Loan Assignment API retrieveLoanApplicationData will now be able to return credit report data in XML format in addition to the existing plain text and PDF formats. To receive the credit report in the XML format, include *"mismoXMLResponseIndicator": true* in the request JSON.

AIM for Income Using Employment Data (Closed Loans)

Effective August 7

As announced in *Single-Family Seller/Servicer Guide* (Guide) [Bulletin 2024-10](#), Sellers now have the option to use LPA asset and income modeler (AIM) on mortgage transactions assessed by LPA that they've acquired (closed loans). This option provides access to income representation and warranty (R&W) relief eligibility and may improve the quality of the loans you sell to Freddie Mac.

To take advantage of this capability, Sellers will need optical character recognition (OCR) technology to extract data from paystubs and W-2s and an integration with AIM Check API to submit the required data.

Approval to use AIM Check API is required. For more information, check out this [article](#).

Paystub and W-2 Income Message Update

Effective August 8

Based on your feedback, we're updating the text for feedback message FEI0312 to add more details about the requirements for retaining paystubs and W-2s in the loan file.

Message Code	Original or Existing Text	New Message Text
FEI0312	<<BorrowerFullName>>'s submitted <<SubmittedEmployerFullName>> income of $<<SubmittedIncomeAmount>> is relieved of representation and warranty for the accuracy of the income calculation. This income was assessed based on paystub and W2 data from the provider using the [<<ThirdPartyServiceProviderName>>: <<ThirdPartyReportIdentifier>>] data. The paystubs and W2's must be retained in the loan file. No further documentation is required for this income.	<<BorrowerFullName>>'s submitted <<SubmittedEmployerFullName>> income of $<<SubmittedIncomeAmount>> is relieved of representation and warranty for the accuracy of the income calculation. This income was assessed based on paystub and W-2 data from the provider using the [<<ThirdPartyServiceProviderName>>: <<ThirdPartyReportIdentifier>>] data. Based on the paystub date of <<ThirdPartyPaystubDate>>, the expiration of the paystub is <<ThirdPartyPaystubAndW2ExpirationDate>>. Seller is responsible for confirming the paystub is dated no more than 120 calendar days before the note date per Guide Section 5102.4 and retaining the paystubs and W-2's in the loan file. No further documentation is required for this income.

LPA Key Format Update

Effective August 25

LPA Key numbers will be issued with a new alphanumeric format to increase the inventory of available numbers and will start being generated for new loan submissions.

Currently, the LPA Key consists of eight characters with the first being a letter (A-Z) followed by seven numbers (e.g., A1234567). To enable this expansion, LPA is now able to increment the numbers characters as letters. The new format length will remain at eight characters: the two letter characters followed by six numbers (e.g., AA123456).

Message Updates to Support Guide Refactoring

Effective September 8

To improve the ease of use of our Guide, we're refactoring several sections to enhance readability. While requirements are not expected to be changed as a result of this new formatting, we will have message text that may be updated to direct users to the updated location in the Guide. Check out this article to learn more about Guide refactoring.

There are three messages that are being updated in September as a result of refactoring of Guide Section 4501.

Message Code	Original or Existing text	New Message Text
FAR0075	If cash on hand is used to qualify the borrower: Seller must reasonably conclude and support that Borrower is a cash-basis individual, cash is not borrowed and could be saved, and there is no indication that borrower typically uses checking/savings or similar accounts. Obtain documentation according to Guide Section	If cash on hand is used to qualify the borrower: Seller must reasonably conclude and support that Borrower is a cash-basis individual, cash is not borrowed and could be saved, and there is no indication that borrower typically uses checking/savings or similar accounts. Obtain documentation according to Guide Section

	4501.10 that supports Seller's conclusion. Provide evidence that all funds are deposited in a financial institution or are held in an institutional escrow account prior to closing.	4501.**7** that supports Seller's conclusion. Provide evidence that all funds are deposited in a financial institution or are held in an institutional escrow account prior to closing.
FAL0047	At least one borrower must participate in a landlord education program that is required by the HFA. If the HFA does not require landlord education, at least one borrower must participate in a landlord education program per Guide Section 4501.12. Retain any Certificate of Achievement or comparable documentation in the mortgage file.	At least one borrower must participate in a landlord education program that is required by the HFA. If the HFA does not require landlord education, at least one borrower must participate in a landlord education program per Guide Section 4501.**9**. Retain any Certificate of Achievement or comparable documentation in the mortgage file.
FAL0035	Other income for " + <Borrower Full Name (LPA)> + " must be documented according to Guide Section 5305.2. If rental income from a 1-unit Primary Residence is being used to qualify on a Home Possible Mortgage document according to Guide Sections 4501.9.	Other income for " + <Borrower Full Name (LPA)> + " must be documented according to Guide Section 5305.2. If rental income from a 1-unit Primary Residence is being used to qualify on a Home Possible Mortgage document according to Guide Sections 4501.**6**.

Caution Message Updates

Effective September 8

Last year, we revised our Caution messages and provided more details to help you quickly identify reasons for the Caution response. We're continuing that work and enhancing more Caution messages.

One new message will indicate when negative payment history as reflected on the credit report impacted the risk class and two existing messages will be updated to include additional submitted loan data information. Review the feedback messages.

Update to ARM Qualifying PI Calculation

Effective September 8

We're making a technical update to the monthly qualifying principal and interest payment calculation for adjustable-rate mortgage (ARM) loans. The revised calculation will be:

$$Calculated\ ARM\ PI\ Amount = \frac{L}{\left(\frac{1 - (1 + I)^{-P}}{I}\right)}$$

I	Selected ARM Qualifying Monthly Interest Rate (Decimal Rate)
L	Base Loan Amount (Dollars)
P	Amortization Period (Months)

BigDecimal is the variable used to hold this amount. The Base Loan Amount includes any financed fees, such as financed PMI, MI Premium or Funding Fee. LPA will now be including the ARM Qualifying PITI (UID-189.00 Qualifying Payment Amount) to calculate the Total Monthly Debt (UID-189.20 Total Liabilities Monthly Payment Amount). This change could slightly impact software partners or custom lenders that perform comparison calculations.

New Condo Project Advisor® PAR Status Integration Messages

Effective September 29

We're integrating additional Condo Project Advisor Project Assessment Request (PAR) statuses for condo projects directly into LPA. This integration will give you earlier insight into why a particular condo project status has been assigned. A message will alert you when the condo project may be eligible for a Project Certified submission. These new messages will apply to all condo loans and aren't limited to new LPA submissions.

If the project isn't found in the Condo Project Advisor database, you'll receive a message that the address cannot be matched. In addition, we're adding another message to support the update to the condo project policy announced in Guide Bulletin 2023-24.

You'll be able to start testing with the message updates in the customer test environment (CTE) starting on September 20.

New Condo Project Not Eligible Status Message

Effective September 29

We're also adding a new feedback message to help you identify earlier in your origination processes when condo projects that do not meet our requirements. As a reminder, when a loan is submitted to LPA and the Project Legal Structure type is "Condominium," LPA will run an internal check to identify whether the project has a Not Eligible status in Condo Project Advisor. If the project has this status, LPA will return a message identifying the reason for the ineligibility and indicating that Freddie Mac will not purchase the loan secured by the condo unit in the condo project.

This new message will apply to all condo loans and isn't limited to new LPA submissions.

Full September Feedback Message Updates

Review the full list of September feedback messages updates or visit the Loan Advisor Resources & Learning webpage – bookmark it for quick access to the latest updates for all of the Loan Advisor tools you use.