More options!

Better prepare homebuyers with LPA check

The next evolution of Loan Product Advisor® (LPA®) providing you **early** insight into a borrower's risk assessment with **minimum** data.

Innovative way to help more borrowers!

" How do I take **advantage** of this?

Simply select "Prequalification" as the **Loan Status Identifier** and submit to LPA with minimum data*. LPA will perform an early assessment of purchase eligibility to inform the lender during their prequalification process. "
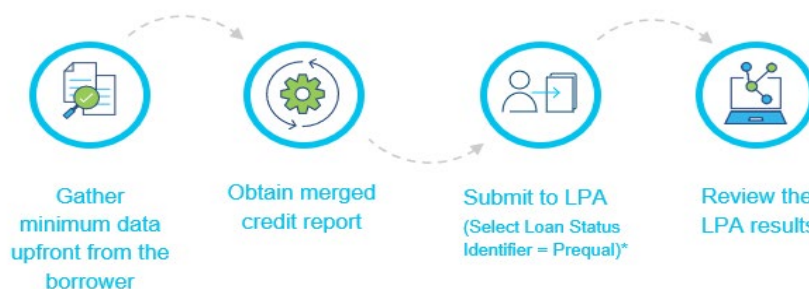
*Refer to the Minimum Dataset section.

Benefits

✓ Opportunity to better prepare homebuyers
✓ Obtain eligibility information earlier in the process
✓ Gather minimum data upfront

How it Works

Gather minimum data upfront from the borrower

Obtain merged credit report

Submit to LPA (Select Loan Status Identifier = Prequal)*

Review the LPA results

*If accessing LPA using the direct entry method via Freddie Mac Gateway℠: Processing Stage = Prequalification.

Note: Loans **must** have the "**Prequalification**" status for LPA check to identify the minimum number of data points.

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Comparison

TOPIC	LPA check	LPA
Request Type	Prequalification	Full assessment
Loan Status Identifier	Prequalification	Application/Underwriting
Data Elements	Minimum (approx. 70)	Full (approx. 250)
Credit Type	Merged credit report (may also be a soft pull)	Merged credit report (hard credit pull)
Collateral Alternative: Appraisal Waiver	Automated Collateral Evaluation (ACE): Eligible Note: Must identify a property address	

Next Steps: Review the Results

When submitting minimum data for an early purchase eligibility assessment, use the top of the Feedback Certificate to quickly view the risk assessment result, and if a property address was provided, eligibility for ACE.

Excerpt of the Loan Product Advisor Feedback Certificate

Checklist

1. Risk Class:
   - ☑ Accept/Caution
2. Collateral Assessment:
   - ☑ ACE Eligible/Not Eligible

Got a Caution? Not a Problem...

Did you know…
Getting to Accept is easier with LPA Choice feedback messages that identify actionable steps about how to proceed.

LPA Choice messages are received for certain loans that receive a Caution risk class and use dynamic data points for three specific loan characteristics:

- ➲ Debt-to-income (DTI) ratio
- ➲ Loan-to-value (LTV) ratio
- ➲ Reserves

Next Steps

The message identifies a change amount for a specific loan characteristic, as applicable. Review the messages returned in the ***Credit and Liabilities Messages*** section of the feedback certificate and resubmit to LPA with the change(s). If you provide the information identified in the messages and resubmitted to LPA, the loan is more likely to turn into an Accept.

Example: Credit and Liabilities Messages section- LPA Choice message

FCL0435	LPA Choice: Loan to Value/total Loan to Value. Based on the application data, an LTV/TLTV of 80.00%/80.00% impacted the risk class. Reduction of the loan amount by $25,100.00 may help meet established underwriting guidelines for purchase.

More Affordable Opportunities: Affordable Product Information

If a property address is provided, the **Assessment Summary** section shows you the area median income (AMI) based on the submitted property location and the borrower(s) total qualifying income as a percentage of AMI to help identify more affordable loan opportunities and potentially help you prequalify more borrowers.

What about the Purchase Eligibility and Data Quality Messages Sections?

Purchase Restriction Messages

CODE	MESSAGE
PUR0423	Total eligible assets of $0.00 are less than the total required funds of $40,843.00.

Purchase Eligibility: Result Eligible/Ineligible
When the Purchase Eligibility is 'Ineligible', purchase restriction messages display in the Purchase Restriction Messages section to indicate why the loan is not eligible for sale to Freddie Mac as submitted. However, in most instances, the purchase restriction messages should be resolved upon resubmission of a full loan application.

As a best practice review the messages, confirm Guide policy/loan product requirements, update or restructure the transaction, if possible, and resubmit.

Note: The last feedback certificate must indicate a Purchase Eligibility result 'Eligible' to be saleable to Freddie Mac.

Data Quality Messages Section

LPA relies on the data that you input. As a result of submitting the LPA check minimum data, LPA will display data quality messages for missing, inaccurate or incomplete data.

Data Quality and System Messages

CODE	MESSAGE
DQE0334	INVALID RELATIONSHIP. In the linkage between employment CURRENT INCOME ITEM and current EMPLOYER, xlink:to must match a current EMPLOYER label and reflect the same order as the RELATIONSHIP.
DQC0080	Borrower Closing Costs (EstimatedClosingCostsAmount) is required.
DQC0637	EmploymentStatusType must be populated when any Employer is populated.
DQC0114	Start Date (EmploymentStartDate) is required for Alice Freddie's Enterprise One employment.

Next Steps

If,	*Then,*
The message(s) is related to incomplete, inaccurate or missing data,	Update the information when you move the loan file to the next processing stage and resubmit to LPA.

Resubmit Full Application to LPA

When ready to move to the next processing stage follow the below next steps to resubmit to LPA.

1. Gather and input additional borrower and property information, as applicable.

2. Change Loan Status Identifier from "Prequalification" to next processing stage (e.g., Application, Underwriting).

3. Resubmit to LPA using the existing LPA Key Number.

4. Review the results.

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Minimum Dataset

Loans **must** have the "**Prequalification**" status for LPA check to identify the minimum number of data points that must be provided for conventional purchases, refinances, ARMs and to receive automated collateral evaluation (ACE) assessment to gain early insight into whether the loan may receive an "Accept" risk class for conventional loans.

Required Data: Conventional-Purchase - Fixed Rate

Borrower(s) Information:
- First and Last Name(s)
- SSN
- Date of Birth
- Marital Status
- Current Address
- Current Residence Type (rent/own/rent free)
- Current Address Length of Time
- Total Monthly Current Housing Expense
- Current Employment
- Total Monthly Income Amount
- Self-Employment Indicator
- Merged Credit Reference Number (MCRN)
- Total Liability Monthly Payment Amount
- Citizenship
- Homeowner Past Three Years
- Intent to Occupy as Primary Residence
- Bankruptcy Indicator
- Deed in Lieu/Foreclosure Indicators

Loan Information:
- Loan Status Identifier: Prequalification
- Loan Purpose
- Loan Amount
- Amortization Term – Months
- Note Rate
- Temporary Subsidy Buydown Indicator
- Total Monthly Proposed Housing Expense
- Purchase Price
- New Related Loan (if applicable)

Property Information
- Property Usage Type/Occupancy
- Attachment Type
- Construction Method Type (MH/Site Built)
- Financed Unit Count
- Project Indicator
- PUD Indicator
- Construction Loan Indicator

Additional Data Required For:

ACE Assessment:
- Sales Contract Amount (Purchase Only)
- Subject Property Address
- Property Estimated Value Amount

Refinance Transaction:
- Property Estimated Value Amount
- Refinance Type
  - If cash-out provide the cash-out amount
- Refinance Debts to be Paid Off

Adjustable-Rate Mortgage (ARM):
- Qualifying Rate%
- Index Source Type (Other)
- Index Source Other Description (30 Day Average SOFR)
- Ceiling Rate %
- Margin Rate %
- Adjustment Rule Type (1st rate adj)
- Per Change Maximum Increate Rate %
- Per Change Rate Adjustment Frequency Months
- Adjustment Change Index Rate %
- Initial Fixed Period Effective Months

Resources

➲ Software Partners, refer to the LPA check columns in the Loan Product Advisor v6.0 XML Request File Specification.

➲ Tips for Prequalification Transaction (Direct Entry Users)

ℹ️ Software Partners

LPA check minimum dataset has been added to the Loan Product Advisor v6.0 XML Request File Specification. Cells under **Column R**, "Fixed Rate Purchase" will have a checkmark "✓" if the associated data point must be included with all fixed-rate purchases to obtain a risk class assessment.

Cells under **Columns S-U** will have checkmarks **if the associated data must also be included** if the loan is an ARM and/or refinance, **in addition to,** the data points specified in **Column R.** To obtain an ACE assessment, data points identified with a checkmark in **Column U** must also be included.

*Note: Column V "Add for AIM" is a future enhancement.