

# Loan Product Advisor<sup>®</sup>

August 2021 Releases

Loan Product Advisor<sup>®</sup> (LPA<sup>SM</sup>) is consistently getting better. This month, we made enhancements that align with our *Single-Family Seller/Service Guide* (Guide) requirements, the Amended Senior Preferred Stock Purchase Agreement (PSPA) and in response to feedback we received from our valued clients. Because we understand you're busy, this document summarizes all August enhancements and feedback message updates in one place. For more details about a release, please read the associated Guide Bulletin, read our [Single-Family news articles](#) or reach out to your Freddie Mac representative.

## Effective August 22, 2021

### Updates to Automated Collateral Evaluation (ACE)

- Loan Product Advisor will restrict ACE eligibility when an appraisal is identified in the Uniform Collateral Data Portal<sup>®</sup> and the appraisal has an effective date within 120 days of an initial LPA submission. A new feedback message corresponding to this restriction will be provided on the LPA Feedback Certificate beginning October 4, 2021.
- Eligibility rules in ACE now recognize program types to prevent ACE on ineligible loan programs.

## Effective August 29, 2021

### Freddie Mac Refi Possible<sup>SM</sup> Offering Enhancements (LPA v5.0.06 only)

As announced in Guide Bulletin, [2021-17](#) and [2021-25](#) Refi Possible is available for manually underwritten mortgages with application dates on and after August 30, 2021, and for submissions to LPA on and after August 30, 2021. LPA will:

- Determine if a Refi Possible mortgage being refinanced is a Freddie Mac-owned loan.
- Determine if the qualifying income meets income/area median income (AMI) requirements.
- Check against other Refi Possible-specific eligibility rules for both the new mortgage and the mortgage being refinanced.
- Return information on the mortgage being refinanced to the client on the LPA Feedback Certificate.

For more information on our Refi Possible offering, check out the [Refi Possible web page](#). To take advantage of Refi Possible, you must use the latest LPA stylesheet dated June 29, 2021. The specification files are available on the Freddie Mac [Developer Portal](#) and [Software Partner Resource Center](#).

### LPA Feedback Certificate Updates (LPA v5.0.06 only)

- The lender-provided address (as opposed to the standardized address determined by LPA) will display under the property address field on the LPA Feedback Certificate and Document Checklist.

**Note:** To benefit from this update, clients must update their systems to the updated LPA stylesheet dated June 29, 2021 to see the lender-provided address. The specification files are available on the Freddie Mac [Developer Portal](#) and [Software Partner Resource Center](#).

- The subject property address will display on the LPA Feedback Certificate PDF regardless of the number of owned properties delivered in the loan application.

## Qualifying Rate Requirement Updates in Response to the PSPA and the Revised General QM Rule

In support of the Revised General QM Rule, all mortgages with application received dates on or after July 1, 2021 and all mortgages with settlement dates after August 31, 2021, must meet the revised qualifying rate requirements outlined in Guide Bulletins [2021-19](#) and [2021-27](#) unless otherwise stated.

The qualifying rate for a 3/6-Month Secured Overnight Financing Rate (SOFR) ARM changed **from** the greater of the note rate plus 2 percent **or** the fully indexed rate, **to** the note rate plus the life cap (5 percent).

LPA will be updated to reflect this change. For more information read this [article](#) and visit the [PSPA Resource Center](#).

## TPO Name Now Included on Loan (LPA v5.0.06 only)

When a loan is submitted by a sponsored third-party originator (TPO) as the originating company, the TPO's name will display throughout the life of the loan – not the sponsoring lender's name. Before this update, only the TPO's number was reflected on the loan along with the sponsoring lender's name.

## LTV Calculation for Prequalification Loans Corrected (LPA v5.0.06 only)

A feedback message (DQC0525) will now notify clients when the appraised value, purchase price or estimated property value is not provided on any loan type. This will help facilitate an accurate loan-to-value (LTV) calculation for prequalification loans.

## State Codes Update (LPA v5.0.06 only)

A critical edit will now be returned if the state code that was provided for a loan is incorrect. This will require clients to enter the correct state to submit the loan.

## August Feedback Message Updates

[View the list](#) of feedback messages that have been updated in July or in support of the July releases.