# Loan Product Advisor®

August 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.

## Trended Data Requirement

As announced in *Single-Family Seller/Servicer* Guide (Guide) Bulletin 2024-6, trended data will be required in credit reports for initial LPA submissions of conventional loans starting on August 4, 2024. For Federal Housing Administration (FHA) and U.S. Department of Veterans Affairs (VA) loans, there are no changes to credit report requirements at this time.

To avoid delays, confirm with your credit provider that you're prepared for this change. Depending on the arrangement with your credit provider, you may begin seeing the trended format on returned credit reports (with associated charges from your credit provider) prior to August 4.

### New Feedback Message for Trended Data Requirement

We're also implementing a new feedback message to notify you when trended data is missing from your submission.

| Message Code | New Message Text |
|---|---|
| FCL0431 | Credit report(s) must contain trended data. |

## New AIM Service Provider - Argyle

### Effective August 4

Argyle will be added as a new asset and income modeler (AIM) service provider to verify income and employment using employment data, giving you more options for sourcing your data. Your system will need to be updated to use the enumeration, "ARGL," to indicate your verification report was provided by Argyle. Review the LPA v5.4.00 Specification Bulletin Amendment 01 for more technical implementation details.

## Property Data Identifier

### Effective August 4

To provide an additional method of obtaining collateral representation and warranty relief eligibility feedback messages for ACE+ PDR (automated collateral evaluation plus property data report) eligible loans, we're adding a new data point (lpa: Property Data Identifier). The Property Data Identifier is returned after a successful submission to the bACE (Beyond ACE application programming interface).

To use the new data point, your system will need to be updated to capture the Property Data Identifier returned from the bACE API submission. Review the LPA v5.4.00 Specification Bulletin Amendment 01 for more technical implementation details.

# Servicer Assumptions for Freddie Mac-Owned Loans

## Effective August 4

As announced in Guide Bulletin 2024-8, Servicers now have the option to use LPA to assess creditworthiness of Freddie Mac-owned loans for mortgage assumptions. To support this update, we're adding a new Loan Program Identifier (LPI), "AssumptionFREOwnedLoan." This LPI is for use only by Servicers and only for assumptions and should not be used for newly originated mortgages. If you're using LPA to originate new mortgages, you can ignore this LPI.

For more technical details on implementation, please review the LPA v5.4.00 Specification Bulletin Amendment 01.

# Various Feedback Message Updates

## Effective August 11

We're updating feedback messages related to the following topics:

- **Funds to close/cash-out amount** – Revised messaging regarding funds to close and cash-out amount will clearly indicate when the loan is ineligible for sale to Freddie Mac. We're also updating messaging to clarify when reserves are required for financed properties.
- **Income** – Revised messages related to pension, VA benefits and social security income will provide more concise documentation requirements.
- **Automated collateral evaluation (ACE)** – Revised messaging to align with language in the Guide.
- **Application Received Date** – New data quality messages to indicate when application received dates are missing and must be submitted, as well as warnings if the data appears inaccurate.
- **Intent to Occupy** – Retiring a duplicative message.

# Quick Links Menu Update for Direct Entry Users

## Effective August 23

For direct entry users, we're enhancing accessibility by enabling users to access the Assign Loan functionality from the Quick Links menu.
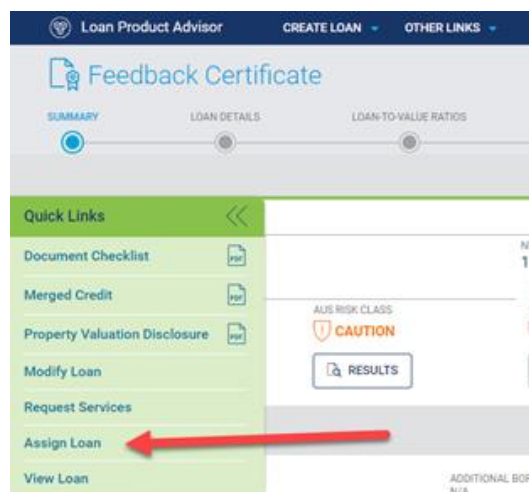
# Update to ARM Qualifying PI Calculation

## Coming Soon

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.

# Full August Feedback Message Updates

Review the full list of August feedback message 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.

# Feedback Message Updates Coming Soon

Here's a preview of updated feedback messages that will be effective in September:

- **Caution messages –** new and revised messaging to provide additional details to help users quickly identify certain reasons for the Caution response.