

Loan Product Advisor<sup>®</sup> (LPA<sup>SM</sup>) Release Notes provide updates on LPA enhancements to help you streamline the way you work and offer a summary of feedback messages.

## AIM for Employment Representation & Warranty Relief

### Effective October 14

As announced in *Single-Family Seller/Servicer Guide* (Guide) [Bulletin 2024-13](#), you can now close loans smoothly and with confidence through an expansion of LPA's asset and income modeler (AIM) capability to assess employment. The expansion provides representation and warranty (R&W) relief eligibility related to the borrower's current employment.

You have options when it comes to R&W relief eligibility. Using data from payroll or asset reports (including employment-only reports) or digitized paystubs and W-2s through AIM Check API, LPA will assess eligibility for employment R&W relief. If the loan is closed on or before the close-by date provided in the feedback messaging, the loan may be eligible for employment R&W relief.

Review the [feedback message updates](#) and learn more in the [AIM FAQs](#). For additional guidance, check out the [Close with Confidence: Income and Employment R&W Relief Reference Tool](#).

### Effective October 27

As a follow-up to this initial release, we'll implement two additional messages to notify you when the employer provided cannot be matched, but the employment source is still eligible for R&W relief.

Message Code	New Message Text
FEI0331	<<BorrowerFullName>>'s employment at <<DerivedEmployerName>> is relieved of representations and warranties for the borrower's current employment and the integrity of the data if the loan is closed on or before <<CloseByDate>>. Seller must confirm that <<DerivedEmployerName>> corresponds to one of the submitted employers: [<<ListOfSubmittedEmployerNames>>,<<ListofSubmittedEmployerNames>>]. The third-party report [<<Vendor Name>>: <<Report ID>>] must be retained in the loan file. If the loan does not close by <<CloseByDate>>, resubmit with updated employment data.
FEI0332	<<BorrowerFullName>>'s employment at <<DerivedEmployerName>> is relieved of representations and warranties for the borrower's current employment if the loan is closed on or before <<CloseByDate>>. Seller must confirm that <<DerivedEmployerName>> corresponds to one of the submitted employers: [<<ListOfSubmittedEmployerNames>>,<<ListofSubmittedEmployerNames>>]. Employment was assessed based on paystub data from the provider using [<<Vendor Name>>: <<Report ID>>]. The paystubs must be retained in the loan file. If the loan does not close by <<CloseByDate>>, resubmit with updated employment data.

## Originating Company Name Update

### Effective October 27

Currently, the Originating Company field on the feedback certificate captures the first originator that submitted a given loan application to LPA. For the life of the loan application with that specific LP Key, the name of the originating company first captured does not change, even if the originating company name does change throughout the course of the loan application due to rebranding, acquisition, etc. On October 27, we'll enhance LPA so that any name updates will be reflected in the Originating Company field on the next applicable resubmission to LPA.

## Government Loans Calculation Updates

### U.S. Department of Veterans Affairs (VA) Loans

#### Effective November 3

Based on your feedback, we've updated the loan-to-value (LTV), total loan-to-value (TLTV) and Home Equity total loan-to-value (HTLTV) calculations so that the lower of the purchase price and the appraised/estimated value is used instead of the net purchase price for the value. The loan amount will be inclusive of any financed funding fees. For TLTV and HTLTV, the sum of the total subordinate financing amount plus Home Equity Line of Credit (HELOC) disbursed amount and the sum of the total subordinate financing amount plus total HELOC limit amount will be used, respectively.

Feedback message PUR0243 was updated per VA guidelines to not include the financed funding fee amount when assessing the 100% TLTV limitation. These changes apply to all transactions.

### Federal Housing Administration (FHA) Loans

#### Effective December 8

Seller Concessions will be calculated by taking the sum of Seller Credits and Interested Party Contributions (IPC) where an IPC is the sum of all Purchase Credits that are provided by builder-developers, real estate agents and lender affiliates. The update will align LPA with the definition of IPCs per the FHA Single Family Housing Policy Handbook 4001 II.A.4.iii(G).

In addition, Total Closing Costs will no longer include the Total Discount Points. These changes apply to all transactions. This update will align LPA with the U.S. Department of Housing and Urban Development Single Family Housing Developer's Guide for Total Scorecard Final, dated April 19, 2024.

## CHOICERenovation<sup>®</sup> Enhancements

### Effective November 25

To make the delivery of CHOICERenovation loans more consistent across the origination and delivery datasets, we're adding three new loan program identifiers in LPA. These will align with those used in Loan Selling Advisor<sup>®</sup> at delivery:

- CHOICERenovationInProgress (requires pre-approval from Freddie Mac to use)
- CHOICERenoEXpress
- CHOICERenoEXpressDTSArea

Learn more about the technical changes needed to start using the new program identifiers in [LPA Specification Bulletin v5.4.00 Amendment 01](#).



We're also making several policy updates around CHOICERenovation loans and will make corresponding [feedback message updates](#). Highlights of the recent policy updates include allowing outstanding liens related to renovations to remain when the CHOICERenovation loan remains a valid first lien; and the introduction of Loan Status Hub<sup>SM</sup>, a new tool that serves as a single source of communication between Freddie Mac and the Seller for CHOICERenovation loans. Learn more about all policy updates for CHOICERenovation in Guide [Bulletin 2024-13](#).

## Risk Assessment Update

Freddie Mac routinely reviews LPA's risk assessment to determine if changes are necessary in light of market conditions and performance data. As part of this process, we implemented updates to LPA's risk assessment on September 8, 2024. These changes are effective for initial submissions to LPA on and after September 8, 2024, addressing:

- Trended credit data requirement
- Submissions with the following:
  - Multiple high-risk factors
  - Non-amortizing affordable seconds (no payment required before the due date of the 61<sup>st</sup> monthly payment under the first lien mortgage)
  - Positive rent payment history and borrower cash flow in asset verification reports

Depending on your portfolio mix, these updates may result in changes to the number of Accept risk classes or Caution risk classes on submissions. Note that positive [rent payment history](#) and [borrower cash flow](#) in asset verification reports have the potential for greater benefit as a result of these updates. These changes support prudent risk management and sustainable homeownership.

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

## Reminder: LPA Choice<sup>SM</sup>

LPA Choice is here. New and enhanced feedback messages will deliver unprecedented, actionable information so you don't miss opportunities to turn Cautions to Accepts. For certain loans that receive a Caution risk class, LPA Choice feedback messages offer information about our purchase requirements and actionable feedback that can help you make faster, informed decisions about how to proceed.

If you can provide the information identified in the messages and resubmit to LPA, the loan is more likely to turn into an Accept. Learn more in the [October Release Notes](#).

## Reminder: LPA v5.2.00 Specification Retirement

LPA v5.2.00 will retire on March 1, 2025. If you're currently using v5.2.00, you'll need to update your systems to support the newest version of LPA to minimize disruptions to your business. By upgrading to the latest version, you'll have access to the latest programs, LPA enhancements and achieve the most up-to-date LPA feedback responses.

Visit our [LPA Version Transition Resources webpage](#) for the latest information and resources or reach out to your Freddie Mac representative for assistance.

