

Effective December 21, 2023

The December Loan Quality Advisor[®] releases include:

- Updates for biannual credit reporting companies (CRCs) and technical affiliates (TAs)
- An updated message matrix
- An updated message matrix including Party Role Type system messages and Caution Factor risk assessment messages
- Adding a new PAR finding status for condominium projects
- An update to Loan Quality Advisor Data Compare
- New critical purchase eligibility edits in Loan Selling Advisor[®]
- An update on HeritageOneSM and BorrowSmart[®]

CRC & TA Biannual Updates Effective December 2023

The following updates are included in the December release for biannual credit reporting companies (CRCs) and technical affiliates (TAs).

Changes include removal of:

- Universal Credit by Xactus (#5127) as a Technical Affiliate
- CIS by Xactus (#5022) as a Technical Affiliate
- Xactus via ML (#2304) as a Technical Affiliate
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Updated contact information for:

- Lenders One
- American Reporting Company, LLC.
- Advantage Credit, Inc.

View the Freddie Mac Credit Reporting Companies and Technical Affiliates [here](#).

Updated Message Matrix for Loan Quality Advisor[®]

Effective December 10, 2023, we added 21 *Caution Factor* messages (2 new, 19 revised) to provide additional support for lenders in the 'Risk Assessment' section of the customer message matrix. The feedback messages will provide clarity around feedback certificate results and will include informational and actionable messages in understanding impacts to risk class and driving workflow.

New messages are in **blue**.

Message Code	Caution Factor Message Text
RS2700	Caution Factor: Bankruptcy. Based on the credit report(s), there is a bankruptcy that impacted the risk class.

RS2701	Caution Factor: Foreclosure. Based on the credit report(s), there is a foreclosure that impacted the risk class.
RS2702	Caution Factor: Bankruptcy. Based on the application, there is a bankruptcy in the past 7 years that impacted the risk class.
RS2703	Caution Factor: Foreclosure. Based on the application, there is a foreclosure in the past 7 years that impacted the risk class.
RS2704	Caution Factor: Credit History. Based on the credit report(s), a combination of credit history factors impacted the risk class.
RS2706	Caution Factor: Mortgage Delinquencies. Based on the credit report(s), mortgage delinquencies impacted the risk class.
RS2709	Caution Factor: Manufactured Home. Based on the application, the Property Type is manufactured home that impacted the risk class.
RS2710	Caution Factor: Self-employed borrower. Based on the application, one or more borrower(s) are self-employed.
RS2714	Caution Factor: Credit Inquiries. Based on the credit report(s), credit inquiries impacted the risk class.
RS2725	Caution Factor: Number of Tradelines. Based on the credit report(s), the number of tradelines impacted the risk class.
RS2729	Caution Factor: Loan-To-Value/Total Loan-To-Value. Based on the application, the LTV/TLTV impacted the risk class.
RS2730	Caution Factor: Reserves. Based on the application, additional reserves may strengthen the mortgage.
RS2731	Caution Factor: Debt-To-Income Ratio. Based on the application, DTI ratio impacted the risk class.
RS2736	Caution Factor: Insufficient Credit History. Based on the credit report(s), there is a lack of credit information that impacted the risk class.
RS2737	Caution Factor: Non-occupant borrower. Based on the application, one or more borrower(s) are non-occupants.
RS2739	Caution Factor: Product Type. Based upon the application, a fixed rate with a shorter term may strengthen the mortgage.
RS2740	Caution Factor: Utilization of credit. Based on the credit report(s), utilization of credit impacted the risk class.
RS2749	Caution Factor: Credit History Length. Based on the credit report(s), there is short credit history length which impacted the risk class.
RS2766	Caution Factor: Occupancy. Based on the application, the property's occupancy type impacted the risk class.
RS2768	Caution Factor: Debt-To-Income Ratio. Based on the application, DTI ratio impacted the risk class.
RS2769	Caution Factor: Short Sale/Deed-In-Lieu of Foreclosure. Based on the credit report(s), there is a short sale or deed-in-lieu of foreclosure that impacted risk class.

Effective January 29, 2024, we're also adding four new Party Role Type messages to the "LQA System Messages" section of the customer message matrix, further defining the roles of the *DocumentCustodian* and *Servicer* in Loan Quality Advisor.

Message Code	Party Role Type Message Text
LP1260	Party Role Type of DocumentCustodian must be provided only once.
LP1261	Party Role Type of Servicer must be provided only once.
LP1262	Party Role Type DocumentCustodian must be seven digits in length.
LP1263	Party Role Type Servicer must be six digits in length.

Condominium Projects: Not Eligible Projects



Effective February 26, 2024, we're enhancing Condo Project Advisor® Project Assessment Request (PAR) to include a new PAR finding status, *Not Eligible*, to indicate that a project does not meet certain project review and general eligibility requirements.

A mortgage secured by a condominium unit in a condominium project that receives a Not Eligible status is ineligible for sale to Freddie Mac and will be identified as such in Output (as defined in Section 2401.1(b)) of Condo Project Advisor, Loan Product Advisor®, Loan Quality Advisor and Loan Selling Advisor.

Please reference [Bulletin 2023-24](#) for details.

Update to Loan Quality Advisor® Data Compare

Based on Seller feedback, we've removed the First-Time Homebuyer (FTHB) comparison in the Data Compare section. The following messages will no longer fire. We'll notify Sellers if they're added back in the future.

First-Time Homebuyer Indicator

- **DC7000** - The Borrower First-Time Homebuyer Indicator is either not a valid value or does not match the value(s) submitted in the last complete Loan Product Advisor transaction.
- **DC7001** - A data comparison cannot be completed for the Borrower First-Time Homebuyer Indicator because the Taxpayer Identifier Value(s) in LQA does not match the Social Security number(s) in Loan Product Advisor.

Loan Selling Advisor® Warning and Critical Edits

New critical purchase eligibility edits in Loan Selling Advisor for loans assessed by LPA and Loan Quality Advisor have a new effective date. Read more about previously announced ([August 18](#) and [October 12](#)) updates and please note our latest purchase eligibility updates from Loan Selling Advisor below:

Effective December 4

Sales Concessions: Critical edits will enforce the existing Guide requirements in [Section 5501.5\(c\)](#), *Sales concessions* and [Section 6302.5](#), *Loan data required for all Mortgages*. Guide [Bulletin 2022-7](#) included a reminder that for ULDD Data Point Purchase Price Amount (Sort ID 195), you must enter the purchase price amount of the property net of any adjustments made for sales concessions.

Effective December 12

GreenCHOICE Mortgages®: Critical edits will enforce the requirements for use of proceeds to finance energy and/or water efficiency improvements or to pay off existing outstanding energy and/or water efficiency related debt in Guide [Section 4606.4](#), *Purchase and "no cash-out" refinance Mortgage requirements*.

Mortgages Secured by Properties with Income-based Resale Restrictions: Critical edits will enforce the requirements for ineligible mortgages secured by a property subject to income-based restrictions in Guide [Section 4406.2](#), *Special requirements for all Mortgages secured by properties subject to income-based resale restrictions*.

Effective January 1

Project Legal Structure Type: Effective October 2, ULDD Data Point Project Legal Structure Type (Sort ID 47) must match the Uniform Loan Application Dataset (ULAD) Data Point Project Legal Structure Type (Unique ID 50.00) in LPA and ULDD Data Point Project Legal Structure Type (Sort ID 47) in Loan Quality Advisor – including when Project Legal Structure Type is blank.



Announced in Single-Family Seller/Service [Guide Bulletin 2023-13](#) on June 7, 2023, HeritageOneSM mortgage is a new Duty to Serve negotiated offering, tailored to meet the needs of borrowers who are members of federally recognized Native American tribes purchasing property located in Native American tribal land.

Effective January 29, 2024, LQA support for HeritageOneSM will require the mortgaged premises to be located in the tribal area of an eligible Native American tribe. To provide better clarity, we're adding a new message to alert users who submit the HeritageOne loan program identifier (LPI) if the property is not located in a tribal area. Customers will receive a 'Non-Tribal Land Warning Message' if HeritageOne requirements are not met for the property. You must obtain Freddie Mac's written approval before selling HeritageOne loans to Freddie Mac.

BorrowSmart[®]

Effective January 29, 2024, all BorrowSmart program loan deliveries must include ULDD Data Point LPI (Sort ID 404) and valid value "BorrowSmart" in Loan Selling Advisor. The Investor Feature Identifier will no longer be accepted and customers who have approval for selling BorrowSmart mortgages to Freddie Mac will receive a critical edit.

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