

# Freddie Mac Tools and LPA<sup>SM</sup>

## Messages to Help Determine Credit Fee Cap Eligibility

Freddie Mac provides certain credit fee caps as described on [Exhibit 19, Credit Fees](#). Use this resource together with [Exhibit 19A, Credit Fee Cap Eligibility](#), prior to delivery, to guide you through using Freddie Mac technology to identify loans eligible for a credit fee cap based on their attributes (e.g., area median income, affordable mortgage product, property type, first-time homebuyer). Select the applicable topic to learn more about credit fee cap eligibility criteria.

**Note:** Final eligibility is determined by Loan Selling Advisor<sup>®</sup>.

- [General Eligibility Check](#)
- [Defined Terms](#)
- [Freddie Mac Tools](#)
- [How to Use Loan Product Advisor<sup>®</sup>](#)
- [How to Use the Map-Based Income and Property Eligibility Tool](#)
- [Leverage Application Programming Interface \(APIs\)](#)
- [Exhibit 19 Fee Calculator](#)
- [Tips and Best Practices when using Loan Selling Advisor](#)

## General Eligibility Check

As detailed on [Exhibit 19A](#), mortgages eligible for a credit fee cap must be secured by a **primary residence** and meet **one or more** of the following criteria:

### First-Time Homebuyer\*

Qualifying income is less than or equal to AMI%\*:

- 100%, or
- 120% in a designated High-Cost Area\*

### Home Possible<sup>®</sup> Mortgage

Qualifying income is less than or equal to AMI%:

- 80%

### Duty to Serve Mortgages\*

Qualifying income is less than or equal to AMI%:

- 100%

You **must** determine whether the loan meets the eligibility requirements for the specific product or property type.

Refer to [Exhibit 19A](#), which illustrates the eligibility criteria

Refer to **Defined Terms**.

**Note:** Vertical revision bars " | " are used in the margin of this quick reference to highlight new requirements and significant changes.

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## Defined Terms



**Area Median Income Percent (AMI%):** This is the total income used to qualify the borrower(s) for the loan converted to an annual basis divided by the AMI for the location of the subject property. (Area Median Income limits are provided by Federal Housing Finance Agency (FHFA)).



**Duty to Serve Mortgages:** Certain CHOICERenovation® mortgages, CHOICEReno eXPress® mortgages, community land trust mortgages, GreenCHOICE Mortgages®, Income-based resale restrictions, CHOICEHome® Mortgages, manufactured homes, mortgaged premises is located in a rural tract in a high needs rural regions, mortgage premises is located in a rural tract and the mortgage is originated by a Small Financial Institution.



**First-time Homebuyer:** At least one borrower on the loan who meets **all** of the following requirements:

- ✓ Purchasing the mortgaged premises.
- ✓ Will reside in the mortgaged premises as a primary residence.
- ✓ Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the mortgaged premises.

Refer to the Freddie Mac *Single-Family Seller/Servicer Guide Glossary* (Glossary) definition for requirements for a displaced homemaker or a single parent, living trust or land trust.



**High-Cost Area:** An area in which 115% of the local median home value exceeds the baseline conforming loan limit, as **defined** by FHFA. Freddie Mac will determine whether a mortgage meets the requirements of FHFA's definition of High-Cost Area when the loan data is submitted to Loan Product Advisor and Loan Selling Advisor.

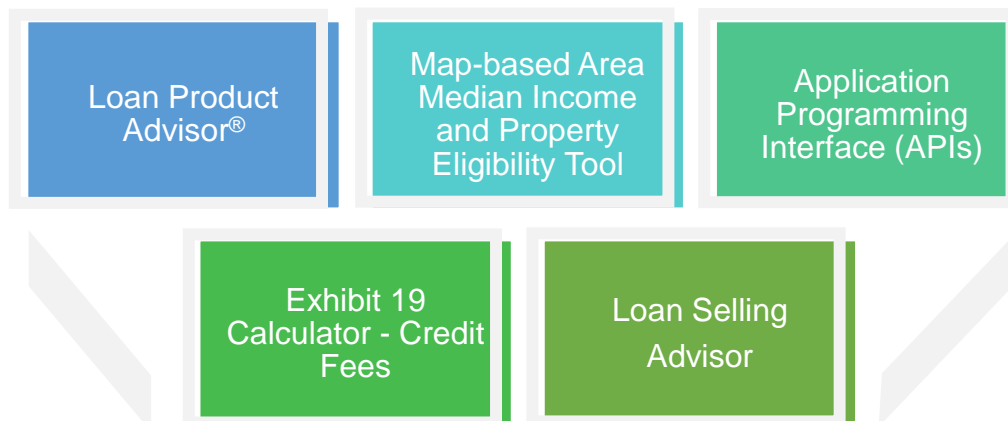


**Rural Tracts:** Based on FHFA's definition of a "rural area" as part of their Duty to Serve regulation. FHFA further designates as subset of these rural areas as "high needs", identified here as High Needs Rural Regions. Refer to the [Glossary](#).

Visit: [www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Eligibility-Data.aspx](http://www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Eligibility-Data.aspx).

## Freddie Mac Tools

You have several options that make it easy to use Freddie Mac technology to identify loans that may be eligible for a credit fee cap based on their attributes. **To learn how simply select a tool.**





## Loan Product Advisor® (LPA<sup>SM</sup>)

Use LPA to identify loans eligible for a credit fee cap based on their attributes. Simply submit the transaction to LPA and review the messages returned in the *Affordable Lending And Access to Credit* and *General Messages* sections of the LPA Feedback Certificate, as applicable.

The LPA Feedback Certificate will display feedback messages on the following loan attributes, as applicable:

1. The AMI%
2. If the property is located in a high-cost area, high needs rural region or rural area
3. Identify if at least one borrower is a first-time homebuyer
4. The Loan Program Identifier(s) and property type

Review the *Affordable Lending and Access to Credit* section of the LPA Feedback Certificate to identify if **Message Code FAL0045** has been returned and review the applicable feedback messages indicating the attribute(s) of the loan that apply.

Affordable Lending and Access to Credit Messages	
CODE	MESSAGE
FAL0046	The loan application data shows a first-time homebuyer.
FAL0045	This loan may meet certain eligibility criteria as outlined in Guide Exhibit 19A Credit Fee Cap Eligibility Criteria.
FAL0044	[REDACTED] is in a designated Rural Area.
FAL0043	[REDACTED] is in a designated High Needs Rural Region.
FAL0011	The area median income (AMI) is \$81,300.00 for the address submitted. The submitted annual qualifying income of \$67,200.00 is 82.66% of the AMI.

Callouts from the table:

- First-time homebuyer (points to FAL0046)
- High Needs Rural Region (points to FAL0043)
- AMI% (points to FAL0011)

Freddie Mac Tools



The following excerpts from the LPA Feedback Certificate have been provided to display the applicable feedback messages related to the attributes referenced above.

1

**AMI% Feedback Message:** Submit the transaction to LPA and review the AMI% messages returned in the *Affordable Lending And Access to Credit* section of the LPA Feedback Certificate.

Affordable Lending And Access To Credit Messages	
CODE	MESSAGE
FAL0002	Based on the annual qualifying income (\$111,000.00) and the Area Median Income (AMI) (\$140,500.00) where the property is located, the loan meets the housing goal qualifications for a Low-Income Purchase (LIP) since the income is at or below 80% AMI (\$112,400.00).
FAL0011	The area median income (AMI) is \$140,500.00 for the address submitted. The submitted annual qualifying income of \$111,000.00 is 80% of the AMI.
FAL0005	This loan meets the Home Possible income limits.
FAL0045	This loan may meet certain eligibility criteria as outlined in Guide Exhibit 19A Credit Fee Cap Eligibility Criteria.

**Note:** The *Assessment Summary* section displays the AMI% in the *Affordable Product Information* sub-section, see below.

The screenshot shows the 'Assessment Summary' section of a Freddie Mac Loan Product Advisor Feedback Certificate. At the top, there is a blue banner with an information icon and the text: 'Attention: Loan was assessed for Home Possible® eligibility and meets income limits.' Below this, the 'Details' section includes a table with columns for 'BORROWER NAME', 'NUMBER OF SUBMISSIONS', and 'LP KEY NUMBER'. The borrower name is 'John Freddie' and the number of submissions is '20'. To the right of this table is the 'Affordable Product Information' section, which is highlighted with a red box. It contains a table with columns for 'AREA MEDIAN INCOME' and 'AREA MEDIAN INCOME (%)', with values '\$140,500.00' and '75.51%' respectively. Below the details, there are two main sections: 'Assessment Summary' and 'Representation & Warranty Relief'. The 'Assessment Summary' section has columns for 'PURCHASE ELIGIBILITY' (marked 'ELIGIBLE'), 'RISK CLASS' (marked 'ACCEPT'), and 'COLLATERAL R&W\* RELIEF' (marked 'NOT ELIGIBLE'). The 'Representation & Warranty Relief' section has columns for 'INCOME R&W\* RELIEF' (marked 'NOT ELIGIBLE') and 'ASSET R&W\* RELIEF' (marked 'NOT ELIGIBLE').



2

**High-Cost Area Feedback Message:** Submit the transaction to LPA and review the *General Messages* section of the LPA Feedback Certificate to determine if the property is located in a high-cost area.

### General Messages

CODE	MESSAGE
FGM0048	Assessment Expiration Date for this loan is 05/26/2023.
FGM0020	Loan Product Advisor Assessment Expiration Date for JOHN FREDDIE is 05/26/2023.
FGM0021	Loan Product Advisor Assessment Expiration Date for MARY FREDDIE is 05/26/2023.
FGM0149	[REDACTED] is in a designated high-cost area.
FGM0143	This Feedback Certificate (i) is not a consumer report; (ii) does not constitute an approval or denial by Loan Product Advisor or Freddie Mac of any consumer loan application; (iii) may only be shared or distributed by the Loan Product Advisor licensee, including the Seller/Servicer, as permitted in Freddie Mac Single-Family Seller/ Servicer Guide Sections 2401.1 and 2402.3.

**High Needs Rural Region or Rural Area:** Submit the transaction to LPA and review the *Affordable Lending And Access to Credit Messages* section of the LPA Feedback Certificate to determine if the property is located in a FHFA designated high needs rural region or rural area.

### Affordable Lending And Access To Credit Messages

CODE	MESSAGE
FAL0002	Based on the annual qualifying income (\$67,668.00) and the Area Median Income (AMI) (\$96,400.00) where the property is located, the loan meets the housing goal qualifications for a Low-Income Purchase (LIP) since the income is at or below 80% AMI (\$77,120.00).
FAL0044	[REDACTED], CAPON BRIDGE, WV, 26711 is in a designated Rural Area.
FAL0043	[REDACTED], CAPON BRIDGE, WV, 26711 is in a designated High Needs Rural Region.
FAL0011	The area median income (AMI) is \$96,400.00 for the address submitted. The submitted annual qualifying income of \$67,668.00 is 70.20% of the AMI.
FAL0037	This loan meets Home Possible income limits. To assess the loan as a Home Possible mortgage, resubmit as Home Possible.
FAL0045	This loan may meet certain eligibility criteria as outlined in Guide Exhibit 19A Credit Fee Cap Eligibility Criteria.



3

LPA provides a feedback message to notify you when at least one borrower on the loan is a first-time homebuyer. Review the LPA Feedback Certificate to identify the attribute(s) of the loan that apply.

### How Does LPA Identify a First-time Homebuyer?

LPA uses the responses to the following questions to identify if at least one borrower is a first-time homebuyer.

*Excerpt of the Declarations section of the Uniform Residential Loan Application (URLA).*

**Section 5: Declarations.** This section asks you specific questions about the property, your funding, and your past financial history.

**5a. About this Property and Your Money for this Loan**

**A.** Will you occupy the property as your primary residence?  
 If YES, have you had an ownership interest in another property in the last three years?  
 If YES, complete (1) and (2) below:  
 (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)?  
 (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?

NO  YES  
 NO  YES

\_\_\_\_\_

\_\_\_\_\_

### How it Works

For at least <u>one</u> borrower on the loan		
If,	And,	Then,
Will you occupy the property as your primary residence = <b>Yes</b>  (Unique ID 269.00)	Have you had any ownership interest in another property in the last three years = <b>No</b>  (Unique ID 268.00)	Submit to LPA and the first-time homebuyer message will be returned based on information provided by the borrower. <b>FAL0046: The loan application data shows a first-time homebuyer.</b>
<u>All</u> borrowers on the loan		
Will you occupy the property as your primary residence = <b>Yes</b>	Have you had any ownership interest in another property in the last three years = <b>Yes</b>	Submit to LPA and the first-time homebuyer message will <b>not</b> be returned based on information provided by the borrower.

**Reminder:** Mortgages eligible for a credit fee cap must be secured by a primary residence

Affordable Lending and Access to Credit Messages	
CODE	MESSAGE
FAL0046	The loan application data shows a first-time homebuyer.
FAL0045	This loan may meet certain eligibility criteria as outlined in Guide Exhibit 19A Credit Fee Cap Eligibility Criteria.



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### How to Use LPA to Identify Affordable Mortgage Products and Property Type

The LPA Feedback Certificate is a helpful resource to identify the specific product and/or property type that LPA assessed.



Submit the transaction to LPA and select the applicable **Program Identifier**. LPA will return message(s) in the *Affordable Lending And Access to Credit* and/or the *Loan Details* sections of the LPA Feedback Certificate.

**Note:**

- If a manufactured home: The manufactured home indicator must be “Yes” and Single-wide or Multi-wide selected, as applicable.

**LPA future enhancement:** Identification of a small financial institutions of rural housing

Excerpt of the **Program ID** field and **Manufactured Home** fields when accessing LPA via the Freddie Mac Loan Advisor® single sign-on portal:

**Program Identifier(s)**

Select ▼

- HFA Advantage
- Home Possible
- CHOICEHome
- CHOICERenovation
- Community Land Trust
- GreenCHOICE
- Income Based Deed Restrictions Survive
- Income Based Deed Restrictions Terminate

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**Manufactured Home**      **Width Type \***

Yes     No     
  Single-wide     Multi-wide

### Feedback Certificate Examples

**Home Possible:** The Feedback Certificate displays the selected product in the *Loan Details* section and in the *Affordable Lending And Access to Credit* section, along with the AMI% message.

**Loan Details**

<b>BORROWER NAME</b> ALICE FREDDIE	<b>APPRAISAL IDENTIFIER</b> N/A	<b>LENDER LOAN NUMBER</b> [REDACTED]	<b>MORTGAGE TYPE</b> Conventional
<b>DOCUMENTATION LEVEL</b> Streamlined Accept	<b>PROPERTY ADDRESS</b> [REDACTED]		
<b>PROGRAM IDENTIFIER(S)</b> Home Possible			



(Feedback Certificate Examples cont'd)

Affordable Lending And Access To Credit Messages	
CODE	MESSAGE
FAL0002	Based on the annual qualifying income (\$111,000.00) and the Area Median Income (AMI) (\$140,500.00) where the property is located, the loan meets the housing goal qualifications for a Low-Income Purchase (LIP) since the income is at or below 80% AMI (\$112,400.00).
FAL0011	The area median income (AMI) is \$140,500.00 for the address submitted. The submitted annual qualifying income of \$111,000.00 is 80% of the AMI.
FAL0005	This loan meets the Home Possible income limits.

**CHOICEHome:** When selected you will see the product and property type returned in the *Loan Details* section and in the *Affordable Lending And Access To Credit Messages* section, along with the AMI% message.

Loan Details			
BORROWER NAME ALICE FREDDIE	APPRAISAL IDENTIFIER N/A	LENDER LOAN NUMBER [REDACTED]	MORTGAGE TYPE Conventional
DOCUMENTATION LEVEL Streamlined Accept	PROPERTY ADDRESS [REDACTED]		
PROGRAM IDENTIFIER(S) CHOICEHome			

Mortgage Details				
PRODUCT TYPE 30 Year Fixed Rate	AMORTIZATION TYPE Fixed	AMORTIZATION MONTHS 360	LOAN AMOUNT \$190,000.00	INTEREST RATE 4.5000%
LOAN PURPOSE Purchase	PURCHASE PRICE \$225,000.00	ESTIMATED PROPERTY VALUE \$225,000.00	APPRAISED PROPERTY VALUE \$225,000.00	NUMBER OF UNITS 1
PROPERTY TYPE Manufactured	OCCUPANCY Primary Residence	REFINANCE TYPE N/A	CASHOUT AMOUNT N/A	NEW CONSTRUCTION N/A
INTEREST RATE BUYDOWN No	SALES CONCESSIONS N/A	ARM QUALIFYING RATE N/A	ARM QUALIFYING PITI N/A	LENDER SUBMITTED RESERVES \$100,000.00
AFFORDABLE SECOND N/A	TOTAL SUBORDINATE FINANCING \$0.00	HELOC BALANCE \$0.00	HELOC LIMIT AMOUNT \$20,000.00	

Affordable Lending And Access To Credit Messages	
CODE	MESSAGE
FAL0038	Loan submitted as CHOICEHome. Only Freddie Mac Seller/Serviceers with a negotiated commitment may deliver a CHOICEHome mortgage.
FAL0011	The area median income (AMI) is \$140,500.00 for the address submitted. The submitted annual qualifying income of \$77,236.32 is 55% of the AMI.
FAL0045	This loan may meet certain eligibility criteria as outlined in Guide Exhibit 19A Credit Fee Cap Eligibility Criteria.

Freddie Mac Tools



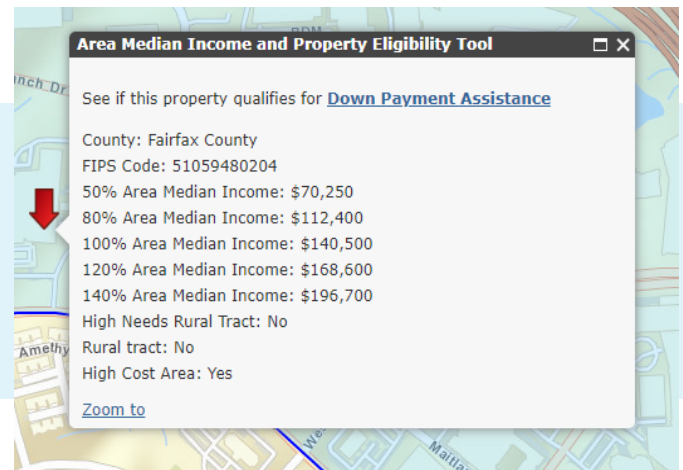


## Map-Based Affordable Income and Property Eligibility Tool

Before you submit the transaction to LPA, you have the option to leverage our map-based [Area Median Income and Property Eligibility Tool](#) to access AMI%, and identify if the property is located in a high-cost area, high needs rural tract or rural tract area. Simply enter the subject property street address, and a popup window will appear with the following information.

The results include the following, which can be used, in part, as an indication of credit fee cap eligibility.

Results	May apply to...
≤ 80% AMI	<ul style="list-style-type: none"> <li>Home Possible mortgages</li> </ul>
≤100% AMI	<ul style="list-style-type: none"> <li>Duty to Serve mortgages</li> <li>First-time homebuyer</li> </ul>
≤120% AMI	<ul style="list-style-type: none"> <li>First-time homebuyer (See High Cost Area Indicator)</li> </ul>
High Needs Rural Tract Indicator	<ul style="list-style-type: none"> <li>Duty to Serve mortgages When High Needs Rural Tract equals “Yes”</li> </ul>
Rural Tract Indicator	<ul style="list-style-type: none"> <li>Duty to Serve mortgages when Rural Tract Indicator equals “Yes”</li> </ul>
High Cost Area Indicator	<ul style="list-style-type: none"> <li>First-time homebuyer when High Cost Area Indicator equals “Yes” (See 120% AMI)</li> </ul>



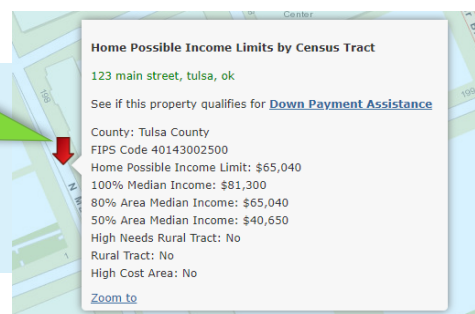
Refer to “[How to Read Your Results](#)” section for more information on rural tracts and high-cost areas. Refer to the [Glossary](#) for defined terms.

### Note: Additional option for Home Possible mortgages.

Access our map-based [Home Possible Income and Property Eligibility Tool](#). Simply enter the subject property street address, and a popup window will appear with the following information that more easily identifies the Home Possible Income Limit.

The results provide the following which can be used, in part, as an indication of credit fee cap eligibility:

- ✓ Home Possible Income Limit (≤ 80% of AMI%)





## Application Programming Interface (APIs)

**Leverage our APIs** to access valuable loan information and data early in your process.

- Income Limits** provides key data points to help identify parameters for the credit fee caps.
- Affordable Check** provides an easy way for you to identify borrowers for an affordable program before submitting a full application to LPA.



Visit our [website](#) or contact your Freddie Mac representative to learn more about our APIs.

## Exhibit 19 – Fee Calculator

The [Exhibit 19 Calculator - Credit Fees](#) is a FreddieMac.com tool designed to provide you with an indication of applicable Exhibit 19 credit fees or credits for credit fees that may be assessed if the loans were delivered and sold to Freddie Mac. Password = seller.

Freddie Mac Tools



## Loan Selling Advisor

Loan Selling Advisor will calculate and assess applicable credit fees, including the credit fee cap, based on the Uniform Loan Delivery Dataset (ULDD) delivery data.

The AMI%, as calculated in Loan Selling Advisor at time of delivery, will be used in determining credit fee cap eligibility and assessing the credit fee caps and credits.

### Product Details – Located in the Current Section

Deliver the required Loan Program Identifier (Sort ID#404) or if applicable, Investor Feature Identifier (IFI) (Sort ID# 368) as noted in the Guide or in your negotiated terms with Freddie Mac.

### Tips and Best Practices

#### **TIP!** Delivery of IFI code

Examples 1 and 2 below require an IFI but other scenarios may apply for proper calculation.

Refer to your terms of business with Freddie Mac.

- 1 For mortgages originated in rural areas and by small financial institutions, as defined by FHFA.
- 2 For mortgages located in rural areas and rural tracts in high needs rural regions, as defined by FHFA.

The screenshot shows the 'Create New Loan' interface with the 'CURRENT' step selected. The 'Product Details' section is active. The 'Loan Program Identifier' field is highlighted with a red box. Below it, the 'Investor Feature Identifier' field is also highlighted with a red box. A dropdown menu on the right lists various loan programs, including CHOICEHome, CHOICEHome Express, and Home Possible Mortgage.

Sellers **must** deliver IFI (Sort ID 368) and enter a valid value of “**J84**”.

**Note:** Freddie Mac will determine whether a mortgage meets the requirements of FHFA’s definition of rural areas and high needs rural regions in Loan Selling Advisor.



### Update: New ULDD4a Specification

For Duty to Serve Mortgages, IFIs are no longer accepted. Instead, you must delivery one of the following Loan Program Identifiers, Sort ID #404:

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>▪ CHOICEHome</li> <li>▪ CHOICERenovation</li> <li>▪ CHOICERenovation Mortgage With Recourse</li> <li>▪ Income Based Deed Restrictions Survive</li> </ul> | <ul style="list-style-type: none"> <li>▪ GreenCHOICE</li> <li>▪ CHOICEReno EXpress</li> <li>▪ HFA Advantage®</li> <li>▪ Community Land Trust</li> </ul> | <ul style="list-style-type: none"> <li>▪ GreenCHOICE to PayOff Outstanding Energy Debt</li> <li>▪ CHOICEReno EXpress DTS Area</li> <li>▪ Income Based Deed Restrictions Terminate</li> </ul> |
|---|---|--|

### First-Time Homebuyers Details, if applicable

#### **TIP!** First-time Homebuyer

Set *Borrower First Time Homebuyer Indicator* to “Yes” if the borrower meets the definition of a first-time homebuyer.

Refer to [Guide Exhibit 1](#).

For more information, refer to the “Deliver First-Time Homebuyer Data” video or Loan Selling Advisor [Online Help](#) for “[Deliver First-Time Home Buyer Data](#)”.

#### **TIP!** Custom Mortgage Insurance, if applicable

All applicable credit fees are subject to the credit fee cap with the exception of the Custom Mortgage Insurance Credit Fee in Price, which must be added to the cap.





## Resources



For more information on Home Possible, any of the Duty to Serve mortgages, or property types referenced in this resource, refer to [Freddie Mac Mortgage Product](#) web page.



Exhibit 19 [Calculator – Credit Fees\\*](#)  
<https://sf.freddiemac.com/general/exhibit-19-calculator>  
 (Password: seller)



For more information on our APIs, refer to our [API](#) web page

\*This tool was designed to provide the Seller with an indication of credit fees or credits for credit fees that would be assessed on the loans if they were delivered and sold to Freddie Mac. It is to be used as a guideline tool and is not intended nor designed to replace the actual credit fees due on a loan determined by the contract terms between Freddie Mac and the Seller of the loan at the time of delivery. As well, it is not intended to help Sellers determine the eligibility of a product.

Also refer to [Guide Bulletin 2022-22](#), [Guide Bulletin 2023-3](#), [Exhibit 19](#), [Exhibit 19A](#), [Guide Bulletin 2023-16](#) and the [Loan Product Advisor July Release Notes](#).

## Revision History

Topic	
March 1, 2024	With the retirement of LPA specification versions 5.0.06 and 5.1.00 the LPA feedback certificate examples have been updated.
August 2, 2023 <a href="#">Guide Bulletin 2023-16</a>	Updated delivery instructions for Section 6302.48 and 6302.49, Exhibit 19A, Exhibit 34 and Glossary definitions for Area Median Income and High Needs Rural Region. Certain Duty to Serve Credit Fee Caps, Effective for Mortgages with Settlement Dates on or after October 1, 2023: Sellers will no longer be required to deliver ULDD Data Point <i>Investor Feature Identifier</i> (Sort ID 368) valid value of "J85" to indicate the Mortgage is secured by a property located in a designated High Needs Rural Region
July 16, 2023	<a href="#">Loan Product Advisor July 2023 Release Notes:</a> <ul style="list-style-type: none"> <li>• New credit fee related feedback messages to notify you of potential pricing benefits when the mortgage may qualify for a Credit Fee Cap.</li> <li>• First-time homebuyer feedback messages so that you do not have to combine multiple data points to determine potential Credit Fee Cap.</li> </ul>

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