

Loan Product Advisor® (LPASM) release notes provide updates on LPA enhancements to help streamline the way you work and offer a summary of feedback messages effective in a given month.

Effective March 7

Cash-Out Refinance Seasoning Update

Mortgages being paid off with proceeds of a cash-out refinance mortgage will require a minimum 12-month seasoning period to align with a policy update announced in *Single-Family Seller/Service Guide* (Guide) [Bulletin 2022-25](#). Click [here](#) to view the feedback message that will inform you of this new requirement.

Effective March 12

FHA Positive Rental Income Update

The `ulad:Positive Rental History Indicator` data point included in the LPA version 5.2.00 specification to support the Federal Housing Administration (FHA) policy announced in [FHA Mortgage Letter 2022-17](#) is now operational and required for all FHA loans.

LPA will now pass the data point to FHA's Technology Open To Approved Lenders (TOTAL) Scorecard and, when applicable, return [new FHA messages](#). An update will be required to take advantage of the new functionality. If the data point is not included in the LPA request file, LPA will send the indicator to TOTAL with a value of "false."

Revised Short Term Liabilities Debt-to-Income (DTI) Exclusion Logic

LPA will be updated to no longer exclude liabilities with partial months between 10 and 11. Currently, LPA excludes a liability if there's not a full 11 months left.

Effective April 2

Many of April's releases require adoption of LPA specification version 5.3.00, to be released on March 21, 2023. Updates that apply to all versions of LPA have been noted.

Feedback Response Enhancements

Affordable Product Information Section Update

The area median income (AMI) and the borrowers' total qualifying income as a percentage of AMI will be new values shown on the LPA Feedback Certificate to provide a quick understanding of the loan's eligibility for affordable products.

Looking for another quick way to check a loan's AMI limits? Check out our new, map-based [AMI Income and Property Eligibility Tool](#) to help you determine if your low-to-moderate-income borrower(s) meet the AMI% requirements for certain Freddie Mac mortgage products.



New Freddie Mac Home Possible® Eligibility Banner

This banner will appear at the top of the LPA Feedback Certificate and will either indicate if the loan was submitted as a Home Possible mortgage and meets income limits or if the loan was not submitted as a Home Possible mortgage but may be eligible because it meets income limits.

Program Identifiers Update

This enhancement will allow up to seven program identifiers to display in the Loan Details section of the LPA Feedback Certificate. The field name is also being updated to “Program Identifier(s).” Currently, LPA displays only one offering identifier at a time in the Mortgage Details section, even if multiple program identifiers were submitted.

Collateral R&W Relief Updates

To better identify eligibility for collateral representation and warranty relief (R&W), the Collateral R&W Relief section will be updated to display new values for rep and warranty relief that could be returned in the LPA assessment:

- ACE
- ACE+ Property Data Report
- Desktop Appraisal
- Hybrid Appraisal
- Traditional Appraisal
- Property Data Report (*future enhancement*)

Subordinate Financing Display Update

To provide a more accurate description of the additional financing on the property, the “Secondary Financing” field name label will be updated to “Total Subordinate Financing” in the Mortgage Details section.

Functionality Enhancements

Adjustment to Requirement to Link Real Estate Assets and Liabilities

Currently, each real estate owned asset must be linked to a Liability Type = “Mortgage Loan” or “HELOC” liability. LPA has been updated so liabilities designated as excluded no longer must be linked to the asset.

Calculation Updates

Updates will be made to the Total Monthly Debt and Total Monthly Income calculations to fully use certain new LPA data points such as the LiabilityPaymentIncludesTaxesInsurance indicator, monthly payment amount for re-subordinated liabilities and PITI for Related Loans. These fields were previously indicated as being available for future use and will now be functional.

Unit Designator Appended to Unit Identifier

When the unit identifier field is used, LPA will now append a unit designator of “#” to the beginning of the unit identifier, eliminating the manual entry of the designator. The designator will also be displayed on the LPA Feedback Certificate.

A new version of the stylesheet will be released to accommodate the display of the unit identifier. Adoption of the new stylesheet is not required and only needed if you would like to see the aesthetic update.



Borrower Name Display Update

To provide consistency in our feedback, we're updating our underwriting messages to remove an extra space at the end of the borrower's name and capitalizing the borrower's full name. This update will be available for all versions of LPA.

Removal of Duplicate Income Type Filter

For easier usability, we're removing the duplicate income type filter to accommodate situations where duplicate income types are valid, such as when different forms of bonus or commission are provided by an employer. Currently, when duplicate income types are provided for a given employer or as non-employment income, all instances except the first are not included in the total qualifying income. This update will be available for all versions of LPA.

With the removal of this filter, we're also retiring feedback message DQM0085.

Effective April 3

ADU Policy Expansion

LPA will be updated to support the expansion of our policy ([Bulletin 2022-11](#)) for loans secured by properties with an accessory dwelling unit (ADU). These updates include a change in guidance to limit the use of the Income Type "Accessory Unit Income" for ADU income generated by a subject primary residence, the addition of new data points to the LPA version 5.3.00 request specifications to accept the number of ADUs on a subject primary residence, even if rental income from the ADU is not used to qualify and messaging that aligns with data quality, eligibility and documentation requirements.

An additional update will be made to align the behavior of the automated collateral evaluation (ACE) and ACE+ PDR (ACE plus property data report) messaging with the policy when loans submitted for a 1-unit primary residence are not eligible for evaluation if ADU rental income is used to qualify. This update will be available for all versions of LPA.

For more information about these updates, check out our [news article from February 16](#) and the [associated LPA feedback messages](#).

March and April Feedback Message Updates

For the full lists of feedback message updates, visit the links below or check out the [Loan Advisor Resources and Learning web page](#).

- [March 2023 LPA Feedback Messages](#)
- [April 2023 LPA Feedback Messages](#)

