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Freddie Mac LPA ACE+ PDR Offers Now Eligible

Truist Bank (Truist) revises Loan Product Advisor® (LPASM) requirements and now permits LPA transactions originated with the automated collateral evaluation (ACE)+ property data report (PDR) offer. Freddie Mac’s ACE+ PDR offer provides an additional option, in lieu of a traditional appraisal, for cash-out and certain “no cash-out” refinances.

Effective Dates

This update is effective immediately for existing and new loan applications on or after February 24, 2023.

Background Information

Freddie Mac Bulletin 2022-24 announced the release of their LPA ACE+ PDR offer for cash-out and certain “no cash-out” refinance transactions. In response to this publication, we reviewed our product standards and identified the opportunity to implement revisions to more closely align with Freddie Mac requirements.

Bulletin Details

LPA ACE+ PDR Offers

Freddie Mac’s LPA ACE+ PDR offer allows lenders to originate cash-out and certain “no cash-out” refinance transactions without an appraisal. With ACE+ PDR, additional information is collected on-site by trained data collectors using the proprietary Freddie Mac PDR dataset, in lieu of a traditional appraisal. When the ACE+ PDR option is accepted and a PDR has been used to originate the mortgage, Freddie Mac will accept the estimated value submitted by the lender for the purposes of underwriting the mortgage, and the lender will be relieved of representations and warranties related to the value of the property.

Highlights of the ACE+ PDR requirements include the following:

- The following requirements must be met for mortgages to be eligible for an ACE+ PDR offer:
 - The mortgage must be secured by a 1-unit primary residence or second home, including units in a condominium project
 - The mortgage must be a cash out or “no cash-out” refinance transaction
 - The mortgage must meet the LTV/TLTV ratio requirements in the following chart:

Mortgage Purpose	Occupancy Type	Maximum LTV/TLTV Ratios
“No cash-out” refinance	Primary residence or second home	90%
Cash-out refinance	Primary residence	70%
	Second home	60%

Bulletin Details, continued

LPA ACE+ PDR Offers, continued

- The following mortgages are not eligible for delivery to Truist with an ACE+ PDR:
 - Mortgages for which an appraisal has been obtained in connection with the mortgage
 - Mortgages secured by mortgaged premises with an estimated value greater than \$1,000,000
 - Texas Equity Section 50(a)(6) mortgages
 - Agency Plus Select transactions
 - Mortgages secured by one of the following:
 - Investment properties
 - 2- to 4-unit properties
 - Leasehold estates
 - Mortgages secured by mortgaged premises subject to resale restrictions, excluding those subject to age-based resale restrictions
 - CHOICERenovation® Mortgages
 - GreenCHOICE® Mortgages
- In addition, lenders may not accept the ACE+ PDR offer if any of the following apply:
 - The lender is required by law or regulation to obtain an appraisal
 - The lender is using rental income from the subject 1-unit primary residence ADU for qualifying purposes
 - The mortgage requires an upgrade to an appraisal (e.g., adverse site conditions or external factors, etc.)
- If eligible for an ACE+ PDR offer, the Feedback Certificate will include the following messages:
 - *“Loan is eligible for collateral representation and warranty relief with a property data report (ACE+ PDR) through [Appraisal Waiver Expiration Date]. The submitted value estimate is accepted as the value of the subject property; therefore, an appraisal is not required and Seller will be relieved of representations and warranties related to value. The loan must be delivered with Investor Feature Identifier J44 in Loan Selling Advisor.”*
 - *“Loan is eligible for a property data report (ACE+ PDR). An interior and exterior property data report (PDR) is the minimum assessment required for sale to Freddie Mac.”*
- In certain situations, the lender’s review of the PDR may reveal that the subject property is not eligible for the offering or has characteristics or conditions that require the lender to upgrade to an appraisal (Form 70, *Uniform Residential Appraisal Report*, Form 70H, *Uniform Residential Appraisal Report (Hybrid)*, Form 465, *Individual Condominium Unit Appraisal Report*, Form 465H, *Individual Condominium Unit Appraisal Report (Hybrid)*, or the appropriate appraisal report form as applicable to the property type). These characteristics or conditions include:
 - Adverse site conditions or external factors (i.e., extreme slope, erosion, sink hole, wetlands, substantial junk or trash, failing structures, easements, encroachments, environmental conditions, or land uses)

Bulletin Details, continued

LPA ACE+ PDR Offers, continued

- 0 bedrooms above grade and/or 0 bathrooms above grade
- A measured gross living area above grade of fewer than 400 square feet
- External obsolescence (i.e., adjoins an industrial site, landfill, airport, power lines, major utility, commercial site, railroad tracks or major highway), or
- Mixed-use (i.e., altered or modified specifically to support or facilitate any non-residential or income producing use)
- Use SFC J44 to identify a mortgage originated with:
 - an ACE+ PDR offer
 - an ACE+ PDR upgrade to a hybrid appraisal
- See the attached before and after matrix for a detailed overview of all ACE+ PDR requirements.

Before and After Matrix

[Click here](#) to see the before and after matrix that provides a detailed overview of all standard revisions.

Revised Materials

Click [Appraisal Standard](#), [Agency Loan Standard](#), [Texas Section 50\(a\)\(6\) Mortgages Standard](#), [CorrAdvantage](#), and [Agency Overlay Matrix](#) to review the revised product materials.

Former Standards

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former standards.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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