



MFM Bulletin: 021-2022

Date: August 8, 2022

Subject: Updates to Freddie Mac ACE Eligibility

Freddie Mac recently issued Bulletin 2022-13: Automated Collateral Evaluation (ACE) Eligibility, which states cash-out refinance transactions and certain “no cash-out” refinance transactions will no longer be eligible for ACE appraisal waivers (PIWs). However, Freddie Mac is announcing a new offering, ACE+ PDR (Property Data Report), which will continue to allow lenders to originate cash-out refinance and certain “no cash-out” refinance mortgages without an appraisal. Member First Mortgage will accept acceptable PDR reports when allowed, effective immediately.

With ACE+ PDR, additional property information is collected on-site by trained data collectors in lieu of a traditional appraisal. **Effective July 17, 2022, Loan Product Advisor® will transition from offering automated collateral evaluation (ACE) appraisal waivers (PIW) to offering ACE+ PDR (property data report) for cash-out refinance and certain “no cash-out” refinance Mortgages.** This change allows members to benefit from loans originated without an appraisal, while ensuring loans are secured by properties in acceptable condition.

The two charts below reflect updated requirements related to Mortgage purpose, property type, and maximum loan-to-value (LTV)/total LTV (TLTV) ratios for ACE (PIW) appraisal waivers and those where a PDR report will now be required:

ACE APPRAISAL WAIVER (PIW) ELIGIBILITY		
Mortgage Purpose	Occupancy Type	LTV/TLTV ratios
Purchase	Primary Residence or Second Home	80%
“No cash-out” Refi	Primary Residence or Second Home	90%

ACE+ PDR ELIGIBILITY		
Mortgage Purpose	Occupancy Type	Maximum LTV/TLTV ratios
“No cash-out” Refi	Primary Residence or Second Home	90%
Cash-out refinance	Primary Residence	70%
	Second Home	60%

Ineligible Mortgages

The following Mortgages are not eligible for delivery with an ACE+ PDR:

- Mortgages for which an appraisal has been obtained in connection with the Mortgage
- Mortgages secured by Mortgaged Premises with an estimate of value greater than \$1,000,000
- Texas Equity Section 50(a)(6) Mortgages
- Mortgages secured by Manufactured Homes, Cooperative Share Loans, Investment Properties and 2- to 4-unit properties



- Mortgages secured by Mortgaged Premises that is a leasehold estate, including Community Land Trust Mortgages
- Mortgages secured by Mortgaged Premises subject to resale restrictions
- Construction Conversion and Renovation Mortgages, CHOICERenovation® Mortgages and GreenCHOICE® Mortgages

In addition, we MAY NOT use the ACE+ PDR offer if any of the following apply:

- The Seller is required by law or regulation to obtain an appraisal (e.g., HPML loans)
- The Mortgage requires an upgrade to an appraisal (e.g., adverse site conditions or external factors, mixed-use, etc.). See ACE+ PDR upgrade requirements identified below.

Below are the messages you will see on the LPA findings for properties where a ACE + PDR is allowed:

Representation & Warranty Relief
COLLATERAL R&W RELIEF

ELIGIBLE Interior Exterior Inspection

Property And Appraisal Messages

CODE	MESSAGE
FPA0100	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.
FPA0072	647,200.00 is the maximum loan limit allowed for a 1-unit property located in ST. JOSEPH County, MI.
FPA0057	Address entered matched to: 17475 MOCCASIN, THREE RIVERS MI 49093 , St. Joseph County. Please confirm accuracy.
FPA0153	Loan is eligible for collateral representation and warranty relief with a property data report (ACE+ PDR) through 11/16/2022. 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.

General Messages

PDRs with Repairs

The property data collector must also specify when the subject property has any required “repairs or alterations” or will require an “inspection” by a trained professional when the property data collector cannot make the determination if repairs are needed.

PDRs Completed with Required Repairs or Alterations

A completion report verifying repairs have been completed will be required.

PDRs completed with an Inspection

Required to identify if repairs are needed, a licensed professional trained in the particular field of concern (e.g., structural engineer, plumber, pest inspector, etc.) must perform the inspection of the property. The inspector must provide either:

- A signed report that includes their license number, when available, stating the repair(s) is not required; or



- A signed report or invoice that includes their licensing number, when available, stating the repair(s) has been completed and the issue corrected

Age of the ACE+ PDR Offer and Maintaining the Offer

The ACE+ PDR offer is valid for 120 days. If the offer is more than 120 days old on the Note Date, a resubmission to Loan Product Advisor is required to determine whether the Mortgage remains eligible for ACE+ PDR.

Note: If there are changes to loan data (e.g., address of the property, loan amount, purchase price, estimate of value, loan type, property type, occupancy of the property) in a subsequent submission, Loan Product Advisor may provide a different eligibility determination.

For Credit Union partners who utilize Class Valuation and Incenture, the cost for the PDR reports are \$250 and \$195, respectively.

Attached (below) is the Freddie Mac ACE+ PDF Job Aid with process flow and data information. Please contact our Underwriting department (underwriting@memberfirstmortgage.com) if you have any questions or concerns.

Thank you