

Loan Product Advisor®

Automated Collateral Evaluation (ACE)

We are using big data and advanced analytics to offer our innovative automated collateral evaluation (ACE) through Loan Product Advisor®, providing the option to underwrite a loan without a traditional appraisal. This new capability will speed up and lower the cost of the loan origination process for you and your borrowers. Our proprietary algorithms use historical data and public records to assess the condition and marketability risks associated with the property to determine if the value you provide is acceptable. Loans that qualify for ACE will receive relief from representations and warranties related to the property’s value, condition and marketability.

Save Time, Save Money: Do More and Better Business with ACE

ACE Advantages



Close loans
7-10 days
or more, faster



Borrower Saves up to
\$300-700
by not getting an appraisal



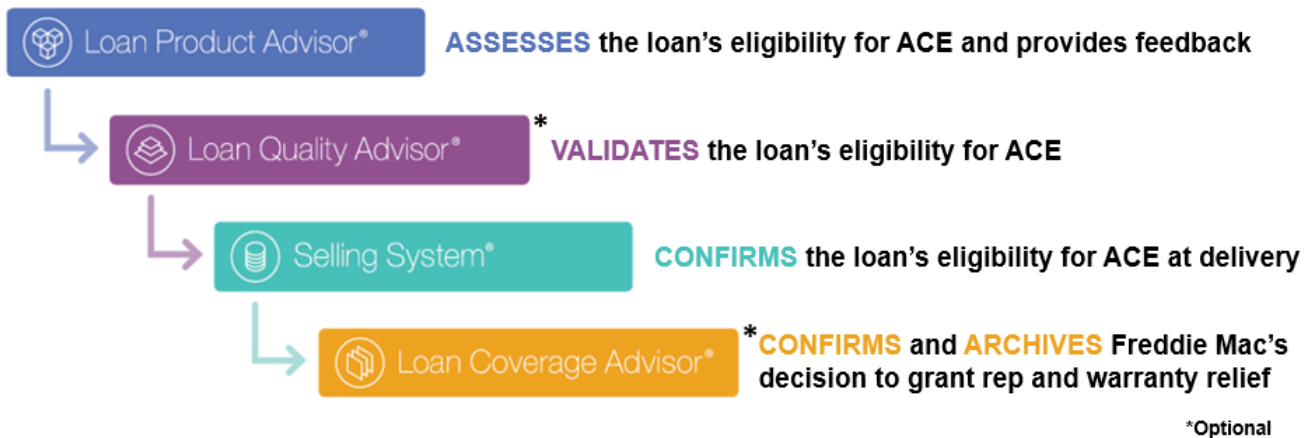
Shorter rate lock period enables
significant borrower savings
over life of the loan

Source: Freddie Mac Single-Family Strategic Delivery and lender feedback

- **Get to closing faster** – no need for a traditional appraisal
- **Save money** – no appraisal fee
- **Immediate certainty** – automatically eligible for collateral rep and warranty relief

How Does It Work?

Submit your loan to Loan Product Advisor and get immediate eligibility notification. Originate the loan without a traditional appraisal. Deliver your loan to the Freddie Mac Selling System®. It’s that easy.



Are loans originated with ACE eligible for collateral rep and warranty relief?

Yes. If you accept the ACE offer when delivering the loan to the Selling System, the loan receives rep and warranty relief with respect to value, condition and marketability of the property.



Are there special instructions for maximizing my opportunity for ACE eligibility in Loan Product Advisor?
 Make sure you include a value in the **estimated value of property** field (for refinances) or the **purchase price** field (for purchases). Loan Product Advisor cannot evaluate ACE eligibility without these values. These fields should not be confused with the **appraised value of property** field, which should be used when an appraisal has been obtained. If an appraisal is obtained, the loan is no longer eligible for ACE.

What are the delivery requirements for ACE eligible loans to the Selling System?
 Simply provide a **Property Valuation Method Type** (Sort ID 89) value of “None” and an **Investor Collateral Program Identifier** (Sort ID 367) of “Property Inspection Alternative”.

Is there a value limit on properties that are eligible for ACE?
 Effective September 1, 2017 there is a \$1 million maximum. The maximum does not apply to eligible refinance loans submitted to Loan Product Advisor prior to September 1, even if they’re resubmitted after that date. This helps ensure loans that were eligible for ACE prior to September 1, won’t lose that eligibility based on the new \$1 million limit.

Eligibility (effective 9/1/2017)

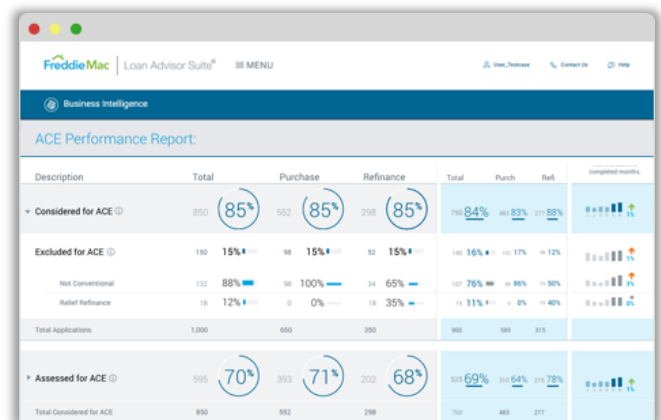
To be eligible for ACE, the loan must be submitted to Loan Product Advisor and delivered to the Selling System.

Eligible Loans	Ineligible Loans
<ul style="list-style-type: none"> • Loan Product Advisor Accept risk class • 1-unit primary residence or second home • No cash-out refi transactions with LTV/TLTV less than or equal to 80% • Purchase transactions with LTV/TLTV less than or equal to 80% 	<ul style="list-style-type: none"> • Loan Product Advisor Caution risk class • Cash-out refinances • Investment properties • 2- to 4-unit properties • Condominium unit, manufactured home or leasehold estate • Properties with resale restrictions • Construction Conversion and Renovation Mortgages • Non-arm’s length transactions • Purchases of REO properties (as identified in the sales contract) • Texas Equity Section 50(a)(6) mortgages • Mortgages with an estimate of value or purchase price greater than \$1million • Freddie Mac Relief Refinance MortgagesSM – Same Servicer or Open Access • An appraisal has been obtained and submitted to the UCDP[®]

Business Intelligence for ACE

Get insight into your ACE eligibility results with our new Business Intelligence ACE dashboards.

This valuable management oversight tool, provides detailed ACE performance reports with break downs of the number and percentage of your loans that are considered, assessed and eligible for ACE – and reasons, by category, when they’re not. [Learn More.](#)



For more information, visit <http://www.FreddieMac.com/loanadvisorsuite> or contact your Freddie Mac representative.



Smart. Simple. Trusted.®