



WHOLESALE ANNOUNCEMENT 2022-33

June 24, 2022

Freddie Mac

Automated Collateral Evaluation Update



Effective Date

Effective for new Loan Product Advisor submissions on or after July 17, 2022

Guideline Updates:

Freddie Mac

ACE Appraisal Waiver Eligibility

- Effective July 17, 2022, Loan Product Advisor® will transition from offering automated collateral evaluation (ACE) appraisal waivers to offering ACE+ PDR (property data report) for cash-out refinance and certain “no cash-out” refinance Mortgages. This change will allow Sellers and Borrowers to continue to benefit from loans originated without an appraisal while mitigating risks and ensuring we purchase Mortgages secured by properties in acceptable condition. The chart below reflects updated requirements related to Mortgage purpose, property type, and maximum loan-to-value (LTV/total LTV (TLTV) ratios for ACE appraisal waivers.

ACE appraisal waiver eligibility		
Mortgage Purpose	Occupancy Type	LTV/TLTV ratios
Purchase	Primary Residence or second home	80%
“No cash-out” refinance	Primary Residence or second home	90%

ACE+ PDR

- Freddie Mac is announcing a new offering, ACE+ PDR, which will continue to allow Sellers to originate cash-out refinance and certain “no cash-out” refinance Mortgages without an appraisal. With ACE+ PDR, additional property information is collected on-site by trained data collectors using the proprietary Freddie Mac PDR dataset, in lieu of a traditional appraisal.
- For a Mortgage to be eligible for the ACE+ PDR option in lieu of an appraisal:
 - The Seller must submit the Mortgage to Loan Product Advisor and receive a Risk Class of Accept
 - Upon evaluation by Loan Product Advisor, the Last Feedback Certificate must indicate that the Mortgage is eligible for a PDR. (This represents the “ACE+ PDR offer”.)
 - The final submission of the Mortgage to Loan Selling Advisor® must indicate representation and warranty relief status is “Y” or “Yes”
- The following requirements must be met for Mortgages to be eligible to receive an ACE+ PDR offer:
 - The Mortgage must be secured by a 1-unit Primary Residence or second home, including units in a Condominium Project





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- The Mortgage must be a “no cash-out” or a cash-out refinance transaction
- The Mortgage must meet the maximum LTV/TLTV ratio requirements
 - “No cash-out” refinance, Primary Residence or second home, Maximum LTV/TLTV 90%
 - Cash-out refinance, Primary Residence, Maximum LTV/TLTV 70%
 - Cash-out refinance, Second home, Maximum LTV/TLTV 60%
- The following Mortgages are not eligible for delivery with an ACE+ PDR
 - Mortgage 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, Investment Properties and 2- to 4-unit properties
 - Mortgage secured by Mortgaged Premised subject to resale restrictions
 - Construction Conversion and Renovation Mortgages
- ACE+PDR offer may not be accepted if the following apply
 - 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.
- The ACE+PDR offer provided 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.

ACE+ PDR update requirements

- In certain situations, the review of the PDR may reveal that the subject property is not eligible for the offering or has characteristics or conditions that require to upgrade to an appraisal (Guide Form 70, Uniform Residential Appraisal Report, Form 70H, Uniform Residential Appraisal Report (Hybrid), Form 465, Individual Condominium Unit Appraisal Report, or the appropriate appraisal report form as applicable to the property type).
- Upgrade using a hybrid appraisal completed on Form 70H, Uniform Residential Appraisal Report (Hybrid) For single-family homes, in lieu of upgrading to an appraisal on Form 70, Freddie Mac will accept a hybrid appraisal reported on new Form 70H. A hybrid appraisal is an appraisal where a trained property data collector will perform an on-site interior and exterior property data collection of the subject property, using the prescribed Freddie Mac dataset, to produce a PDR. The PDR is then provided to an appraiser who uses the data and photographs to complete a hybrid appraisal reported on Form 70H.

For full change details, please click the below to read the entire Bulletin:

[ACE Eligibility](#)

**Should you have any questions, please reach out to your
Account Executive or Client Manager**