Collateral Underwriter™
Taking appraisal review to the next level

Collateral Underwriter (CU™) is a proprietary appraisal risk assessment application developed by Fannie Mae to support proactive management of appraisal quality.

Customer Benefits

- **TRANSPARENCY.** CU gives lenders greater transparency and certainty by providing access to the same market data and analytics used in Fannie Mae’s QC framework.
- **QUALITY.** Appraisal feedback at point of submission enables lenders to proactively address potential appraisal issues.
- **EFFICIENCY.** Segmenting appraisals by risk profile facilitates efficient workflow management and resource allocation. CU may also lead to fewer – but more informed – requests to appraisers.
- **DYNAMIC FUNCTIONALITY.** The interactive application includes comparable sales data, mapping, market trends, aerial and street-view imagery, public records, and more at the click of a button.
- **NO COST.** CU is available at no charge to Fannie Mae sellers and non-seller correspondents.

Multi-Purpose Risk Management Tool

- **RESOURCE ALLOCATION.** Lenders may use the CU findings to route workflow and ensure the time and resources dedicated to each review is properly aligned with each appraisal’s risk profile.
- **IN-DEPTH LOAN ANALYSIS.** Detailed messaging highlights specific aspects of the appraisal that may require further attention while the web application facilitates research of these potential issues.
- **ADVANCED SEARCH FUNCTIONALITY.** Users can easily search their portfolio of appraisals to create targeted QC samples.
- **REPORTING AND MONITORING.** Monthly reporting can be used at the management level to drive continuous improvement.

**WHAT ARE LENDERS SAYING ABOUT CU?**

“The data provided in CU gives us clarity on appraisals. People think CU will slow down underwriting, but it’s actually doing the reverse.”

– Mat Ishbia
President/CEO,
United Wholesale Mortgage

“After using CU to analyze an appraisal, if we still have questions we can have an informed conversation with the appraiser.”

– Steve Trayte
Director, Residential Credit & Technology; NYCB Mortgage Company

**Getting CU Findings**

The CU risk score, flags, and messages are available through the Uniform Collateral Data Portal® (UCDP®), Desktop Underwriter®, EarlyCheck™, and the CU web application.

The CU web application provides robust content, dynamic functionality, and necessary context to examine and appropriately act on the CU findings.

**Expert Tip:** Use the CU web application to maximize effectiveness and efficiency.

RESOURCES

Knowledge and training are the keys to successful implementation. Visit the CU web page for more information and eLearning courses:

www.fanniemae.com/singlefamily/collateral-underwriter

© 2015 Fannie Mae. Trademarks of Fannie Mae.
Quick Tips to Manage Collateral Underwriter Findings

Collateral Underwriter™ (CU™) provides a risk score, flags, and messages on appraisals submitted to Fannie Mae through the Uniform Collateral Data Portal® (UCDP®). This “Quick Tips” document describes common message types that may result in an elevated CU risk score and how to use the CU web-based application to efficiently and effectively:

- Achieve greater confidence in the appraisal
- Validate or dismiss potential red flags
- Inform and empower follow-up requests to the appraiser (avoid unnecessary requests)
- Accelerate completion of appraisal underwriting processes

The CU web app provides easy access to a comprehensive suite of research tools at a click of a button and free of charge including:

- public property records
- sales history
- comparable sales data
- market trend data
- mapping
- aerial/street view imagery
- building permit data
- local market analytics
- adjustment benchmarks

Message Categories

<table>
<thead>
<tr>
<th>Type of CU Message</th>
<th>Description</th>
<th>CU Functionality to Use to Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Discrepancy</td>
<td>Identifies when an appraiser reports data that is implausible or materially different than previously reported by the same appraiser or other appraisers in regards to sale price, GLA, property condition, etc.</td>
<td>• Click on the attribute in question to open the Characteristic History, which displays the relevant prior appraiser observations and public records.</td>
</tr>
</tbody>
</table>
| Comparable Sale Selection | Identifies appraisals with a material difference between the appraiser-provided and model-selected comparable sale rankings. The CU model takes into account physical similarity, time, and distance when establishing overall rankings of sales. | • Review the map to contrast the location of the appraiser-provided comps with the model-selected comps.  
• Consider the rankings, the sale prices and the model-adjusted sale prices of the comparables in the Datappraisal tab.  
• Leverage the aerial photography, the Market Trend, and heat maps for detailed insights into local market factors. |
| Adjustments               | Identifies when the appraiser’s adjustments are significantly different from both the adjustments used by peer appraisers and the model adjustments for all Uniform Appraisal Dataset (UAD) standardized physical characteristics, date of sale, location, and sales type. | • Review the Adjustment Analysis for a side-by-side comparison of the appraiser’s adjustments and the model-derived adjustments.  
• Hover over the Magnifying Glass next to the desired characteristic (condition, GLA, etc.) to view what other appraisers have reported. |

Please visit the Collateral Underwriter web page for additional CU training resources including a User Guide, eLearning courses available 24/7, live webinars, and FAQs: www.fanniemae.com/singlefamily/collateral-underwriter
CU Registration Guide for Non-Seller Correspondent Lenders

To register for access to the Collateral Underwriter® (CU™) web application, available at no charge, non-seller correspondent lenders (who submit appraisals to the Uniform Collateral Data Portal® [UCDP®] for loans they intend to close in their own names but not sell directly to Fannie Mae) should follow the steps below:

**NOTE:** Direct Fannie Mae sellers should follow the different registration process detailed in the Collateral Underwriter Registration Guide for Approved Fannie Mae Sellers.

1. Identify your active UCDP Lender Administrator (Lender Admin).
   a) If you have questions regarding who your UCDP Lender Admins are for your organization, contact the UCDP Support Center at 1-800-917-9291 for assistance.

2. Your UCDP Lender Admin will need their Fannie Mae user ID and password which is different than their UCDP user ID and password.
   a) The Fannie Mae user ID is the user ID and password that was assigned by Fannie Mae when they were initially set up as a UCDP Lender Admin. If the Lender Admin does not remember their Fannie Mae user ID and password, they should contact the Fannie Mae Customer Interaction Center at 1-877-722-6757.

3. Your UCDP Lender Admin will contract for and register your organization for CU by logging in to an online application (using their Fannie Mae credentials from step 2) via this link: CU Registration for Non-Sellers.
   a) This online application enables your UCDP Lender Admin to electronically accept the CU licensing terms.
   b) It also establishes your UCDP Lender Admin as a Corporate Administrator for Fannie Mae’s Technology Manager (TM) application, where CU users are set up and managed.
   c) Once the UCDP Lender Admin has completed the registration process, they will receive a system message on their screen indicating that the registration request has been submitted and is pending activation. An email will be sent to their email address on file upon successful activation. It will take 30 minutes or less for the activation process to complete.

4. Set up CU User IDs.
   a) Once the activation process in step 3c is complete, your UCDP Lender Admin – who is now also set up as a TM Corporate Administrator – can access Technology Manager to set up and manage CU application user IDs (using credentials from step 2).
   b) Follow the steps in the Non-Seller Admin Guide job aid (see pages 2–9) to access Technology Manager to set up and manage CU user credentials. The steps listed must be completed for each new user before the user can begin utilizing their new user ID to access Collateral Underwriter.

5. It is recommended that your organization establish a backup TM Corporate Administrator by completing the TM Administrator Registration Form.
   a) Only your TM Corporate Administrator will be able to execute and submit this form for successful processing.

**CU Support**

Access the CU web page for more information on using CU, including eLearning courses and live webinars (https://www.fanniemae.com/singlefamily/collateral-underwriter).

For appraisal-specific support or policy guidance regarding UCDP or CU, contact your Aggregator.

For general CU support questions, contact the Fannie Mae Customer Interaction Center at (877) 722-6757.
For general UCDP support questions, contact the UCDP Support Center at (800) 917-9291.

*Access to the CU user interface is limited to employees of the non-seller correspondent lender. Lenders may not provide user IDs for any Fannie Mae technology application to third parties.*
Fannie Mae Solutions

Fannie Mae's industry-leading technology solutions help mortgage lenders originate loans for sale to Fannie Mae so you can serve today’s home buyers and grow your business. Our risk management tools, including Desktop Underwriter® (DU®), Collateral Underwriter® and EarlyCheck™, help lenders underwrite quality loans with greater certainty.

**Desktop Underwriter® (DU®)** provides a comprehensive credit risk assessment that determines whether a loan meets Fannie Mae's eligibility requirements. [www.fanniemae.com/singlefamily/desktop-underwriter](http://www.fanniemae.com/singlefamily/desktop-underwriter)

**Desktop Originator® (DO®)** can help brokers and correspondents generate more loans, gain a competitive edge in the marketplace, boost profitability, and enhance customer service and satisfaction. [www.fanniemae.com/singlefamily/desktop-originator](http://www.fanniemae.com/singlefamily/desktop-originator)

**Coming Soon: Data Validation in DU**

In 2016, Fannie Mae will offer data validation services to help lenders originate loans with greater simplicity and certainty. Instead of requiring a borrower to provide copies of pay stubs or other documents to verify income, lenders will be able to validate income through Desktop Underwriter with data provided by The Work Number® (TWN) from Equifax. In addition to efficiency for borrowers and lenders, this could reduce the frequency of mortgage fraud. Going forward, Fannie Mae will determine if validation services can be offered for additional borrower data, such as bank statements, and additional income documents, such as tax returns.

**Collateral Underwriter® (CU™)** provides an automated risk assessment of an appraisal report to support proactive management of appraisal quality. [www.fanniemae.com/singlefamily/collateral-underwriter](http://www.fanniemae.com/singlefamily/collateral-underwriter)

**EarlyCheck™** provides users with access to Fannie Mae delivery edits at any point in the lender's business process. EarlyCheck assists lenders in identifying and correcting potential eligibility and/or data issues early in their processes and prior to loan delivery. [www.fanniemae.com/singlefamily/earlycheck](http://www.fanniemae.com/singlefamily/earlycheck)

**The Uniform Collateral Data Portal® (UCDP®)** is a single portal through which lenders electronically submit appraisal reports for conventional mortgages delivered to Fannie Mae or Freddie Mac. Through UCDP, lenders can upload (and coming soon, share) appraisal data and view edits and submission details. [www.fanniemae.com/singlefamily/uniform-collateral-data-portal](http://www.fanniemae.com/singlefamily/uniform-collateral-data-portal)

**Home Counselor Online™ (HCO®)** is a dynamic, free, and efficient web-based means of bringing housing professionals (counselors, lenders, and mortgage brokers) together to help consumers prepare for, apply for, and receive home loans – as well as provide the post-purchase support necessary to remain successful homeowners. [www.fanniemae.com/singlefamily/home-counselor-online](http://www.fanniemae.com/singlefamily/home-counselor-online)

Fannie Mae’s **Industry Partner Solutions team** works with mortgage lenders who may not have a direct selling relationship with us, and with technology solution providers.

**Ginny Bacon** (404.398.6703)  
Ginny_L_Bacon@fanniemae.com

**Kellie Coffey** (301.418.7643)  
Kellie_Coffey@fanniemae.com

**Christy Moss** (404.398.6246)  
Christy_N_Moss@fanniemae.com

**Susan Roma** (215.575.1538)  
Susan_Roma@fanniemae.com
# Overview and Value of Fannie Mae’s Risk Solutions

Our innovative mortgage technology solutions help make your business and operations more certain, streamlined, and efficient.

<table>
<thead>
<tr>
<th>Desktop Underwriter® (DU®)</th>
<th>Desktop Originator® (DO®)</th>
<th>Collateral Underwriter® (CU™)</th>
<th>Uniform Collateral Data Portal® (UCDP®)</th>
<th>EarlyCheck™</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is it?</td>
<td>An automated tool that assists lenders in the underwriting of conforming loans</td>
<td>Companion system to DU; allows wholesale lenders to expand their reach to third-party originators</td>
<td>A proprietary appraisal risk assessment application to support proactive management of appraisal quality</td>
<td>A single portal for the electronic submission of appraisal data file to Fannie Mae and Freddie Mac (the GSEs) <em>Provided and managed jointly by Fannie Mae and Freddie Mac</em></td>
</tr>
<tr>
<td>Cost</td>
<td>NO COST TO LENDER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lender Value</td>
<td>Action-oriented detailed messages in DU Underwriting Findings report</td>
<td>Transparency – provides access to the same market data and analytics used in Fannie Mae’s post-acquisition quality control framework</td>
<td>Submit electronic appraisal data files via joint GSE portal – provides consistent format and submission process for either GSE and generates Uniform Appraisal Dataset compliance check messages for early warning of any potential issues</td>
<td>Enables process efficiency and reduced funding delays</td>
</tr>
<tr>
<td></td>
<td>Operational efficiency – Seamless integration to lender’s LOS process and systems</td>
<td>Quality – Appraisal feedback at point of submission enables lenders to proactively address potential issues earlier in the origination process and improve the overall quality of loans delivered to Fannie Mae</td>
<td>When appraisals submitted to Fannie Mae through UCDP, receive a CU risk score, flags, and messages in UCDP</td>
<td>Helps identify potential data issues so they can be corrected prior to loan delivery</td>
</tr>
<tr>
<td>Desktop Underwriter® (DU®)</td>
<td>Desktop Originator® (DO®)</td>
<td>Collateral Underwriter® (CU™)</td>
<td>Uniform Collateral Data Portal® (UCDP®)</td>
<td>EarlyCheck™</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------</td>
<td>-------------------------------</td>
<td>----------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Quick response to market changes</td>
<td>Efficiency – Ability to segment appraisals by risk profile facilitates efficient workflow management and resource allocation</td>
<td>Easy web-based interface or vendor-provided solution</td>
<td>Improved operational impacts including feedback to help with quality control processes</td>
<td></td>
</tr>
</tbody>
</table>
| Products and options to promote sustainable homeownership  
*New Feature* – assists in identifying HomeReady™ eligible loans | Dynamic functionality – provides robust content and dynamic functionality at the click of a button including comparable sales data, mapping, market trends, aerial/street-view imagery, public records, and more | Appraisal can be submitted by a lender agent; for example, an appraiser or appraisal management company | Less manual error resolution during delivery and post-purchase |
| Platform reliability | Multi-purpose risk management tool | | Access to Collateral Underwriter risk scores, flags, and messages |
| Available for | Approved sellers | Non-sellers via a lender sponsor | Approved sellers and non-sellers (CU findings also available through DU, DO, and EarlyCheck) | Approved sellers and non-sellers |
| | Technology solution providers may be licensed to build and maintain a user interface | | | Approved sellers who deliver direct to Fannie Mae |

For more information, contact Fannie Mae’s Industry Partner Solutions team ([industry_partner_solutions@fanniemae.com](mailto:industry_partner_solutions@fanniemae.com)).