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Collateral underwriter: Fannie Mae's foray into the future

November 13, 2014 - Appraisal & Consulting

Fannie Mae is launching the latest in computer driven appraisal review with the advent of collateral underwriter (CU). This is a tool that works in conjunction with the Uniform Collateral Data Portal (UCDP) which limits its accessibility to Fannie Mae sellers and a few others.

According to Fannie Mae, the CU will "identify appraisals with heightened risk of property eligibility or policy compliance violations, over-valuation, and appraisal quality issues." To simplify, CU will analyze an appraisal and provide the lender with a comprehensive risk score, risk flags identifying factors contributing to high risk scores, and detailed messaging to highlight specific aspects of the appraisal that may warrant further attention.

What will the underwriter receive from CU? For each appraisal reviewed by CU a report will be generated that contains:

- * CU score and risk flags
- * A comparable sales map
- * A message center
- * A list of appraiser-provided comparables
- * A list of CU-generated comparables.

CU will map out both the appraiser-provided and CU-generated comparables. More importantly, CU will integrate and "rank" both sets of comparables showing the underwriter comparables not used by the appraiser it thinks may be better choices.

The list of comparables (including those used by the appraiser) will appear in a spread sheet format that is sortable and searchable by specific criteria such as time, distance or size. If the comparables are in the UAD database, the list will show the condition, quality, view and location ratings assigned by other appraisers.

Underwriters will receive detailed data integrity, comp selection, adjustment, and reconciliation messages with the report. These might include comments about a specific comparable as it relates to the subject or to other comparables. CU also compares comparables used by the appraiser against the same comparables used by other appraisers to identify differences in size, ratings and more.

Users will be able to access aerial and street-view photographs of the subject and of any comparable on the report. The report includes two proprietary Fannie Mae indices - a Market Trend and Heat Map that provides insight into local market trends.

All this becomes available to lenders on January 26, 2015. It's a Fannie Mae specific product so those lenders who sell only to Freddie Mac will not be using this. Prepare yourself for the future and fasten your seatbelt as it's certain to be a bumpy ride.

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