Appraisal Data Delivery

Preparing for the New GSE Initiative
• Today’s PowerPoint

• Audio

• Questions
Questions

- [education@fncinc.com](mailto:education@fncinc.com)
- Chat box submission

Appraisal Data Delivery

*Preparing for the New GSE Initiative*
Program Overview

• Importance of Data

• FNC® and the Data-Centric Environment

• GSE Submissions

• GSE Requirements

• Questions
Speakers

- Mike Mitchell
  - Chief Strategy Officer

- Shawn Telford
  - FNC Director, Product Management

- Justin Bausch
  - Senior Manager, Fannie Mae

- Karen Pilewski
  - Senior Product Director, Freddie Mac
Preparing for the New GSE Appraisal Data Delivery Initiative

Shawn Telford
Director, Product Management
Why is the Collateral Data Important?

- Process and workflow automation
- Regulatory compliance
- Standardized review and collateral decisioning
- Consistent enterprise quality control
- Transparency…at the loan or portfolio level
- Vendor performance, measurement and tracking
- Internal and external reporting
- Investor / guarantor / insurer expectations to receive permission-based access to loan data
About FNC

• The largest provider of Collateral Management System® software and tools to:
  • Lenders,
  • AMCs,
  • Appraisers, and
  • Residential mortgage investors

• Focused on collateral data and collateral decisioning
  • Enterprise platform—Collateral Management System (CMS®)
  • Software-as-a-Service – Collateral Headquarters (CHQ™)
  • AppraisalPort® – Work Portal for Appraisers & AMCs

• Data-centric transaction processing & workflow
All About Data

• History of open XML for appraisals

• FNC and Appraisal Institute created an open XML appraisal standard known as AI XML (AI Ready) in 1998

• AI Ready™ objects given to appraisal forms vendors, enabling appraisers to create AI XML reports for delivery to their clients

• All major appraisal forms companies support AI Ready
All About Data

- PDFs & Paper to Data
  - FNC developed data extraction from PDFs in 2001
  - First generation PDFs—a term FNC “coined”
  - Second generation PDFs—essentially faxes we convert to data via OCR process

- Through FNC CMS/CHQ platforms, all services can be returned to institution as data-stream including public record data, AVMs, BPOs, appraisals, inspections and appraisal reviews.
GSE Joint Effort to Collect Loan Data

- Under the direction of the FHFA,

the GSEs are seeking to enhance the quality of the mortgages they purchase by collecting and evaluating loan-level data from originators and sellers.
GSE Joint Effort to Collect Loan Data

• The joint program is called the Uniform Mortgage Data Program (UMDP)

• UMDP has three components:
  • UCDP (Uniform Collateral Data Portal)
  • UAD (Uniform Appraisal Dataset)
  • ULDD (Uniform Loan Delivery Dataset)
Fannie Mae & Freddie Mac effort to gather appraisal data prior to loan delivery has been underway for more than two years

Vision is a data-centric collateral process
Lender Requirements for UCDP

- GSE loan sellers are required to:
  - Successfully deliver appraisal reports via UCDP beginning March 19, 2012
  - Loan Applications on or after Dec. 1, 2011
  - UCDP portal will be available in June 2011

- GSE loan sellers must require:
  - Appraisals to be completed using the UAD formatting beginning Sept. 1, 2011
  - It is anticipated the appraisal forms vendors will begin offering software updates that support UAD standards beginning in the second quarter 2011
The following forms must be delivered to the UCDP

<table>
<thead>
<tr>
<th>Name</th>
<th>Number (Fannie/Freddie)</th>
<th>UAD required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniform Residential Appraisal Report</td>
<td>1004/70</td>
<td>YES</td>
</tr>
<tr>
<td>Individual Condominium Unit Appraisal Report</td>
<td>1073/465</td>
<td>YES</td>
</tr>
<tr>
<td>Exterior-Only Inspection Individual Condominium Unit Appraisal Report</td>
<td>1075/466</td>
<td>YES</td>
</tr>
<tr>
<td>Exterior-Only Inspection Residential Appraisal Report</td>
<td>2055/2055</td>
<td>YES</td>
</tr>
<tr>
<td>Manufactured Home Appraisal Report</td>
<td>1004C/70B</td>
<td>NO</td>
</tr>
<tr>
<td>Small Residential Income Property Appraisal Report</td>
<td>1025/72</td>
<td>NO</td>
</tr>
<tr>
<td>Individual Cooperative Interest Appraisal Report</td>
<td>2090/Not applicable</td>
<td>NO</td>
</tr>
<tr>
<td>Exterior-Only Inspection Individual Cooperative Interest Appraisal Report</td>
<td>2095/Not applicable</td>
<td>NO</td>
</tr>
</tbody>
</table>
UCDP File Submission

• Appraisal data submitted to UCDP portal
  • Manual submission
  • Direct integration

• Appraisal can be submitted as an XML file in:
  • AI Ready format
  • MISMO 2.6 Errata 1 format
  • MISMO 2.6 Errata 1 GSE Extended format
  • ACI format

• As a “first generation” PDF file
  • Fee incurred to convert PDF to XML by submitter
Uniform Appraisal Dataset - UAD

- Fannie Mae & Freddie Mac will direct appraisers via lenders to standardize certain data points in their forms.
  - The forms will not change.
  - The goal is to get standard responses from appraisers in the current forms and facilitate better overall loan quality through better data.
- Appraisal forms vendors will update their software to create UAD formatted forms.
- Appraisers will—as best we can tell—simply need to upgrade to the latest version of their preferred forms filling package.
- AI Ready will accommodate UAD formatting without any additional action by the appraisers.
Preparing for the New GSE Appraisal Data Delivery Initiative

Mike Mitchell
Chief Strategy Officer
How Will the Submission to UCDP Take Place?

• Submission to UCDP
  • Manually via UCDP website, lenders will be able to log in and upload individual appraisals.

• Via direct automated integration with UCDP
  • A handful of larger Fannie Mae and Freddie Mac sellers have been invited to make direct connections.
How Will the UCDP Results be Reported to the Lender?

• Results Returned by UCDP
  • Appraisal data will be checked for certain key factors (UAD completeness and UCDP compliance)
  • 10-digit Doc ID, hard-stop checks, submission summary report

• Appraisals checked for:
  • UAD completeness & proper formatting
  • UCDP “hard stop” checks which require correction & re-submission or over-ride prior to “acceptance”
Submitting the UCDP Results

• Lenders are required to include the 10 digit UCDP Doc ID with an acceptance in their loan delivery file to the GSEs.

• Correspondents must submit appraisal data to UCDP and obtain the UCDP Doc ID with an acceptance prior to loan delivery to an aggregator who may sell to Fannie Mae or Freddie Mac.
Data Delivery *via* FNC Gateway

**FNC Gateway**
Many Lenders - One Site

- Correspondents
- Freddie
- Fannie
- FHA
- Ginnie
- VA
- Private Secondary Market
- Home Equity Loans

**Components:**
- CMS
- CHQ
- Standalone Web Page
- AppraisalPort
- Retail Wholesale
- PDF to Data Conversion
- FAX to Data Conversion

**Vendor s/ AMCs**
What Does This Mean to Appraisers?

• In Q2 or Q3 (prior to Sept. 1, 2011) obtain appraisal software that creates UAD formatted appraisals and receive training.
• Be prepared to meet the new UAD standards as required by your clients.
• Be prepared to deliver appraisals in the electronic file format required by your clients.
• AI Ready (as used today) will support UAD and UCDP without any change in the appraiser’s process for report delivery.
What Does This Mean to a Lender?

- Communicate your expectations to appraisers to deliver UAD appraisals by or before Sept. 1, 2011.
- Plan a method for delivering appraisal data files electronically to the UCDP for all channels.
- Choose the electronic appraisal file type you plan to deliver to UCDP.
- Define standard business processes to handle UCDP delivery exception process, correction & resubmission.
- Define and implement delivery of UCDP Doc ID with acceptance and other ULDD data points to loan delivery system.
What Does This Mean to a Correspondent Lender?

• Submit appraisals directly to UCDP.
• Same as for any lender previously, plus….
• Understand your investor’s requirements regarding UCDP submission or other investor-defined appraisal data submission process.
  • For example, Investor ABC requires successful submission to both Fannie Mae and Freddie Mac and Summary Report (SSR).
• FNC platform clients are covered with CMS-to-CMS integrations.
What Does This Mean to an AMC?

• Ensure your panel can deliver UAD formatted appraisals by Sept. 1, 2011.
• Ensure your management system can process appraisals as data in electronic file formats that are acceptable to your clients:
  • AI Ready
  • MISMO
• Consider an “optional” process for UCDP submission.
  • In most cases, lenders will manage UCDP submission process
  • AMC (as lender’s agent) may be asked to submit appraisal data, obtain acceptance and submit results to client’s system.
    • FNC platform clients are covered.
    • FNC Gateway can support non-platform clients.
Message to Our Clients

- FNC platforms and Al Ready are ready to accept UAD-formatted appraisals and other appraisal reports required by UCDP.
- FNC will be ready ahead of the deadlines.
- Install an FNC platform and your data delivery concerns are solved.
- FNC gets trading partners connected
  - Aggregators – Correspondents
  - Originators – AMC/Appraisers
  - Sellers – Investors
Questions

• Today’s Questions
  • Chat Function
  • education@fncinc.com

• GSE UMDP Policies and Updates
  • www.efanniemae.com/sf/lqi/umdp/
  • www.freddiemac.com/sell/secmktg/uniform_mortgage.html
Thank You

• Questionnaire