

Collateral Representation and Warranty Relief with an Appraisal: Loan Quality Advisor® Information

Loan Quality Advisor® is a web-based tool designed to provide you with an automated way to identify credit, data and purchase eligibility issues before you deliver loans to Freddie Mac. It is a risk and eligibility assessment tool that assesses loan data to help lenders determine if a loan is eligible for sale to Freddie Mac. The following services provide feedback on your loan data:

- **LPA Data Compare** – Compare your current intended loan delivery data to the loan data in the last Loan Product Advisor® submission and identifies data discrepancies. Using this service provides you with more certainty that the loan data matches. In circumstances where the loan delivery data does not match, Loan Quality Advisor provides direction on whether resubmission to Loan Product Advisor is suggested. This data comparison performed in Loan Quality Advisor is complementary to Loan Product Advisor but not a replacement.
- **Risk Assessment** – View risk on non-Loan Product Advisor-originated loans prior to purchase that allows you to more efficiently manage your credit risk. If your loan was not previously assessed by Loan Product Advisor, then this service performs a risk assessment and provides you a summary of the loan's credit risk and related loan quality by indicating the likelihood of a Loan Product Advisor Accept or Loan Product Advisor Caution.
- **Collateral Representation and Warranty Relief** – View collateral representation and warranty relief eligibility and validate that critical data used to determine eligibility for representation and warranty relief provided through Loan Product Advisor has not materially changed.
- **Income Representation and Warranty Relief** – View income representation and warranty relief eligibility and validate that critical data used to determine eligibility for representation and warranty relief provided through Loan Product Advisor has not materially changed.
- **Asset Representation and Warranty Relief** – View asset representation and warranty relief eligibility and validate that critical data used to determine eligibility for representation and warranty relief provided through Loan Product Advisor has not materially changed.
- **Purchase Eligibility** – See comprehensive pre-delivery purchase eligibility data, including negotiated terms of business. Identify errors related to data quality, charter compliance and credit compliance earlier in the loan-origination process. This service assesses loans using the same rules as Freddie Mac's Loan Selling Advisor® and provides consistent feedback and error messages. This earlier view:
 - Gives you additional time to resolve loan errors
 - Reduces the time it takes to obtain funding from Freddie Mac
 - Provides an early view of compliance with Freddie Mac's appraisal delivery requirements

This reference provides details about what you need to know to successfully use Loan Quality Advisor as a supportive tool for managing collateral representation and warranty relief eligibility with an appraisal.

The following topics are included:

- [Accessing Collateral Representation and Warranty Relief Results](#)
- [Validating Loan Eligibility for Collateral Representation and Warranty Relief](#)
- [Understanding the Collateral Representation and Warranty Relief Feedback Messages](#)
- [Additional Resources](#)



Note: Collateral representation and warranty relief may also be offered with Loan Product Advisor's automated collateral evaluation capability which provides the option to waive the appraisal requirements on certain loans. For information on automated collateral evaluation, refer to the [Automated Collateral Evaluation](#) job aid.

Accessing Collateral Representation and Warranty Relief Results

The Summary of Batch Results page, Loan Assessment Summary page and Export Data page provide access to collateral representation and warranty relief results. You can also access results via a system-to-system interface.



Note: System-to-System Interface

If your organization uses a Loan Quality Advisor system-to-system interface and you are not able to view the representation and warranty relief results, you or your vendor need to update the system-to-system interface to the latest specification posted on the [Loan Quality Advisor web page](#).

If your origination channel includes other entities, the entity that submits the loan in Loan Quality Advisor is the only entity that can access the results. For example, if you, as an aggregator, assess a loan in Loan Quality Advisor that was originated by a correspondent lender, you will receive the Loan Quality Advisor results, including the collateral representation and warranty relief messages. The correspondent will not see these results because they did not submit the loan to Loan Quality Advisor.

Summary of Batch Results Page

The Summary of Batch Results page includes a summary of the collateral representation and warranty relief results for all the loans assessed within the batch file. Within the Summary of Batch Results, you can use the Loan Filtering Criteria to quickly sort loans based on representation and warranty relief results.



Summary of Batch Results

General Batch Information

BATCH SUBMISSION ID	DATE / TIME OF SUBMISSION	USER SUBMISSION ID	# OF LOANS SUBMITTED	# OF LOANS ASSESSED	# OF LOANS NOT ASSESSED
16712	2017-09-19 02:16:02 PM	[User ID]	5	5	0

List of Transactions

Filtering Criteria For Summary of Batch Results

LPA Data Compare (5) Green (5) Yellow (0) Red (0) Error (0) Incomplete (0)

Risk Assessment (0) Green (0) Yellow (0) Red (0) Error (0) Incomplete (0) Ineligible (0)

Collateral R&W* Relief (5) Green (5) Yellow (0) Red (0) Error (0) Incomplete (0)

Income R&W* Relief (5) Green (5) Yellow (0) Red (0) Error (0) Incomplete (0)

Asset R&W* Relief (5) Green (0) Yellow (0) Red (0) Error (0) Incomplete (0)

Purchase Eligibility (5) Green (5) Yellow (0) Red (0) Error (0) Incomplete (0)

Search at the loan level by

Seller Loan Identifier Last Name of the Primary Borrower

LQA TRANSACTION ID	SELLER LOAN IDENTIFIER	LPA DATA COMPARE	RISK ASSESSMENT	COLLATERAL R&W* RELIEF	INCOME R&W* RELIEF	ASSET R&W* RELIEF	PURCHASE ELIGIBILITY
337442	CHL0911_1	GREEN	N/A	GREEN	GREEN	YELLOW	GREEN
337443	LQA ELIGIBLE	GREEN	N/A	GREEN	GREEN	YELLOW	GREEN
337444	LQA ELIGIBLE1	GREEN	N/A	GREEN	GREEN	YELLOW	GREEN

Loan Assessment Summary Page

The Loan Assessment Summary provides detailed individual loan results for the collateral representation and warranty relief service and other Loan Quality Advisor services. Collateral representation and warranty relief results are included in the Assessment Results summary at the top of the page, and within the Collateral Representation and Warranty Relief Results section.



Loan Assessment Summary

UCD Requirement: **Satisfied**

Assessment Results

RISK ASSESSMENT: **GREEN** (RESULTS)

PURCHASE ELIGIBILITY: **RED** (RESULTS)

COLLATERAL R&W RELIEF: **GREEN** (RESULTS)

INCOME R&W RELIEF: **YELLOW** (RESULTS)

ASSET R&W RELIEF: **YELLOW** (RESULTS)

Collateral Representation and Warranty Relief Results

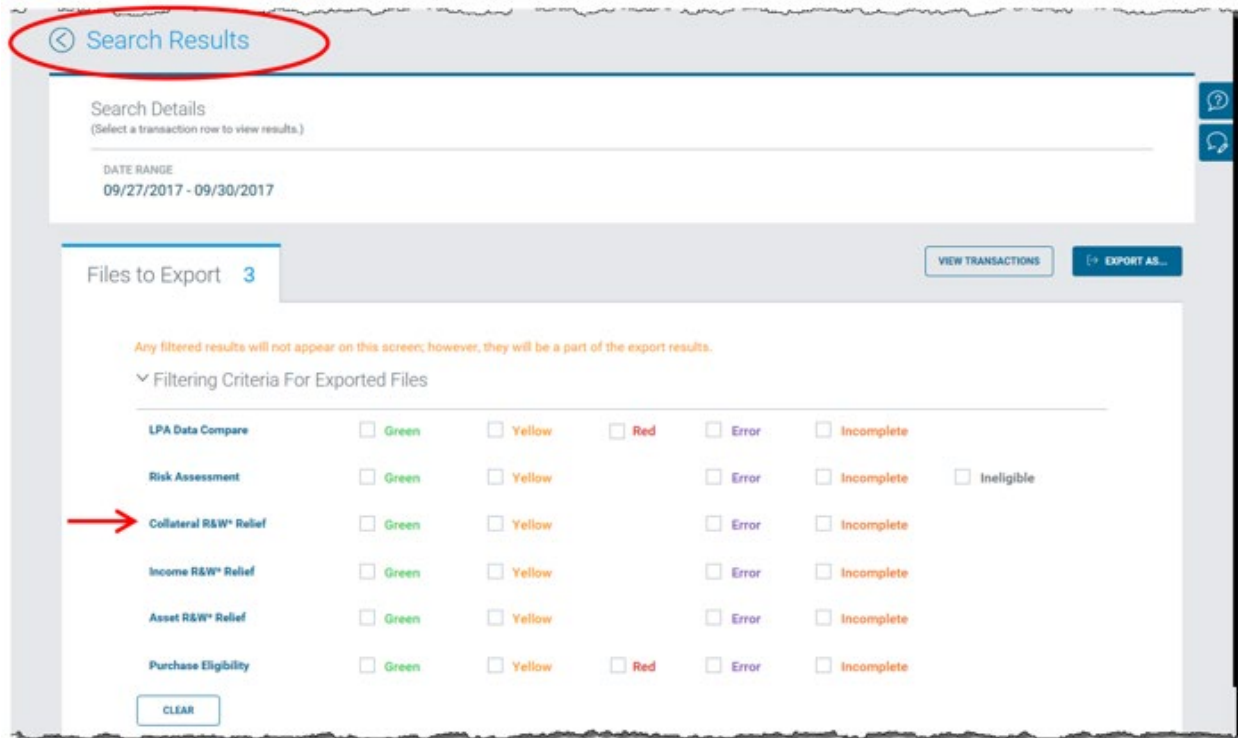
Result: **YELLOW**

Collateral Representation and Warranty Relief Messages

CODE	MESSAGES
CN2000	Based on the overall assessment of loan and collateral risk, including appraisal quality, collateral quality and loan characteristics, this loan is not eligible for collateral representation and warranty relief.
CN2161	The Appraisal Identifier must be provided in order to be eligible for collateral representation and warranty relief.

Export Data Page

Collateral representation and warranty relief results can also be exported to a file if you include Collateral R&W Relief in your export criteria on the Search Results page.



Validating Loan Eligibility for Collateral Representation and Warranty Relief

- After Loan Quality Advisor assesses a loan, it automatically displays one of four results for the Collateral Representation and Warranty Relief service. The following table provides a list and description of these results:

Collateral Representation and Warranty Relief Service Results	
GREEN	Indicates the loan <u>is</u> eligible; however, eligibility is confirmed by Loan Selling Advisor based on final delivered data.
YELLOW	Indicates the loan is <u>not</u> eligible. Additional messages may be displayed that provide more information on why the loan is not eligible.
ERROR	Indicates a system error associated with the Collateral Representation and Warranty Relief service occurred.
INCOMPLETE	Not applicable



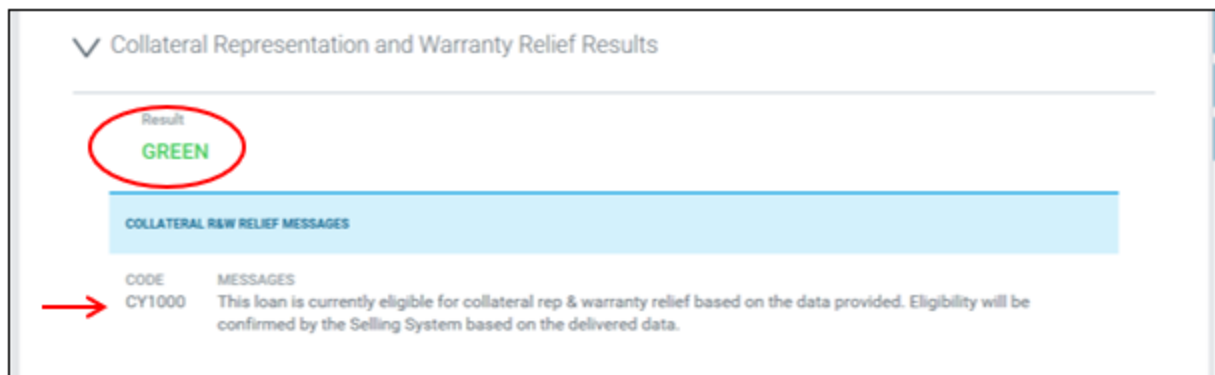
Note: Icons and color designations associated with collateral representation and warranty relief results are intended only as a visual guide for indicating mortgage eligibility for collateral representation and warranty relief. Such designations are not provided for any other reason, nor should they be used or relied upon except to identify results of the Collateral Representation and Warranty Relief service as set forth in Loan Quality Advisor, any Loan Quality Advisor output, the Loan Quality Advisor User Guide or related documentation.

Understanding the Collateral Representation and Warranty Relief Feedback Messages

In addition to the results Loan Quality Advisor provides, associated feedback messages are returned on the Loan Assessment Summary page.

GREEN Result

If the result is GREEN, you will receive a message indicating the loan is currently eligible for collateral representation and warranty relief, and that eligibility will be confirmed by Loan Selling Advisor based on the delivered data. The following is an example of one of the messages you may receive with the GREEN result.



Note: If data changes occur after the Loan Quality Advisor assessment, Loan Selling Advisor may not provide the same results as Loan Quality Advisor.

YELLOW Result

If the result is YELLOW, you will receive a message indicating the loan is not eligible for collateral representation and warranty relief. In addition, you may receive one or more messages indicating the reason(s) the loan is not eligible for collateral representation and warranty relief. The following is an example of messages you may receive.



Collateral Representation and Warranty Relief Results 2

Result
YELLOW

COLLATERAL R&W RELIEF MESSAGES

CODE	MESSAGES
CN2000	Based on Freddie Mac's overall assessment of loan and collateral risk, including appraisal quality, collateral quality and loan characteristics, this loan is not eligible for collateral rep & warranty relief.
CN2101	The Freddie Mac Settlement Date is more than 120 days after the Note Date. A new appraisal is required in UCDP with an Appraisal Effective Date that is no more than 60 days prior to the Freddie Mac Settlement Date to be eligible for collateral rep & warranty relief.

ERROR Result

If the result is ERROR, you will receive a message indicating the reason(s) for the error, as indicated in the following example.

Collateral Representation and Warranty Relief Results 1

Result
ERROR

COLLATERAL R&W RELIEF SERVICE MESSAGES

CODE	MESSAGES
CX3999	The Collateral Representation and Warranty Relief service is not available. Please call Freddie Mac Customer Support (800-FREDDIE) for additional information or resubmit at a later time.

Additional Resources

If you have other questions about Loan Quality Advisor functionality, or are a new user and need help learning about it, refer to the following resources:

- [Loan Quality Advisor web page](#)
- [Loan Advisor® Overview page](#)

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Service Guide* and your other Purchase Documents.

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