

Collateral Representation and Warranty Relief with an Appraisal: Overview

Freddie Mac is offering immediate relief from representations and warranties for property value of the mortgaged premises, which provides our lenders with greater certainty about the risk of repurchase due to appraisal defects.

This offering uses the Uniform Collateral Data Portal® (UCDP®) and Freddie Mac Loan Advisor® to provide end-to-end feedback regarding collateral rep and warranty relief eligibility for property value as the loan file moves through the loan origination and delivery processes.

Note: Collateral rep and warranty relief for property value 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.

For collateral rep and warranty relief with an appraisal, this reference provides information to help you understand:

- [How the offering works](#)
- [Eligibility requirements](#)
- [Steps to take advantage of collateral rep and warranty relief with an appraisal](#)
- [Key Messages](#)
- [Relevance of the Document File ID/Appraisal Identifier and LP AUS Key](#)
- [Where to obtain more information](#)

How the Offering Works

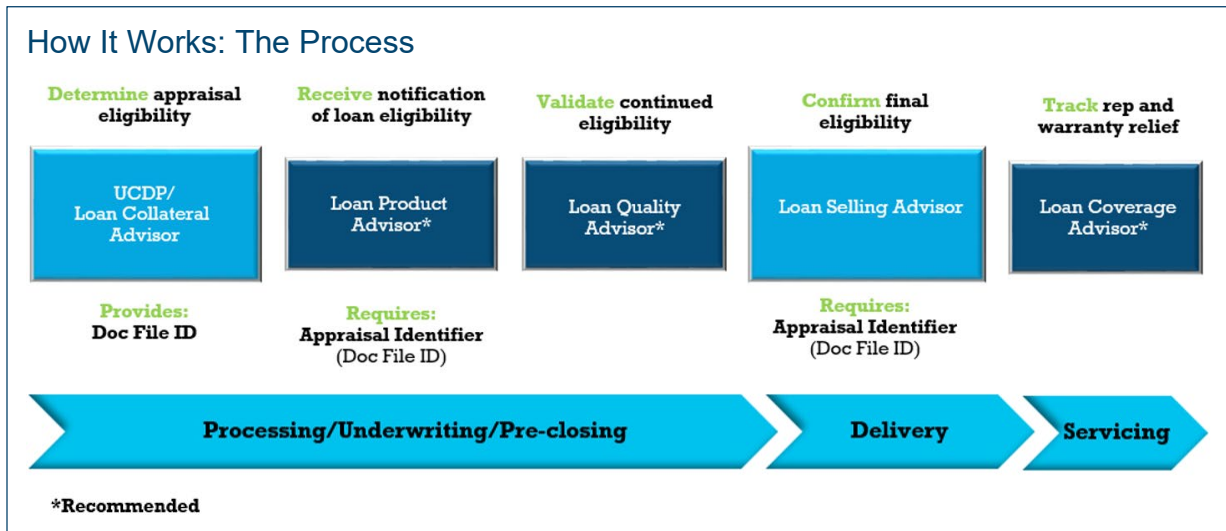
To benefit from this offering, you must use the UCDP and Freddie Mac Loan Selling Advisor®. Other Loan Advisor tools support the offering throughout the loan process – from origination through servicing. The tools involved with this offering include:

- **UCDP and Loan Collateral Advisor®** – Eligibility for rep and warranty relief begins with the appraisal submission to the UCDP. Loan Collateral Advisor integrates with the UCDP and provides feedback messages on collateral risk and appraisal eligibility for collateral rep and warranty relief for property value.
- **Loan Product Advisor®** – Supports the offering by completing an eligibility check and receiving notification of eligibility for collateral rep and warranty relief for property value prior to loan delivery.
- **Loan Quality Advisor®** – Supports the offering by validating eligibility with its Collateral Representation and Warranty Relief service. Although its use is optional, Loan Quality Advisor helps to identify potential eligibility and delivery issues throughout the loan process so they can be addressed prior to delivery.
- **Loan Selling Advisor®** – At loan delivery, Loan Selling Advisor confirms loan purchase eligibility and collateral rep and warranty relief eligibility for property value.



- **Loan Coverage Advisor[®]** – After delivery and funding, Loan Coverage Advisor documents and tracks the rep and warranty status and dates for the loan.

The following illustration depicts how these tools work together through the phases of origination, delivery, and post-settlement tracking of a loan.



Eligibility Requirements

To be eligible for collateral rep and warranty relief for property value, certain requirements must be met. The table below provides an overview of these requirements. For complete information, refer to *Freddie Mac Single-Family Seller/Servicer Guide* (Guide) Section 5601.9. Feedback messages regarding eligibility are returned in the tools, as applicable.

Topic	Requirement
Appraisal Requirements	
UAD Form	Form 70/1004 or Form 465/1073
UCDP Document File Status	Successful, with message indicating appraisal eligibility for collateral rep and warranty relief
Multiple Appraisal Submissions	Only the most recently submitted appraisal for a given appraisal type (i.e., Appraisal 1, Appraisal 2, or Appraisal 3) is eligible
Appraisal Effective Date	Less than or equal to 120 days prior to the Note Date

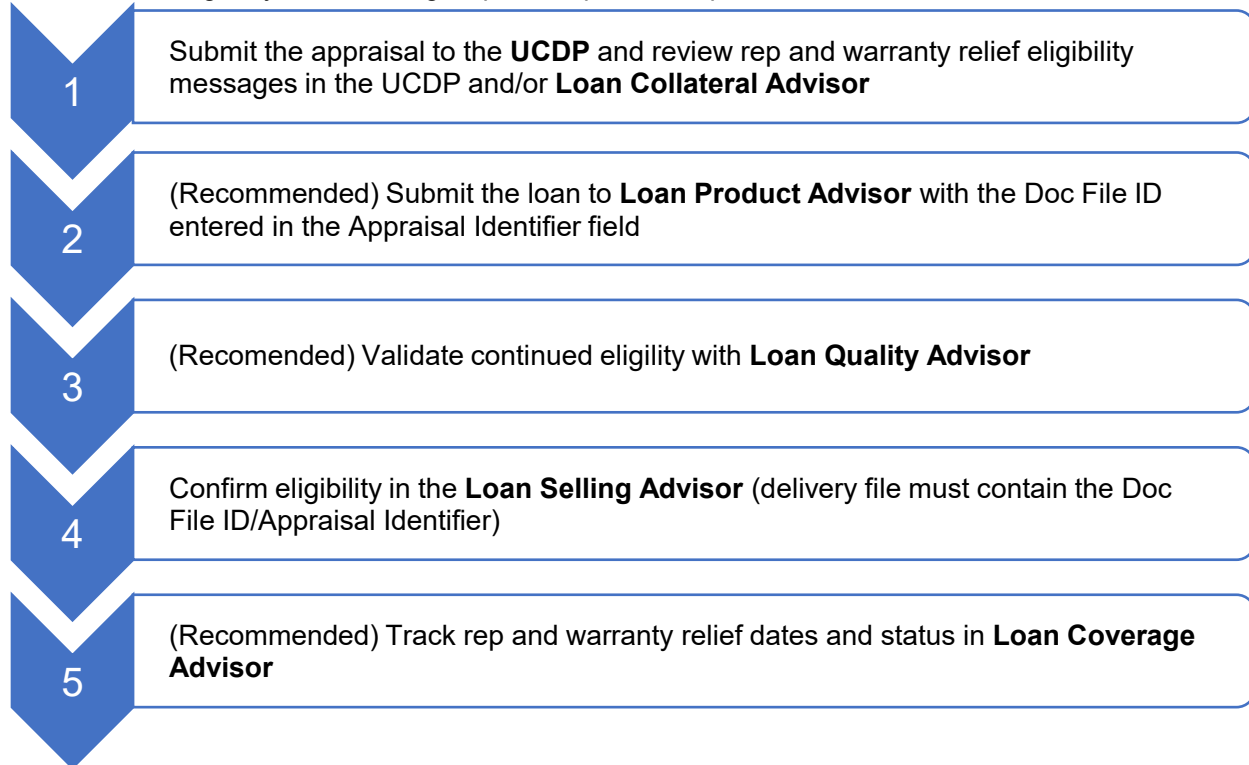


Topic	Requirement
Note Date	Less than or equal to 120 days prior to the Freddie Mac Settlement Date
Property and Occupancy Requirements	
Property Type	Single-family one-unit dwelling. The following property types are not eligible: <ul style="list-style-type: none">▪ Manufactured Homes▪ 2- to 4-unit properties▪ Properties on leasehold estates
Borrowers	Individual or living trust
Occupancy Type	All – primary residence, second home and investment property
Product/Loan Eligibility Requirements	
Loan-to-Value (LTV) / Total LTV (TLTV) / Home Equity Line of Credit (HELOC) TLTV (HTLTV)	LTV / TLTV / HTLTV must be less than or equal to 95%
Eligible Products	Conventional mortgages: <ul style="list-style-type: none">▪ Purchase▪ No cash-out refinance▪ Cash-out refinance and special purpose cash-out refinance
Ineligible Products and Exclusions	<ul style="list-style-type: none">▪ FHA / VA▪ Non-individual borrowers▪ Mortgages with funding dates more than 120 days from the note date (seasoned loans)▪ Enhanced Relief Refinance Mortgages®
Delivery	Mortgage must be submitted to Loan Selling Advisor with the Doc File ID/Appraisal Identifier. The collateral representation and warranty relief status must indicate “Y” or “yes” on the final submission.



Steps to Take Advantage of Collateral Rep and Warranty Relief with an Appraisal

To determine eligibility, the following steps are required, or optional if noted as such:


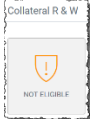







Key Messages

Collateral rep and warranty relief messages are provided in the UCDP, Loan Collateral Advisor, Loan Product Advisor, Loan Quality Advisor, Loan Selling Advisor and Loan Coverage Advisor. Each of these tools provides a key indication and/or message as indicated in the following chart:

Tool	Key Collateral Rep and Warranty Relief Indication/Messages	
UCDP	Hard Stop FRE000	FRE0000: <i>The appraisal is eligible for collateral representation and warranty relief, pending an assessment of the loan.</i>
	Hard Stop FRE001	FRE0001: <i>The appraisal is ineligible for collateral representation and warranty relief. Please review the Freddie Mac findings below for more detail.</i>



Tool	Key Collateral Rep and Warranty Relief Indication/Messages	
Loan Collateral Advisor		No message returned
Loan Collateral Advisor, cont'd		FRE001: <i>This appraisal is not eligible for collateral representation and warranty relief.</i>
Loan Product Advisor	COLLATERAL REP & WARRANTY RELIEF  ELIGIBLE	FPA0015: <i>Loan is eligible for collateral representation and warranty relief for value based on data provided. Eligibility will be confirmed by Loan Selling Advisor based on the delivered data.</i>
	COLLATERAL REP & WARRANTY RELIEF  NOT ELIGIBLE	FPA0014: <i>Loan is not eligible for collateral representation and warranty relief based on the overall assessment of loan and collateral risk, including appraisal quality, collateral quality and loan characteristics.</i>
	COLLATERAL REP & WARRANTY RELIEF  UNAVAILABLE	This displays when there is a system-related issue.
Loan Quality Advisor	COLLATERAL R&W RELIEF  GREEN	CY1000: <i>The loan is currently eligible for collateral rep & warranty relief based on the data provided. Eligibility will be confirmed by the Loan Selling Advisor based on the delivered data.</i>
	COLLATERAL R&W RELIEF  YELLOW	CN2000: <i>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.</i>
	COLLATERAL R&W RELIEF ERROR	CX3999: <i>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.</i>
	COLLATERAL R&W RELIEF INCOMPLETE	Indicates the service is not activated for the Seller.



Tool	Key Collateral Rep and Warranty Relief Indication/Messages							
Loan Selling Advisor	Y (Yes)	Eligible for collateral rep and warranty relief; collateral rep and warranty relief will be granted upon purchase of the loan by Freddie Mac						
	N (No)	Not eligible for collateral rep and warranty relief						
	U (Unavailable)	Unable to assess loan for collateral rep and warranty relief at this time						
	Blank	Loan has not been assessed for collateral rep and warranty relief						
Loan Coverage Advisor	<p>Search Results indicate:</p> <ul style="list-style-type: none"> ▪ <i>SLG Coll R&W Period</i> field = 0 Months ▪ <i>SLG Coll R&W Pln Relief Date</i> and <i>SLG Coll R&W Act Relief Date</i> fields reflect the same date <p>For example:</p> <table border="1" data-bbox="500 1157 940 1325"> <thead> <tr> <th>SLG COLL R&W PERIOD</th> <th>SLG COLL R&W PLN RELIEF DATE</th> <th>SLG COLL R&W ACT RELIEF DATE</th> </tr> </thead> <tbody> <tr> <td>0 Months</td> <td>12/05/2016</td> <td>12/05/2016</td> </tr> </tbody> </table>		SLG COLL R&W PERIOD	SLG COLL R&W PLN RELIEF DATE	SLG COLL R&W ACT RELIEF DATE	0 Months	12/05/2016	12/05/2016
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0 Months	12/05/2016	12/05/2016						

For more information on where you'll find the collateral rep and warranty relief messages, what they mean and screen examples, refer to the references listed under [Where to Obtain More Information](#).



Relevance of the Document File ID/Appraisal Identifier and LP AUS Key

Document File ID

The Document (Doc) File ID is the identifier assigned within UCDP to one or a set of appraisal data files associated with a given property for the loan and identifies the appraisal data file that was uploaded to the UCDP. This Doc File ID does not change, even if you upload appraisal updates as necessary.

In Loan Product Advisor and Loan Selling Advisor, the Doc File ID is known as the Appraisal Identifier and associates the appraisal data file with the loan information:

- If submitting the loan to Loan Product Advisor, the Appraisal Identifier is required with the loan submission to receive notification of loan eligibility for collateral rep and warranty relief for property value in Loan Product Advisor.
- To confirm final eligibility for collateral rep and warranty relief for property value in Loan Selling Advisor, the Appraisal Identifier is required in the loan delivery file.

Where to Obtain More Information

For more information on how each tool referenced in this overview supports collateral rep and warranty relief, refer to the following references:

- [Collateral Rep and Warranty Relief Information with an Appraisal: Uniform Collateral Data Portal](#)
- [Collateral Rep and Warranty Relief with an Appraisal: Loan Collateral Advisor](#)
- [Collateral Rep and Warranty Relief with an Appraisal: Loan Product Advisor](#)
- [Collateral Rep and Warranty Relief with an Appraisal: Loan Quality Advisor](#)
- [Tips to Confirm Representation and Warranty Relief through Loan Selling Advisor](#)
- [Collateral Rep and Warranty Relief with an Appraisal: Loan Coverage Advisor](#)

Also, refer to the [Freddie Mac Learning](#) for additional training and education resources.

This document is not a replacement or substitute for the information found in the *Freddie Mac Single-Family Seller/Service Guide* or terms of your Master Agreement or other Pricing Identifier Terms.

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