

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

Loan Product Advisor is our enhanced automated underwriting system that gives you access to Freddie Mac's credit requirements and view of risk allowing you to easily identify your overall underwriting risk. It also provides an indication of collateral representation and warranty relief eligibility if using Loan Product Advisor to assess the loan.

This reference provides details about what you need to know to successfully use Loan Product Advisor to determine eligibility for collateral rep and warranty relief with an appraisal. The following topics are included:

- [Loan Submission Requirements](#)
- [Accessing Collateral Rep and Warranty Relief Eligibility Results](#)
- [Validating Loan Eligibility for Collateral Rep and Warranty Relief](#)
- [Reviewing Additional Fields When the Loan Is Not Eligible for Collateral Rep and Warranty Relief](#)
- [Additional Resources](#)



NOTE: Collateral rep 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.

## Loan Submission Requirements

For Loan Product Advisor to provide an indication of collateral rep and warranty eligibility with an appraisal, ensure that you:

- Enter the Document File ID received from the Uniform Collateral Data Portal® (UCDP®) in the Appraisal Identifier field.

## Accessing Collateral Rep and Warranty Relief Results

You can validate collateral rep and warranty relief eligibility on the Loan Product Advisor Feedback Certificate using either of the available access methods – direct entry through Loan Product Advisor or system-to-system interface through your LOS. The collateral rep and warranty relief eligibility results and other key information are located in various sections of the Feedback Certificate. The following table identifies where this information is located.



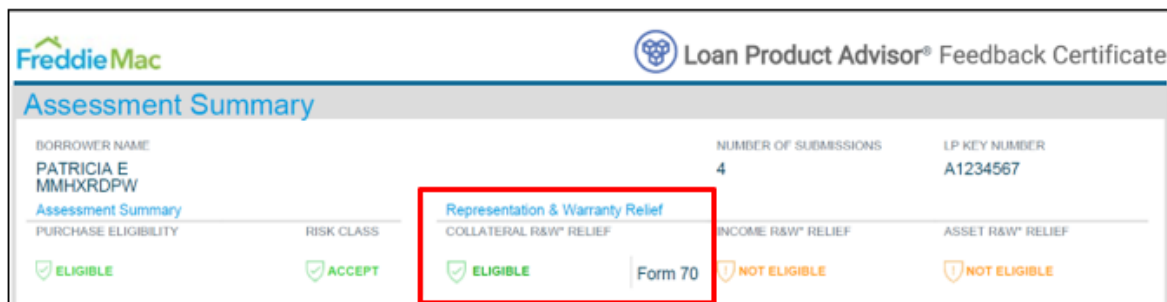
| Location of Collateral Rep and Warranty Relief Information |  |
|--|--|
| Section  | Fields   |
| Assessment Summary   | <ul style="list-style-type: none"> <li>• Purchase Eligibility</li> <li>• Risk Class</li> <li>• Collateral Rep &amp; Warranty Relief</li> </ul> |
| Loan Details   | <ul style="list-style-type: none"> <li>• Appraisal Identifier</li> <li>• Mortgage Type</li> <li>• Property Address</li> </ul>                  |
| Mortgage Details   | <ul style="list-style-type: none"> <li>• Loan Purpose</li> <li>• Property Type</li> <li>• Number of Units</li> </ul>                           |
| Property and Appraisal Messages                            | Various feedback messages regarding eligibility for collateral rep and warranty relief.  |

### Validating Loan Eligibility for Collateral Rep and Warranty Relief

Once you have access to receive collateral rep and warranty relief results in Loan Product Advisor, you can quickly scan the Feedback Certificate to determine eligibility. You will see one of three results:

- **Eligible** - If the loan is eligible, the Collateral Rep & Warranty Relief field in the top right section of the Feedback Certificate indicates **Eligible**, and the Property and Appraisal Messages section contains the *FPA0015* message:

*Loan is 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.*





## Property And Appraisal Messages

| CODE    | MESSAGE   |
|---------|---|
| FPA0015 | 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. |


NOTE: It's important to note, if data changes occur after the Loan Product Advisor assessment, Loan Selling Advisor® may not provide the same results as Loan Product Advisor.


- **Not Eligible** - if the loan is not eligible, the Collateral Rep & Warranty Relief field in the top right section of the Feedback Certificate indicates **Not Eligible**, and the Property and Appraisal Messages section contains the **FPA0014** message:

*Loan is not eligible for collateral representation and warranty relief based the overall assessment of loan and collateral risk, including appraisal quality, collateral quality and loan characteristics.*

Additional messages may be returned to provide further information regarding the reason(s) the loan is not eligible for collateral rep and warranty relief. In the example below, the **FPA0040** message is returned (*A mortgage secured by a Manufactured Home is not eligible for collateral rep & warranty relief.*). For more information, refer to [Reviewing Additional Fields When the Loan is Not Eligible for Collateral Rep and Warranty Relief.](#)

NOTE: Not Eligible may also be returned if an Appraisal Identifier was not entered for the loan.




Loan Product Advisor® Feedback Certificate

### Assessment Summary

|   |   |  |   |
|---|---|--|---|
| BORROWER NAME<br><b>John Freddie</b>    |   | NUMBER OF SUBMISSIONS<br><b>1</b>                          | LP KEY NUMBER<br><b>A1234567</b>        |
| PURCHASE ELIGIBILITY<br><b>ELIGIBLE</b> |   | COLLATERAL R&W* RELIEF<br><b>NOT ELIGIBLE</b>   <b>N/A</b> | ASSET R&W* RELIEF<br><b>UNAVAILABLE</b> |
| RISK CLASS<br><b>ACCEPT</b>             | INCOME R&W* RELIEF<br><b>NOT ELIGIBLE</b> |  |   |

### Property And Appraisal Messages

| CODE    | MESSAGE   |
|---------|---|
| FPA0014 | 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. |
| FPA0040 | A Mortgage secured by a Manufactured Home is not eligible for collateral representation and warranty relief.  |



- **Unavailable** - if the loan cannot be assessed for collateral rep and warranty relief eligibility, the Collateral Rep and Warranty Relief field in the top right section of the Feedback Certificate indicates **Unavailable**. This is returned when there is a system-related issue.

The screenshot shows the 'Assessment Summary' for a borrower named John Freddie. The 'Representation & Warranty Relief' field is highlighted with a red box and displays 'UNAVAILABLE'. Other fields include 'PURCHASE ELIGIBILITY' (ELIGIBLE), 'RISK CLASS' (ACCEPT), 'NUMBER OF SUBMISSIONS' (1), 'LP KEY NUMBER' (A1234567), 'INCOME R&W RELIEF' (NOT ELIGIBLE), and 'ASSET R&W RELIEF' (UNAVAILABLE).

### Reviewing Additional Fields When the Loan is Not Eligible for Collateral Rep and Warranty Relief

In addition to acceptable loan collateral, the loan must also meet certain requirements, as indicated in *Freddie Mac Single-Family Seller/Service Guide* (Guide) [Section 5602.2](#) to be eligible for collateral rep and warranty relief. When the loan is ineligible, reviewing the Feedback Certificate results may provide further insight into the results. The following table lists some key fields you should review to determine if the field has an eligible result.

| Additional Fields to Review |  |
|-----------------------------|--|
| Field                       | Eligible Result  |
| Appraisal Identifier        | Must reflect a valid Appraisal Identifier (Doc File ID)                            |
| Mortgage Type               | Conventional   |
| Loan Purpose                | <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Refinances</li> </ul> |
| Property Type               | Site built   |
| Number of Units             | 1  |
| Loan to Value Ratios        | Less than or equal to 95% LTV/TLTV/HTLTV   |



### **Additional Resources**

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

- [Loan Product Advisor web page](#)
- [Freddie Mac Learning](#)

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

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[Freddie Mac Learning](#)