CU User Interface Registration and Implementation Guide for Approved Fannie Mae Sellers

March 2015

Thank you for your interest in Collateral Underwriter™ (CU™). The information in this job aid will guide you through the steps to successful implementation.

Step 1. Understand the CU Basics

Step 2. Participate In CU Training

Step 3. Review CU Implementation Guidelines

Step 4. Register CU Users

Contents

Step 1. Understand the CU Basics

- CU feedback is provided to lenders in two ways:

    1. A CU risk score, flags, and messages are provided in real time after an appraisal is submitted to Fannie Mae through the Uniform Collateral Data Portal® (UCDP®). **Any UCDP user who submits an appraisal to Fannie Mae can view the CU risk score, flags, and messages on the Fannie Mae tab in UCDP and on the UCDP Submission Summary Reports.**

    2. **For in-depth appraisal analysis,** *approved Fannie Mae sellers* **may access the full CU application via a web-based user interface.** This job aid is designed to guide you through a successful CU implementation, starting with completing the required training, followed by the implementation steps and registration instructions to set up user access.

- CU is a tool intended to assist lenders in reviewing appraisals.

    - CU is effectively predictive of appraisal defects, but there are false positives. Well-informed human judgment should take precedence over automated results.

    - The expectation is not to utilize the full CU functionality and information available in the CU user interface on every appraisal.

    - The various CU tools can be used to validate *or* dismiss potential red flags.

    - The risk analysis performed by CU is for exclusive use by the lender in their analysis of the appraisal report, but may be used to inform a dialog with the appraiser after lender's review.

    - Carefully review the appraisal report before seeking additional clarification from the appraiser based on CU findings.

- The CU Print Report is for lender use only and may not be sent to appraisers or appraisal management companies (AMCs).

- Specific information or excerpts from the CU findings on which the lender seeks clarification may be shared with an AMC or appraiser, with appropriate context and **after analyzing the CU findings to determine whether there is an issue that the AMC/appraiser may need to address.**

- Fannie Mae does not instruct or suggest to lenders that they ask the appraiser to address all or any of the up to 20 comparables that are provided by CU for most appraisals.

- Ideally, lenders will use CU to make fewer – but more informed – requests for clarification from their appraisers. Lenders should not expect a significant increase in correction requests.

> **Fannie Mae expects lenders to use human due diligence in combination with the CU feedback, and will actively follow up with lenders who are reported to be asking appraisers to change their reports based on CU feedback without any further due diligence.**

Step 2. Participate in CU Training

Fannie Mae offers a series of eLearning courses designed to train your staff on CU. To maximize the benefit of learning about this new powerful industry-leading application, we recommend that organizations participate in CU training that is available via recorded eLearning sessions at no cost. To maximize the benefit end effectiveness of the training, completion of the courses in the order listed is recommended.

eLearning Course Title, Description, and Link	Recommended Participants
Introduction to Collateral Underwriter Highlights CU's features and benefits and describes how lenders may be able to use CU to make their appraisal review process more effective and efficient	• Management • Project teams responsible for implementing appraisal review tools • Lender's appraisal review staff • Underwriting staff • QC and risk staff
Understanding CU's Risk Score, Flags and Messages Provides a foundational understanding of the CU risk score, flags, and messages provided on appraisals submitted to Fannie Mae via UCDP	• Lender's appraisal review staff • Underwriting staff • QC and risk staff
CU User Interface Basic Training Covers basic use of CU functionality and navigation for user interface end users for efficient and effective use; includes a demo with basic use cases	• CU user interface users • Lender's appraisal review staff • Underwriting staff • QC and risk staff
CU User Interface Advanced Training Covers advanced CU functionality and navigation for end users; includes a demo with advanced use cases	• Advanced CU users • Lender's appraisal review staff • Underwriting staff • QC and risk staff
CU Implementation Readiness Provides process considerations and tips for successfully implementing Collateral Underwriter	• Management • Project teams responsible for implementing appraisal review tools

Optional "Ask the Expert" Live Q&A Webinars

Once you have completed the above training sessions (as appropriate for your role) and had the opportunity to utilize CU, we invite you to engage with our collateral strategy experts for an open forum Q&A webinar. Bring your questions and hear what your industry peers are asking based on their CU experience. Please review the CU FAQs and Lender Letter LL-2015-02, *Appraisal Tools, Processes, and Policies* before participating, and bring other questions to a webinar. These sessions are for Q&A only; they are not training, and are not intended for responding to basic questions that are addressed in the general CU FAQs. View Ask the Expert webinar dates and register.

Step 3. Prepare for CU Implementation

The following guidelines are intended to provide lenders with information you should consider when planning your CU implementation; some recommendations may not be applicable to your organization.

- [ ] Reference the **CU Checkpoint Implementation Tips and Milestone Targets** that provides insight into steps you should follow for a successful implementation
- [ ] Understand your appraisal review process and adjust as needed
  - [ ] Determine if your organization utilizes an appraisal review team or underwriting staff to perform the review once the appraisal is received in-house from an appraisal management company (AMC) or in-house panel appraiser
  - [ ] If underwriting staff is used, determine who they escalate appraisal concerns to and assess their process as well
- [ ] Implementation considerations to enhance your process
  - [ ] Identify your organization's risk tolerance as it relates to the CU risk score and risk flags, identifying which – if not all – scores may require a deeper appraisal review through the CU user interface
  - [ ] Consider using CU to more effectively use appraisal review resources for varying levels of deeper appraisal review
  - [ ] Use more skilled appraisal reviewers for deeper review of higher CU scores or certain CU risk flags
  - [ ] Identify which actions and documentation will be required for risk flags and messages received
  - [ ] Initiate management assessment of score and message trends for continuous quality improvement
- [ ] No system integration to the CU user interface is needed; only a user ID and password are required (after your Technology Manager administrator sets up user access)
- [ ] Consider starting small – roll out CU to a subgroup in your collateral review area or underwriting and leverage learning to:
  - [ ] Determine how the CU user interface will be used for various CU risk scores that range from 1.0 – 5.0
  - [ ] Modify processes to incorporate the CU findings, use of the CU user interface, and the CU Print Report
  - [ ] Determine how resources will be deployed within each process
  - [ ] Formulate a training plan that includes CU basic and/or advanced user training for resources, depending on how they will use the CU user interface
  - [ ] Assess and expand use of the CU user interface into other areas such as QC, Fraud, Repurchase, etc.
  - [ ] Determine whether and when communication to AMCs and/or appraiser network is necessary to obtain appropriate results on new correction requests that may result from CU's findings
  - [ ] Document process for review staff to enter appropriate comments in CU regarding action taken and/or not needed and why
  - [ ] Decide on action required when CU results differ from other risk tools used in the review process
  - [ ] Determine whether CU report should be printed and saved to loan file

Step 4. Register CU Users

CU is provided at no cost to approved Fannie Mae sellers. Access to the user interface is limited to Fannie Mae sellers and their employees, who *may not* provide user IDs for any Fannie Mae technology application to third parties. (Access to non-seller correspondents will be available soon.)

There is no separate CU contract required; Collateral Underwriter licensing terms were added to the Fannie Mae Shipping and Delivery Application Schedule via Shipping and Delivery Bulletin (14-02). CU user ID access is obtained through Fannie Mae's Technology Manager (TM) registration management application.

> **NOTE**: *This step must be done by the TM corporate administrator, or you may designate an additional administrator by using the TM Administrator Registration Form (refer to the resources on the Technology Manager web page for more information).*

Complete User ID setup for access to the CU user interface

1. Determine users who need access to CU
2. Log in to Technology Manager
3. On the Home Page, follow the Manage Users link to open the Manage Users screen
4. Use Search to find an existing User ID or click Create New User to create a new user
5. Click the User ID from the displayed Active Users panel to open the user record
6. Click the Available Applications I Manage panel, then choose "Collateral Underwriter" to assign the application to the user
7. In the Role section, assign the "EXTERNAL_USER" to the user
8. In the Data Folder section, select which data folder(s) the user will be able to access, then click Add (the data folder should correspond to the Seller/Servicer Number(s) used for UCDP submissions)
9. Click Submit, then Confirm, to save your changes

Refer to the Technology Manager Job Aid for Technology Manager registration assistance

CU Support

The first level of support is the CU web page, where the most recent CU information is posted along with eLearning courses and any available live webinars.

- **Collateral Underwriter Fact Sheet**
- **CU CheckPoint – Implementation Tips and Milestone Targets**
- **Collateral Underwriter FAQs**

Bookmark the CU and UCDP Web Pages

Collateral Underwriter https://www.fanniemae.com/singlefamily/collateral-underwriter

UCDP https://www.fanniemae.com/singlefamily/uniform-collateral-data-portal

For live CU support, please call the Fannie Mae Customer Interaction Center at **(877) 722-6757**