

WHITE PAPER



Utilizing the Sapphire “Pathway” to UCDP Connectivity

**Minimizing integration and user interface screens
for system-to-system portal delivery**

Veros Real Estate Solutions

OVERVIEW:

The Uniform Collateral Data Portal™ (UCDP™) was announced in May 2010 by the Federal Housing Finance Agency (FHFA) as part of a larger effort to improve the consistency and quality of data for appraisals and other loan information¹ flowing to the government-sponsored entities, Fannie Mae and Freddie Mac, (GSEs). Entities selling to the GSEs will be required to utilize the portal for electronic appraisal data submission for all loans delivered to the GSEs as of March 19, 2012². Seller / servicers to the GSEs have various options to fulfill this requirement ranging from direct integration to manual submission through an online site. Many lenders, however, find that they fall squarely between these options, both in terms of volume needed to channel to the GSEs and in the available IT resources to manage connection points.

Veros Real Estate Solutions (Veros) was selected as the official technology provider for UCDP in 2010, and is responsible for building, maintaining and supporting the portal. In addition to this responsibility, Veros offers its own methods for connecting lenders and “lender agents” to the portal in a scale that is compatible with the available resources and appraisal volume.

This white paper outlines one specific solution geared toward entities with volume sufficient to require a unique connection point above and beyond the UCDP website submission (which permits up to 10 appraisals to be submitted in a single session) **and with the desire to directly connect their existing technology to the portal through system-to-system calls, thereby minimizing additional user interface screens and the related infrastructure.** This solution exists in the form of PATHWAY, a stand-alone module within Veros’ premier valuation management platform, SapphireSM.

¹ December 30, 2011. FHFA “Fannie Mae and Freddie Mac Launch Joint Effort to Improve Loan and Appraisal Data Collection New Program to Boost Risk Management Capabilities.” May 24, 2010. Web. http://www.fhfa.gov/webfiles/15748/Uniform_Mortgage_Data_Program.pdf

² All parties are encouraged to review the UCDP requirements and guidelines at either of the GSEs’ websites: Fannie Mae: <https://www.efanniemae.com/sf/lqi/umdp/uad/index.jsp>; and Freddie Mac: http://www.freddiemac.com/sell/secmktg/uniform_collateral_data_portal.html

WHAT IS PATHWAY?

Veros' PATHWAY is a submission solution for vendors (referred to by the GSEs as "lender agents") and lenders that do not have a direct access to UCDP, require an electronic method to submit to UCDP, and/or want to take advantage of the **Preview** or **Veros PDF conversion** functionality typically offered within Sapphire's "UCDP Suite" module. It is important to note that PATHWAY does not have user interface screens, but electronically transmits data **system-to-system** with both the client and UCDP.

There are three main services offered in PATHWAY:

- **Veros PDF Conversion**
 - This will convert a first-generation PDF into XML for Preview and/or submission to UCDP.
 - PATHWAY will send the XML data back to the client.
- **Preview of anticipated UAD compliance checks and UCDP "hard stops"**
 - The client can submit a request with the appraisal for Preview.
 - PATHWAY will provide the anticipated UAD compliance checks and known UCDP errors back to the client.
 - The client can reconcile the errors in their own system.
 - The client can submit to Preview again until they are satisfied with the results.
- **Submission to UCDP**
 - The client can submit a request for the appraisal to be submitted to UCDP.
 - In the submission request, the client has the option to specify if they want to obtain the SSR for the appraisal.
 - PATHWAY will pass the UCDP results back to the client, including the Doc File ID.
 - If requested, PATHWAY will also pass the SSR from UCDP back to the client.
 - In a case where an error is returned after submission to UCDP, the client must reconcile the UCDP error through the portal directly.

PRE-REQUISITE TO PATHWAY INTEGRATION:

There are typically two types of clients who would benefit from utilizing PATHWAY:

- AMC (Lender Agent)
- Lender

If the Lender Agent (typically an AMC) is Veros' client:

- Lender Agents are required to register with each GSE.
- Once approved by the GSEs, the Lender Agent will receive an invitation from UCDP to self-register within UCDP.
- The Lender Agent can now be selected by a *Lender* to enter into a UCDP relationship and submit files to the GSEs on their behalf.
- In order to submit to UCDP, the Lender Agent or the Lender must have established a Direct Integration User (DI User). A request must be made to UCDP to create the DI User and obtain DI User credentials.
- Once the relationship is established in UCDP, the Lender Agent should submit appraisals through PATHWAY to UCDP on behalf of the *Lender* utilizing the DI credentials of either the AMC or the Lender. (This is a business decision made between the AMC and the Lender and not Veros).
- PATHWAY will require: the Business Unit Number and Seller Servicer Numbers as assigned to the relationship by UCDP, the DI User credentials, and specific PATHWAY credentials as assigned by Veros.

If the Lender is Veros' client:

- The Lender is required to register with each GSE.
- Once approved by the GSEs, the Lender will receive an invitation from UCDP to self-register within UCDP.
- The Lender must establish a DI User for submissions to UCDP. Request must be made to UCDP to create the DI User and obtain DI User credentials.
- PATHWAY requires a Business Unit Number and Seller Servicer Numbers as assigned to the lender, the DI User credentials, and specific PATHWAY credentials as assigned by Veros.

APPRAISAL FORM INFORMATION:

Following current UCDP requirements, PATHWAY will accept and submit to UCDP the following four UAD appraisal forms in the MISMO 2.6 Errata 1 GSE Extended format, the UCDP preferred format:

- Uniform Residential Appraisal Report (FNM 1004/FRE 70)
- Individual Condominium Unit Appraisal Report (FNM 1073/FRE 465)
- Exterior-Only Inspection Individual Condominium Unit Appraisal Report (FNM 1075/FRE 466)
- Exterior-Only Inspection Residential Appraisal Report (FNM 2055/FRE 2055)

For the following non-UAD forms, the Veros PATHWAY will accept and submit the following in MISMO 2.6 Errata 1 format per UCDP guidelines:

- Manufactured Home Appraisal Report (FNM 1004C/FRE 70B)
- Small Residential Income Property Appraisal Report (FNM 1025/FRE 72)
- Individual Cooperative Interest Appraisal Report (FNM 2090)
- Exterior-Only Inspection Individual Cooperative Interest Appraisal Report (FNM 2095)

Currently, UCDP indicates that when required, the 1004MC Market Conditions Addendum data should be included in the same file as the appraisal. For some products, an APPRAISAL_2 and/or APPRAISAL_3 file may also be required. Submissions in XML format should include an embedded copy of the appraisal first-generation PDF file.

Requesting the appraiser (or the forms vendor) use software that meets UCDP/UAD XML format requirements will ensure a smoother integration.

Note:

- PATHWAY clients will receive specific PATHWAY credentials as well.
- Several Veros-specific extensions have been added to the MISMO XML that is submitted to our systems.

WHY PATHWAY?

UCDP

The UCDP web interface limits the number of appraisals that can be manually submitted in a single session to 10. The user must wait for Doc File IDs to be provided (on a screen) and then has the option to submit appraisals again.

PATHWAY

- Integration with PATHWAY will enable multiple appraisals be submitted in multiple sessions.

Each submission must be manually entered.

- Integration with PATHWAY will reduce FTE costs associated with data entry.

Obtaining results of the submission status requires several additional manual steps for each submission session.

- Integration with PATHWAY provides UCDP status electronically and automatically.

User reconciles errors AFTER the submission.

- PATHWAY provides a **preview** of anticipated UAD compliance checks and known UCDP hard stop errors **prior** to UCDP submission.
- The client has the opportunity to correct and resubmit the appraisal themselves and then submit to PATHWAY as many times as it takes to conduct a successful preview. This allows the user to **submit a clean and acceptable* appraisal the first time** it is submitted to UCDP.

*According to publically known requirements.

Obtaining the SSR (submission summary report), requires additional manual steps for each individual appraisal submitted.

- Client can opt to receive the SSR from UCDP through the integration, electronically to their system.

INTEGRATIONS PROCESS:

Once the necessary GSE credentials outlined above have been secured, PATHWAY users work directly with Veros' integrations team members to navigate the necessary steps to implement and confirm connectivity.

Users are provided a comprehensive "Service Integrations Guide" which outlines the required procedures to establish various system-to-system calls including preview, preview results, convert PDF, submit to UCDP and ping to check server health. Once complete, PATHWAY clients will have established an efficient flow of information directly to UCDP without the addition of new user interface screens or burden of manual entry.

CONCLUSION:

PATHWAY is one solution among many available options to deliver compliant electronic appraisal data to the GSEs. The benefits behind more efficient, automated appraisal submission, the ability to utilize Veros' PDF conversion and UAD / UCDP preview functionality all through the efficiency of a system-to-system connection, make this option a strong candidate for those interested in quickly mobilizing before the March 19th GSE deadline.

Entities looking for more comprehensive solutions, including a complete user interface, supplemental valuation order, route and review tools, or complimenting analytics would be well-served to consider the full Sapphire solution at an applicable user edition. Additional information on both options can be found on www.veros.com.

Veros Real Estate Solutions
February 2012

For additional information, visit veros.com
or call 866.458.3767