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Tech Report

GMAC-RFC: Lenders cut repurchase risk through expanded AVM cascade

GMAC-RFC's Propertywise automated valuation model (AVM) cascade has been expanded.

The cascade represents GMAC-RFC's proprietary risk strategy for its acceptance of AVMs, which the company said it based on years of research into AVM performance and validation. Earlier this year, GMAC-RFC implemented new policies for the acceptance of AVMs. It now requires that loans sold to GMAC-RFC on select waived appraisal programs conform to Propertywise specifications. Lenders that use AVMs in this approved manner should also see lower collateral risk and decreased repurchase risk, the company said.

The Propertywise AVM model runs on the VeroSELECT collateral risk management system from Veros. VeroSELECT is designed to give lenders control of collateral risk strategies via selection, acceptance and management of services, vendors, users and their own proprietary business processes. Veros said its decision management platform gives users access to collateral risk solutions including AVM products, broker price pinions (BPOs), appraisal solutions, collateral fraud tools, prequalification solutions and hybrid products and services.

GMAC-RFC continuously monitors and adjusts its Propertywise AVM strategies using VeroSELECT's real-time administration system.

Veros CEO **Darius Bozorgi** noted that investors and lenders are becoming more proactive in making their risk strategies available to clients and the market at large. GMAC-RFC can use VeroSELECT, he said, to ensure that all clients use AVMs in the same manner and in accordance with their view of risk.

Veros has been offering the Propertywise AVM model to GMAC-RFC's approved lenders since last year. GMAC-RFC said it is linking external AVM selection with its own purchasing guidelines due to changing market conditions and a larger effort to boost AVM acceptance in the secondary market.

"GMAC-RFC is looking to expand our use of AVM-backed loan programs," said **Susan Allen**, director of Collateral Risk for the company. "In order to do so, GMAC-RFC has opted to use its automated controls for the acceptance of AVMs. As a result, we're able to waive certain value warranties made by lenders selling loans to our company when they have provided us with a Propertywise AVM certificate."

