

Reviewing Risk Assessment in Loan Quality Advisor®

Risk Assessment results are provided for loans that were **not** originated using Loan Product Advisor®. The Risk Assessment service assesses the loan and provides a summary of a loan's credit risk and associated quality. This initial view helps identify loans that would likely receive a Loan Product Advisor Accept risk class if submitted to Loan Product Advisor. Refer to Chapter 2 of the [Loan Quality Advisor User Guide](#), for information on Using Merged Credit with the Risk Assessment service.

The Risk Assessment service assesses the batch file using infile credit report data unless the merged credit reference number is included in the ULDD file. The merged credit reference number is used by the Risk Assessment service to access the previously ordered merged credit report.

In the Assessment Results section at the top of the Loan Assessment Summary, you will see the green risk assessment shield indicating that this loan has a high likelihood of receiving an Accept risk classification if submitted to Loan Product Advisor. Notice that the collateral, income, and/or asset rep and warranty relief shields reflect "error" because the mortgage does have to be assessed through Loan Product Advisor to receive collateral, income, and/or asset representation and warranty relief.

The screenshot shows the 'Loan Assessment Summary' page in the Loan Quality Advisor system. The top navigation bar includes 'ASSESS BATCH', 'REVIEW BATCH', 'EXPORT HISTORY', and 'RESOURCES'. The main content area is divided into several sections:

- Assessment Results:** Displays five risk assessment categories with their respective statuses and 'RESULTS' buttons:
 - RISK ASSESSMENT: GREEN (with a green shield icon)
 - PURCHASE ELIGIBILITY: RED (with a red shield icon containing an 'X')
 - COLLATERAL R&W* RELIEF: GREEN (with a green shield icon)
 - INCOME R&W* RELIEF: YELLOW (with a yellow shield icon containing a downward arrow)
 - ASSET R&W* RELIEF: YELLOW (with a yellow shield icon containing a downward arrow)
- UCD Requirement:** Satisfied (indicated by a green shield icon).
- General Loan Information:** A table with the following data:

LQA TRANSACTION ID	BATCH SUBMISSION ID	DATE/TIME OF SUBMISSION	USER SUBMISSION ID
[REDACTED]	[REDACTED]	08/22/2019 16:41:37	[REDACTED]
LP KEY	SELLER LOAN IDENTIFIER	MASTER COMMITMENT	APPRAISAL IDENTIFIER
N/A	[REDACTED]	[REDACTED]	[REDACTED]
- Property Information & Loan Terms:** A table with the following data:

BORROWER NAME	PROPERTY ADDRESS	CITY, STATE, ZIP
[REDACTED]	[REDACTED]	SUN PRAIRIE, WI, 53590
PROPERTY USAGE TYPE	PURPOSE OF LOAN	PURCHASE PRICE
Primary Residence	PURCHASE	\$287,672
PRODUCT	AMORTIZATION TYPE	AMORTIZATION MONTHS
30-Year Fixed Rate Conventional	FIXED	359
INTEREST RATE	LOAN AMOUNT	PROPERTY VALUE
3.75 %	\$143,200	\$287,672

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



The Summary of Batch Results page displays an overall response for Risk Assessment, shown as a color indicator for each loan file. The Loan Assessment Summary with Risk Assessment Results, as displayed below, provides Risk Assessment details for a single loan file.

The color indicators for Risk Assessment represent the following:

- **GREEN** - Indicates a high likelihood of an Accept risk class.

The screenshot shows a 'Risk Assessment Results' page. At the top, the title 'Risk Assessment Results' is followed by an upward arrow icon. Below this, the word 'Result' is displayed in green, with 'GREEN' in a larger, bold green font underneath. A table follows with three columns: 'Risk Assessment Key' (value: 123456789), 'Risk Assessment Transaction Number' (value: 987654321), and 'Credit Report Identifier' (value: N/A). Below the table is a blue header for 'RISK ASSESSMENT MESSAGES'. Underneath, a table lists messages with columns 'CODE' and 'MESSAGES'. One message is shown: 'RA0001' with the message 'High likelihood of Accept.'

- **YELLOW** - Indicates a high likelihood of a Caution risk class. Reasons why the loan file received a YELLOW may be listed as Risk Assessment Messages within the Risk Assessment Results section on the Loan Assessment Summary page.

The screenshot shows a 'Risk Assessment Results' page. At the top right, there is a notification badge with the number '10' and an upward arrow icon. The title 'Risk Assessment Results' is followed by the badge. Below this, the word 'RESULT' is displayed in orange, with 'YELLOW' in a larger, bold orange font underneath. A table follows with three columns: 'RISK ASSESSMENT KEY' (value: 123456789), 'RISK ASSESSMENT TRANSACTION NUMBER' (value: 987654321), and 'CREDIT REPORT IDENTIFIER' (value: N/A). Below the table is a blue header for 'RISK ASSESSMENT MESSAGES'. Underneath, a table lists messages with columns 'CODE' and 'MESSAGES'. Three messages are shown: 'RA0009' with 'High likelihood of Caution', 'RS2705' with 'An analysis of ratios is recommended.', and 'RS2717' with 'High overall utilization of revolving credit adds risk.'

Note: Color designations associated with Risk Assessment results are intended only as a visual guide for indicating the likelihood of the risk class associated with a data file. Such designations are not provided for any other reason, nor should they be used or relied upon except to identify the results of the risk assessment as set forth in Loan Quality Advisor, any Loan Quality Advisor output, the User Guide or related documentation.



When applicable, two types of messages appear in the Risk Assessment Results section:

- **Risk Assessment Service Messages** - These are merged credit informational messages and appear above the Risk Assessment Messages. If no messages apply, the section does not display.
- **Risk Assessment Messages** - These are messages associated with the Risk Assessment service.

Risk Assessment results may also reflect a status of *Incomplete*, *Ineligible* or *Error* instead of the GREEN or YELLOW color designations. If this occurs, similar to a status of YELLOW, Loan Quality Advisor lists the reasons why the loan data received an *Incomplete*, *Ineligible* or *Error* within the Risk Assessment section on the *Loan Assessment Summary* page.

Risk Assessment Results

RESULT
GREEN

RISK ASSESSMENT KEY	RISK ASSESSMENT TRANSACTION NUMBER	CREDIT REPORT IDENTIFIER
123456789	987654321	N/A

RISK ASSESSMENT SERVICE MESSAGES

CODE	MESSAGES
IF2202	The Credit Score Provider Name is required if the Credit Report Identifier is submitted.
IF2207	This loan file was assessed using infile credit reports because the merged credit report information was incomplete or could not be determined.

RISK ASSESSMENT MESSAGES

CODE	MESSAGES
RA0001	High likelihood of Accept

Example of Incomplete

Risk Assessment Results

Result
INCOMPLETE

Risk Assessment Key	Risk Assessment Transaction Number	Credit Report Identifier
N/A	N/A	N/A

RISK ASSESSMENT MESSAGES

CODE	MESSAGES
IN2195	Evaluation of loans by the Risk Assessment service is not permitted under this Seller Number.



Example of Ineligible

Loan Assessment Summary

UCD REQUIREMENT: **Satisfied**

BORROWER NAME: Alice Firstimer

SELLER LOAN IDENTIFIER: 5545417823

Risk Assessment Results

Result: **INELIGIBLE**

Risk Assessment Key	Risk Assessment Transaction Number	Credit Report Identifier
N/A	N/A	N/A

Risk Assessment Messages

CODE	MESSAGES
EL2202	Seasoned Loans are ineligible for evaluation by the LQA Risk Assessment Service.

Collateral Representation and Warranty Relief Results

The following table describes the fields listed in the Risk Assessment Results section of the *Loan Assessment Summary* page:

Risk Assessment Fields	
Field Name	Description
Risk Assessment Key	A unique key number Loan Quality Advisor assigns to a mortgage when you submit a loan to Loan Quality Advisor without a Loan Product Advisor AUS LP Key Number. Loan Quality Advisor displays this unique key on the Loan Summary screen under the Risk Assessment results section.
Risk Assessment Transaction Number	A unique transaction number Loan Quality Advisor assigns to a mortgage when you submit a loan to Loan Quality Advisor without an LP Key Number. Loan Quality Advisor displays the transaction number on the Loan Summary screen under the Risk Assessment results section.
Credit Report Identifier	The borrower name(s) and a unique number(s) associated with their merged credit report. This field appears when merged credit has been successfully accessed for all borrowers on the loan. The number (also known as the Merged Credit Reference Number) is assigned by the credit reporting company. If merged credit cannot be accessed for all borrowers, N/A appears along with a message indicating infiles were used.



The following table lists and describes each of the information fields on the *Summary of Batch Results* page:

Summary of Batch Results Fields	
Field Name	Description
Risk Assessment	<p>The overall result of the Risk Assessment service. This service provides a summary of a loan’s credit risk and associated loan quality for loans not originated using Loan Product Advisor.</p> <p>Loan Quality Advisor displays one of two results as an overall result for the loan file:</p> <p>GREEN - Indicates a high likelihood of an Accept risk class.</p> <p>YELLOW - Indicates a high likelihood of a Caution risk class.</p> <p>You may also receive the following messages:</p> <p>Ineligible - Indicates the loan data is ineligible for a risk assessment. Some examples include: the property type is not eligible for the product offering; the property usage type is not eligible for the product offering; and the loan limit is exceeded.</p> <p>Incomplete - Indicates the service is not activated for this Seller. It may also indicate the loan data could not complete the assessment due to a data issue. Some examples include: usable credit reports could not be accessed; discrepancies in the borrower’s address, key data is missing; and a format issue (alpha vs numeric).</p>

Summary of Batch Results Fields	
Field Name	Description
Risk Assessment (continued)	<p>Error - An error associated with the Risk Assessment service occurred.</p> <p>N/A - The loan file does not qualify for the Risk Assessment service (i.e., the loan is a Loan Product Advisor loan.)</p> <p>Blank Field - The Loan never made it to a service because of Loan Quality Advisor eligibility or system problems.</p> <p>Note: Color designations associated with Risk Assessment results are intended only as a visual guide for indicating the likelihood of the risk class associated with a data file. Such designations are not provided for any other reason, nor should they be used or relied upon except to identify the results of the risk assessment as set forth in Loan Quality Advisor, any Loan Quality Advisor output, or related documentation.</p>

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