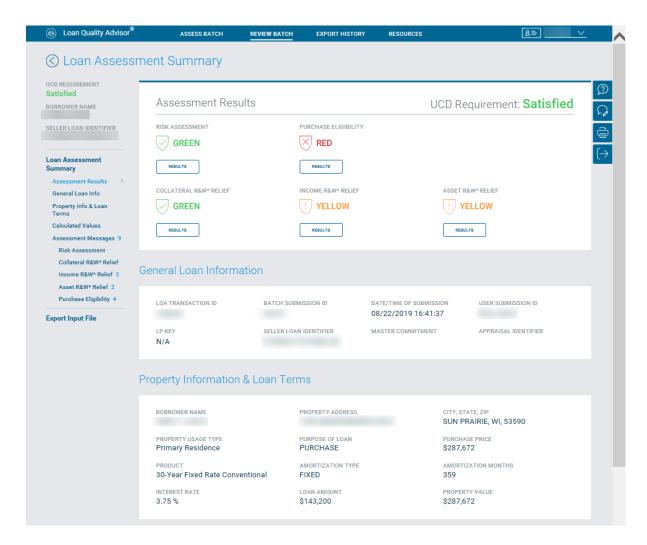# Reviewing Risk Assessment in Loan Quality Advisor®

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.

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.
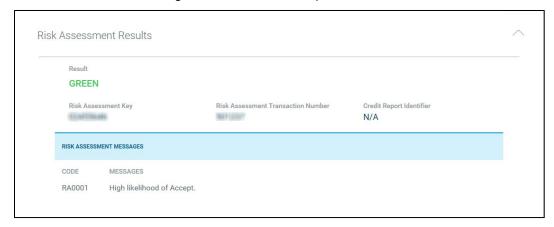© *2023 Freddie Mac*

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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.

- **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.
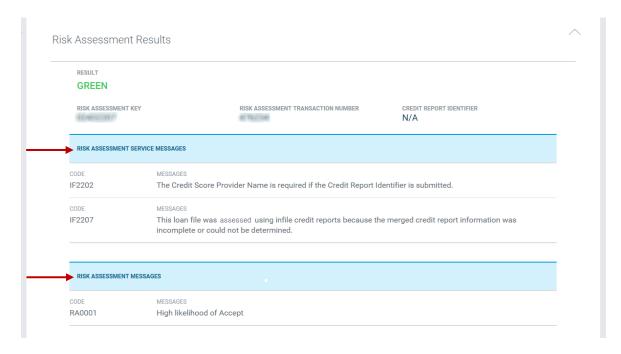

Note: Color designations associated with Risk Assessment results are intended only as a visual guide for indicating the likelihood of the risk class associated with a data file. Such designations are not provided for any other reason, nor should they be used or relied upon except to identify the results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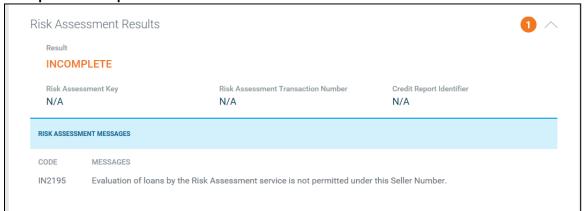
When applicable, two types of messages appear in the Risk Assessment Results section:

- **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.
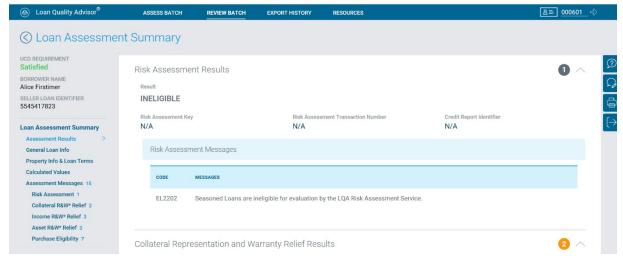

Example of Incomplete

Example of Ineligible

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	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. Loan Quality Advisor displays one of two results as an overall result for the loan file: **GREEN** - Indicates a high likelihood of an Accept risk class. **YELLOW** - Indicates a high likelihood of a Caution risk class. You may also receive the following messages: **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. **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).

Summary of Batch Results Fields	
Field Name	**Description**
Risk Assessment *(continued)*	**Error** - An error associated with the Risk Assessment service occurred. **N/A** - The loan file does not qualify for the Risk Assessment service (i.e., the loan is a Loan Product Advisor loan.) **Blank Field** - The Loan never made it to a service because of Loan Quality Advisor eligibility or system problems. *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.

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