



FOR IMMEDIATE RELEASE

FNC® Automation Ensures HVCC Compliance for Mortgage Lenders

The technology company's GAAR analytic product helps ensure compliance to New York Attorney General's guidelines for mortgage lending practices.

Oxford, Miss., (May 9, 2008) – FNC's premier analytic product—GAAR® (Generally Accepted Appraisal Rules™)—can help lenders comply with provisions that will require them to report the results of quality control testing, officials of the mortgage technology company said today.

Built into FNC's Collateral Management System® (CMS®)—the workflow solution used by top U.S. mortgage lenders—the GAAR Compliance Series automatically reviews appraisals for regulatory and Fannie Mae and Freddie Mac seller/servicer compliance. GAAR is also available online and through FNC's new Collateral Headquarters™, a workflow solution developed for regional and community banks.

When GAAR runs, appraisals entered into the system are automatically reviewed for compliance with generally accepted appraisal rules. Reports are generated that list “flags” of potential violations, showing lenders where to take appropriate action. They may choose to accept the appraisal as is, request additional information from the appraiser, flag it for further review, or reject it.

Such automation will become critical next year for mortgage lenders who want to sell loans to Fannie Mae and Freddie Mac. On Jan. 1, an agreement between the New York Attorney General and the Office of Federal Housing Enterprise Oversight will take effect, requiring lenders to report the results of all quality control testing to the newly created Independent Valuation Protection Institute and to their federal regulators. The requirement addresses appraisals, AVMs, broker price opinions (BPOs) and other desktop evaluations—valuations that are not appraisals.

“Most lenders already perform quality control tests as part of the quality assurance process they maintain,” said Neil Olson, chief legal officer of mortgage technology company FNC. “So, what's different? Now, the lender will be obligated to report the results, which means their review and reporting process will need to be more formal.”

The government-sponsored enterprises Fannie Mae and Freddie Mac buy mortgage loans from lenders, allowing the lenders to fund more loans. The two agreed not to buy the loans unless banks and mortgage companies are willing to represent that they have followed the new guidelines found in the Home Valuation Code of Conduct.



P R E S S R E L E A S E

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