

DU Red Flag Messaging Reports At A Glance

New DU Red Flag Messaging Reports Can Help You Combat Fraud

In late 2007 we issued the first set of four monthly reports to help lenders manage and monitor the Potential Red Flag messages received in the Desktop Underwriter® (DU®) Underwriting Findings Report. Because of the potential sensitivity of the data contained in the Red Flag Messaging Reports, lenders are asked to register specific users to access the reports.

Background

DU Potential Red Flag messages became available in late 2004 to assist lenders in combating mortgage fraud. Today there are 13 Red Flag messages that can be displayed in the Potential Red Flag section of the Underwriting Findings Report on topics such as occupancy, property valuation, and SSN validation. These messages alert the user to data that may warrant further investigation; they do not affect the DU underwriting recommendation.

Red Flag Messaging Reports is a new feature of our Online Billing and Reporting Service (OLBR) that provides lenders with summary information about the Potential Red Flag messages returned by DU.

Target audience

Underwriting and post-funding quality control (QC) departments.

How will lenders benefit from the new reports?

Key benefits include:

- ***Process Efficiency for Fraud Detection:***
Lenders can easily monitor and respond to Red Flag message activity within their respective companies, which may help to identify trends that cannot be observed at the loan level, assisting in fraud detection.
- ***Industry Anti-Fraud Benchmarking Data:***
Lenders will now be able to compare the frequency of their Red Flag message activity to all other DU lenders in aggregate, and use such information to identify possible adverse selection or weaknesses in processes that could later result in loan repurchases.
- ***Increased Data Quality:***
While the Potential Red Flag messages offer lenders a pre-funding data integrity/fraud detection capability, the Red Flag Messaging Reports add value as a post-funding, Red Flag message monitoring tool for lender management, particularly QC departments.
- ***Cost Savings:***
The reports can potentially lower fraud-related costs by assisting lenders in detecting prior instances of fraud and material data misrepresentations that, in turn, enable customers to take action to prevent or reduce future occurrences.

Report descriptions

Four new reports will be available, each containing the following information. Each report can be saved as an Excel spreadsheet and uploaded into any proprietary analytical program.

DU Red Flag Message Trending Report

A one-page monthly summary report with six months of trending which details:

- Message frequency, including a comparison to all DU lenders in aggregate.
- Message change rates, e.g., the frequency that a message stopped firing after a subsequent data change.

Application Interviewer Report

A one-page monthly summary report with six months of trending which details:

- Statistics on the top 30 application interviewers associated with a high number of Red Flag messages.
- The percentage of loan case files with messages for the latest finding, with a comparison to all DU lenders in aggregate.

Appraiser Report

A one-page monthly summary report with six months of trending which details:

- Statistics on the top 30 appraisers associated with a high number of property-related Red Flag messages.
- The percentage of loan case files with messages for the latest finding, with a comparison to all DU lenders in aggregate.

DU Red Flag Message Detail Report

A loan case file-level report available by requesting “Download Detail.” This report details the prior month’s Red Flag message activity based on the latest loan case file submissions, and includes application interviewer, appraiser, DU user and other key data.

Registration instructions

These reports are made available through the Online Billing and Reporting Service. Again, because of the potential sensitivity of the data contained in the Red Flag Messaging Reports, lenders are asked to register specific users to access the reports.

Lenders may register using one of the following methods:

Via the Fannie Mae Profile Access Manager online system

*Lenders that have set up a delegated administrator for Profile Access Manager can ask the administrator to assign the **Red Flag Messaging Report User** role to the Online Billing and Reporting Service user or users who will use the Red Flag Reports.*

Via Fax or E-Mail

- 1) Go to eFannieMae.com>Single Family>Technology Applications*
- 2) Scroll to the last item and select “Details” next to “Online Billing and Reporting Service”*
- 3) Scroll to “Registration Information” and download the .PDF registration form*
- 4) Complete a printed copy of the form by selecting the “**Red Flag Messaging Report User**” role; be sure to put an “X” in the Red Flag Report user box*
- 5) Either fax a completed form to (703) 833-0655 or scan a completed hard copy and e-mail it to Technology_Registration@fanniemae.com*
- 6) If you are a new Online Billing and Reporting Service user, you will receive an e-mail containing the Fannie Mae technology user ID and instructions on how to create a password.*

Customer Support

- Online Help Center is available within the Red Flag Message Reporting system
- DU Red Flag Message Matrix and FAQs located on <https://www.efanniemae.com/utility/legal/antifraud.jsp>
- For all billing and reporting inquiries, call our Customer Contact Center at (800) 752-6440