

The GSEs agree, XML is the preferred solution

We've said it many times: the UAD is the biggest change to appraisal workflow since the creation of the Over the last three months we've focused our labs articles on the GSEs' broad Uniform Mortgage Data program (UMDP), and the sweeping changes the Uniform Appraisal Dataset (UAD) is bringing to appraisal forms. But until now we haven't specifically addressed one of the most important parts - how you'll deliver reports.

Talking about report delivery can get complex. There's enough acronyms to make practically anyone's head spin. But if we strip away all the fancy words and long technical documents it's actually quite simple. **The GSEs need appraisal data on every loan they buy to be formatted consistently.** That's the only way they'll be able to run their business rules to assess the risk on their massive portfolio.

There are two generally accepted ways for the GSEs to get the data they need — XML and PDF extraction. And we think it's important that you know the difference between the two.

Native XML is accurate, consistent, and free

XML, or more importantly MISMO XML, is the GSEs' preferred solution for delivering appraisal data. The actual XML is simply a text file, which is very easy for another computer to read and use for business rules. And since MISMO XML is a standard, it's consistent from report to report, appraiser to appraiser, and across all software vendors.

Of course, that consistency lends itself to automation, which means that the XML delivery is much less expensive to process. The GSEs aren't charging banks to deliver XML files, and we're not charging appraisers anything to deliver them.

Other delivery methods are inaccurate and costly

Unfortunately, XML isn't the only game in town when it comes to delivery. Optical Character Recognition (OCR, for short) is a popular alternative. OCR tries to recognize each character in your reports and assemble them later as an XML file.

OCR isn't a new technology. It was patented way back in 1929. The problem is that it hasn't yet been perfected. OCR can misinterpret commas for semicolons or fail altogether if it sees an unrecognized font. And if that happens on just 5% of fields in an appraisal, 50 fields will be incorrect. But if just one field is incorrect, the entire report could be rejected. Simply put, it's a recipe for disaster.

Another method is PDF extraction. That's where a computer uses a template to assign a location to each field in your report. For example, it knows that the property address is at a certain X/Y coordinate on the page. This approach has its issues too. What if the margins are just a bit off? Will the template fit? Or will the whole report be rejected?

In either instance, there's much less automation and a much greater chance for errors. As a result, a processing fee will be charged to banks who submit appraisal data in a non-Native XML fashion. And those fees are hefty: \$3.50 for each PDF submission and \$18 if the simple conversion fails and a second, more thorough approach is needed. And if that second try fails, it's then \$12 per page to key the report. That's expensive enough to make a compelling case for delivering native XML every time.

Our free solutions for both appraisers and lenders

Both of our major formfillers — WinTOTAL and TOTAL 2011 — produce Native XML files that lenders can submit to the GSEs at absolutely no cost. In addition to the XML file, our software will also deliver

a first-generation PDF to lenders who might not have the technology necessary to handle XML. Again, there's no additional cost for sending the PDF.

But what about your clients that don't have the systems needed to handle the more automated XML file? How can they avoid fees? It shouldn't be a surprise that we have a system for them, too. After all, we don't want any additional fees being pushed down to appraisers.

Our Mortgage Solutions Division just announced DataCourier. It's a

completely free tool that lenders and AMCs can use to submit UAD-compliant XML files to the GSEs. And all you'll have to do is use our free DataCourier plugin in WinTOTAL and TOTAL 2011 to deliver to your reports. So if your clients are asking you for PDF files, be sure to send them to MercuryVMP.com to learn how to avoid PDF extraction fees and deliver more secure and accurate XML.

— Phil Perkins, Executive Vice President, Products
For more information, visit www.alamode.com/labs.

