

# Loan Quality Connect Release Notes

## Overview of Enhancements

February 24, 2024

During the **weekend of February 24**, Fannie Mae will implement Loan Quality Connect™ version 7.0. The system enhancements in this release include implementing the Notice of Potential Defect functionality and enhancements to lender reporting. Your feedback is important, so please check in with us regularly by responding to the pop-up surveys in Loan Quality Connect.



### Just Released

## Notice of Potential Defect

System enhancements include roll out of the **Notice of Potential Defect** (similar to the retired Loan Quality Defect Notice). When a **Notice of Potential Defect** letter is sent to a lender, the user is given 30 calendar days to address any defects cited prior to a Resolution Request being issued.

Loan Quality Connect users need at least one of the following roles to access this new functionality:

- **Lender Remediation Specialist**
- **Lender Manager**

These two roles can view loans with a 'Notice of Potential Defect Issued' on the 'Resolution Queue' page.

- The 'Resolution Queue' page will have a BI Card for the 'Notice of Potential Defect Issued', which will display the count of loans with 'Notice of Potential Defect Issued' and relevant SLA counts.
- Users can search for loans by copying and pasting a loan list in the Seller File Review Results section.
- In the 'Lender Courtesy View', 'Notice of Potential Defect' will be an available dropdown option.
- Lenders will be able to search for loans with 'Notice of Potential Defect Issued' as a search criterion.

## Remedy Status Tab

- When significant defects are cited on a loan, the defect/s will be visible to users in the 'Remedy Status Tab'.
- If a loan's defect severity is modified, both the initial severity of the defect and the final severity of the defect will be visible in the Defect tab.

## Reporting

### Responsible Party Daily Pipeline report

- 'Notice of Potential Defect' will be included in the 'Responsible Party Daily Pipeline Report', and the list will be available to export to Excel.

### Seller File Review Defects report

- 'Notice of Potential Defect' will be included in the export of the 'Seller File Review Defects' report.
- 'Notice of Potential Defect' will be included in the export of the 'Review Results for Last 12 Months' report on the 'Seller File Review Results' page.



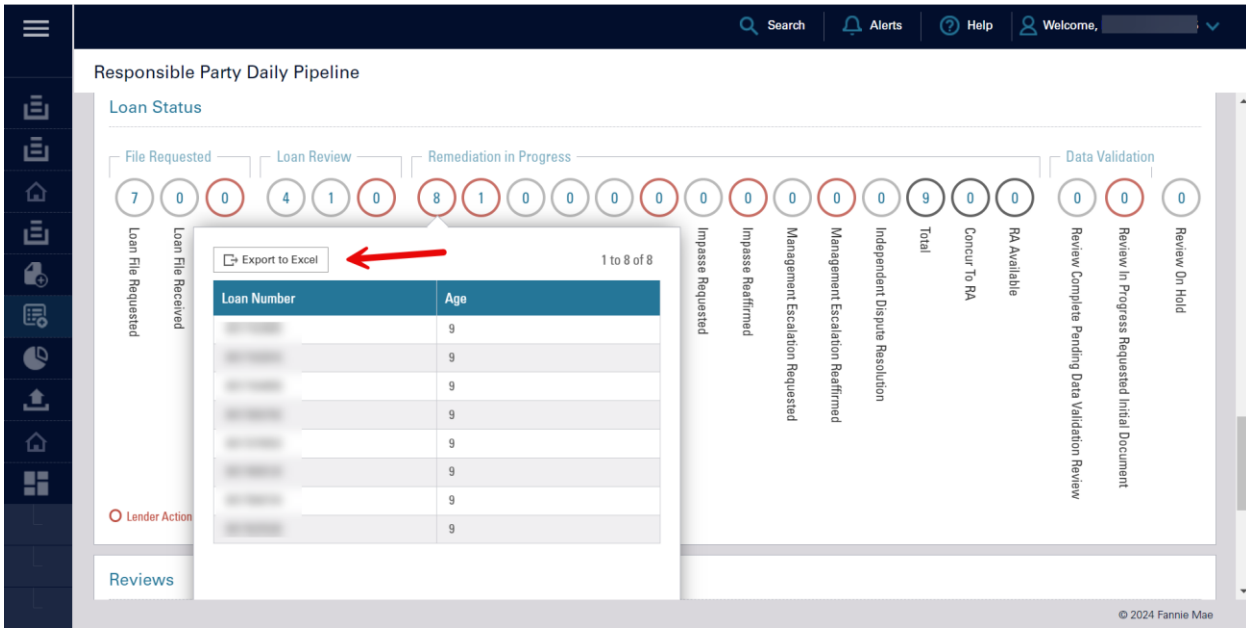
Screenshot examples of these enhancements are listed below and on the following pages. For more information about these release notes or the Loan Quality Connect update, lenders may contact their Fannie Mae representative.

**Notice of Potential Defect in Lender Courtesy View**

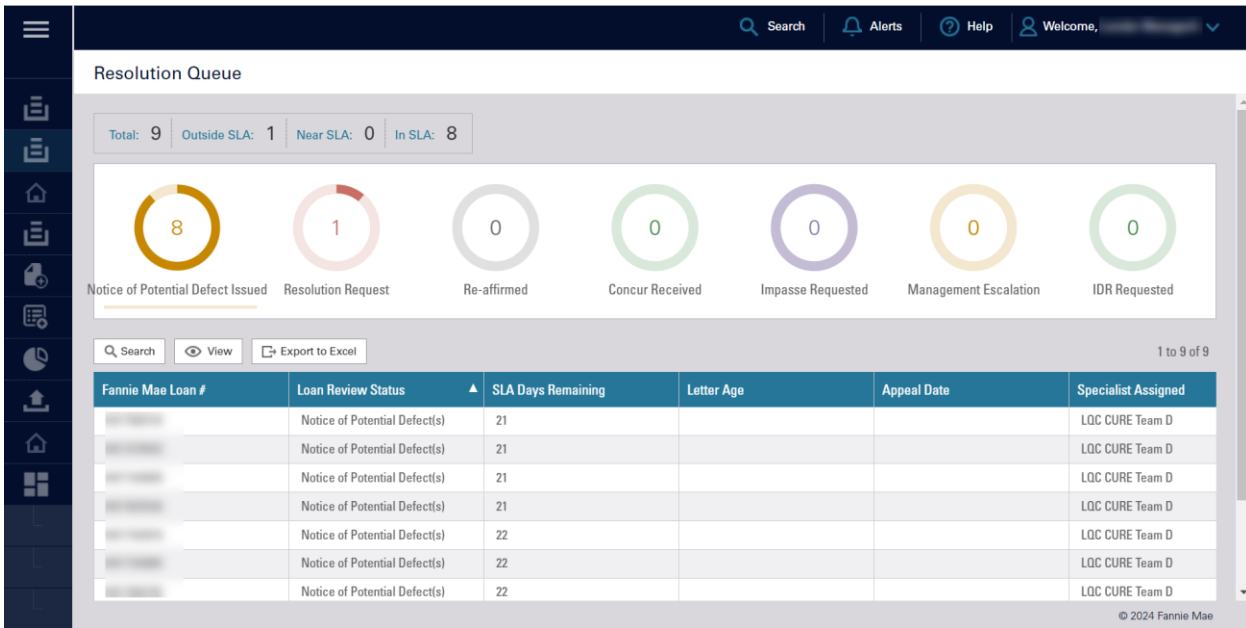
The screenshot shows the 'Lender Courtesy View' interface. On the left is a navigation sidebar with options like 'DVC Response Queue', 'Resolution Queue', and 'Lender Courtesy View'. The main area has search filters for 'Request Type', 'Fannie Mae Loan Number', 'Request Date', 'Selling Responsible Party Loan Number', and 'Servicing Responsible Party Loan Number'. A dropdown menu for 'Request Type' is open, listing various categories, with 'Notice of Potential Defect' highlighted. Below the filters is a table with columns: Request Type, Fannie Mae Loan #, Seller Loan #, Selling Responsible Party Loan #, Servicer Loan #, Servicing Responsible Party Loan #, and Responsi... The bottom right corner shows '© 2024 Fannie Mae'.

**Responsible Party Daily Pipeline Notice of Potential Defect Loan status export:**

The screenshot shows the 'Responsible Party Daily Pipeline' interface. At the top, there are summary statistics: 'Total' counts for various stages, all currently at 0. Below this is a 'Loan Status' bar chart. The chart is divided into three main sections: 'File Requested', 'Loan Review', and 'Remediation in Progress'. A red arrow points to the 'Notice of Potential Defect' status in the 'Remediation in Progress' section, which has a count of 8. Other statuses include 'Loan File Requested' (7), 'Loan File Received' (0), 'Loan File Received Requested Missing Document' (0), 'Pending Review' (4), 'Review In Progress' (1), 'Review In Progress Requested Missing Document' (0), 'Resolution Request' (1), 'Lender Concur' (0), 'Appeal 1' (0), 'Appeal 2' (0), 'Reaffirmed' (0), 'Impasse Requested' (0), 'Impasse Reaffirmed' (0), 'Management Escalation Requested' (0), 'Management Escalation Reaffirmed' (0), 'Independent Dispute Resolution' (0), 'Total' (9), 'Concur To RA' (0), 'PA Available' (0), 'Review Complete Pending Data Validation Review' (0), 'Review In Progress Requested Initial Document' (0), and 'Review On Hold' (0). The bottom right corner shows '© 2024 Fannie Mae'.



**Resolution Queue View with Notice of Potential Defect:**





## Seller File Review Results loan list search option:

The screenshot shows the 'Seller File Review Results' dashboard. At the top, there are navigation links for Search, Alerts, Help, and a user profile. Below this, a series of filters are available: Seller, Responsible Party, Review Type, Loan Relief, and Self Reports, each with a dropdown menu set to 'All'. Further down, there are date filters for Loan Acquisition Date, Loan Selection Date, Review Completion Date, and Resolution Request Date. A 'Run' button is located to the right of these filters. Below the filters, there is a section titled 'Review Results for Last 12 Months' with an 'Export to Excel' button. A legend indicates four defect types: Significant Defect (yellow), PAL Defect (purple), Finding Defect (blue), and No Defect (green). A bar chart shows zero results for all months from Mar '23 to Feb '24. A 'Paste Loan List' button is highlighted with a red arrow, with a tooltip that says 'Select Run to query the listed loans'. The footer shows '© 2024 Fannie Mae'.

## Remedy Status Defect Display:

The screenshot shows the 'Resolution Queue > Loan Details' page for loan # 4017560154. The 'Remedy Status' tab is active. A 'Notice of Potential Defect Issued' is displayed, with a 'Take Action' button and a 21-day response deadline. Below this, there are sections for 'Review', 'Comment', and 'Document'. The 'Analyze' section is expanded, showing 'Defects Found' with a red arrow pointing to it. A table lists one defect: 'Credit Eligibility - Miscellaneous' with a status of 'Active'. The 'Repurchase Alternatives' section is visible at the bottom. The footer shows '© 2024 Fannie Mae'.