

Quality Control Considerations

We all know that loan quality matters! The process of assessing quality through your pre-funding and post-closing quality control (QC) is both a Fannie Mae *Selling Guide* requirement and a key component of your own risk management. Fannie Mae considers striving for loan quality to be a shared commitment between us and our lenders. We know that having an effective QC program takes time and effort – and with the Desktop Underwriter® (DU®) validation service, we are pleased to be able to provide some efficiencies for certain QC processes.

With the DU validation service comes Day 1 Certainty

Day 1 Certainty® brings lenders confidence that Fannie Mae will provide enforcement relief on the representations and warranties with respect to the component of the loan file that was validated through the DU validation service.

When DU has validated a loan component, Fannie Mae accepts that the data is accurate and does not require the reverification actions previously required in the *Selling Guide* ([Part D, Ensuring Quality Control](#)). For validated loan components:

- Lenders will not have to recalculate income or assets that have been validated.
- Lenders will not have to re-verify income, employment, or assets that have been validated.
- Lenders are not required to execute IRS Form 4506-T in post-closing QC when borrower income has been validated.

The following pages summarize lender QC requirements, the process relief available with use of the optional DU validation service, and the other responsibilities the lender is still expected to complete.

Learn More



- Review the [DU Validation Service Reference Guide](#). The Reference Guide provides detailed information and requirements related to the DU validation service.

DU/DO/Fannie Mae Connect user credentials are needed to access the reference guide.

- For more information, reach out to your account team or call **1-800-2FANNIE (1-800-232-6643)** and press option 1, then option 2 (*Selling Guide* questions).

Note: Fannie Mae is committed to ensuring that vendors on our platform are providing high-quality data. As part of our ongoing vendor monitoring, we encourage lenders to report any data discrepancies they see in any third-party verification reports to the [Day 1 Certainty Data Discrepancy mailbox](#).

Lender QC Requirements

Income Validation (VOI & 4506-T Tax Transcript Service)

| Previous Lender QC Responsibility | DU Validation Service Process Relief | Lender remains accountable for... |
|--|--|---|
| PREFUNDING QC | | |
| Lender must review income calculations and supporting documentation. | Lender is not required to recalculate income that has been validated. | <ul style="list-style-type: none"> ▪ Ensuring VOI/IRS Form 4506-T is in compliance with age of document requirements. ▪ Confirming information on VOI or IRS Form 4506-T matches the loan application. ▪ Ensuring income amount entered into DU is accurate based on all documentation in the file (vendor report and any borrower-supplied data). |
| POST-CLOSING QC | | |
| Lender must re-verify income directly with the source of the original documentation. | Lender is not required to re-verify a specific type of income for a specific borrower that has been validated by DU. | <ul style="list-style-type: none"> ▪ Ensuring compliance with the DU messages. ▪ Ensuring VOI/IRS Form 4506-T report matches the borrower and employer information provided. |
| Lender must maintain re-verification document in the file. | Lender is not required to re-verify a specific type of income for a specific borrower that has been validated by DU. | Maintaining appropriate required DU validation service documentation in the file (e.g. tax transcript or VOI report, supplemental docs, etc.). |
| Lender must execute a 4506-T for all loans selected for post-closing QC. | Lender is not required to execute a 4506-T in post-closing QC when borrower income has been validated. | Executing the 4506-T only when income is unable to be validated or not validated. |

In all cases, the lender remains fully responsible for reviewing the file as a whole (including for any contradictory information) and for re-verifying in accordance with the *Selling Guide* any components of the loan that were unable to be validated or not validated by DU. The lender is also responsible for complying with any other pre-funding and post-closing QC requirements in the *Selling Guide*.

Asset Validation

| Previous Lender QC Responsibility | DU Validation Service Process Relief | Lender remains accountable for... |
|---|---|---|
| PREFUNDING QC | | |
| Lender must review assets needed to close or meet reserve requirements. | Lender is not required to recalculate assets that have been validated. | <ul style="list-style-type: none"> ▪ Ensuring the asset verification report is in compliance with age of document requirements. ▪ Confirming information on the Asset verification report matches the loan application. ▪ Ensuring asset amount entered into DU is accurate based on all documentation in the file (vendor report and any borrower-supplied data). |
| POST-CLOSING QC | | |
| Lender must attempt to re-verify assets with the financial institution (or document unsuccessful verification attempt). | Lender is not required to re-verify assets that have been validated by DU and for which any additional required documentation has been obtained (e.g., documentation for large deposits). | <ul style="list-style-type: none"> ▪ Ensuring compliance with the DU messages. ▪ Reviewing the information on the Asset verification report for inconsistencies in asset documentation. |
| Lender must maintain re-verification document in the file. | Lender is not required to re-verify assets that have been validated by DU and for which any additional required documentation has been obtained (e.g., documentation for large deposits). | Maintaining appropriate required documentation in the file (e.g., Asset verification report, supplemental documentation as required by DU). |

In all cases, the lender remains fully responsible for reviewing the file as a whole (including for any contradictory information) and for re-verifying in accordance with the *Selling Guide* any components of the loan that were unable to be validated or not validated by DU. The lender is also responsible for complying with any other pre-funding and post-closing QC requirements in the *Selling Guide*.

Employment Validation

| Previous Lender QC Responsibility | DU Validation Service Process Relief | Lender remains accountable for... |
|---|---|--|
| PREFUNDING QC | | |
| <p>Lender must review employment documentation.</p> | <p>No change to existing pre-funding QC requirements.</p> | <ul style="list-style-type: none"> ▪ Ensuring employment verification report is in compliance with age of document requirements. ▪ Confirming information on employment verification report matches the loan application. ▪ Ensuring information entered into DU is accurate based on all documentation in the file (vendor report and any borrower-supplied data). |
| POST-CLOSING QC | | |
| <p>Lender must re-verify employment directly with the source of the original documentation.</p> | <p>Lender is not required to re-verify employment for a borrower that has been validated by DU.</p> | <ul style="list-style-type: none"> ▪ Ensuring compliance with the DU messages. ▪ Ensuring employment verification report matches the borrower and employer information. ▪ Ensuring employment verification report was executed within age of document requirements. |
| <p>Lender must maintain re-verification document in the file.</p> | <p>Lender is not required to re-verify employment for a borrower that has been validated by DU.</p> | <p>Maintaining appropriate required DU validation service documentation in the file (e.g. employment verification report and/or VOI report, supplemental docs, etc.).</p> |

In all cases, the lender remains fully responsible for reviewing the file as a whole (including for any contradictory information) and for re-verifying in accordance with the *Selling Guide* any components of the loan that were unable to be validated or not validated by DU. The lender is also responsible for complying with any other pre-funding and post-closing QC requirements in the *Selling Guide*.