



Path to Approval Toolkit

**A Reference Guide for Prospective Fannie Mae
Seller/Serviceers**





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Application and Approval Process Overview

General Information

Fannie Mae evaluates each applicant's financial condition, experience, and operational readiness as outlined in the *Selling Guide* section Maintaining Seller/Servicer Eligibility, Fannie Mae *Selling Guide* ([A4-1-01](#)).

Fannie Mae's standard approval is for the sale and/or servicing of single-family loans (excluding loans delivered under a negotiated contract). Seller/servicers must obtain special approval to sell and/or service certain loans with unique requirements.

Eligibility

To be approved by Fannie Mae to sell and/or service residential first lien mortgage loans, a seller/servicer must, at a minimum:

- Have as its principal business purpose the origination, selling, and/or servicing of residential mortgages.
- Have demonstrated for a minimum of 24 months the ability to originate, sell, and/or service the types of mortgages for which approval is being requested.
- Have adequate facilities and staff experienced in originating, selling, and/or servicing the types of mortgages for which approval is being requested.
- Be duly organized, in good standing, and properly licensed (or otherwise authorized) to conduct its business in each of the jurisdictions in which it originates, sells, and/or services residential mortgages.
- Have internal audit and management control processes to evaluate and monitor the overall quality of its loan production and servicing.
- Have written procedures for quality control, servicing, and the approval and management of vendors and other third-party service providers.
- Have a fidelity bond and an errors and omissions policy in effect with such coverage as Fannie Mae requires.
- Meet Fannie Mae's minimum eligibility counterparty requirements. Additional information can be found in the Maintaining Seller/Servicer Eligibility section of the Fannie Mae *Selling Guide* ([A4-1-01](#)).
- Satisfy any additional eligibility criteria Fannie Mae imposes.¹

For more information on these requirements, please review the *Selling Guide* and the *Servicing Guide* ("Guides") on the Single-Family portal at [fanniemae.com](https://www.fanniemae.com). In the event of a conflict between the provisions of this Toolkit and the Guides, the Guides will govern.

¹ Fannie Mae approves or declines a seller/ servicer based on an assessment of its total circumstances; therefore, a seller/servicer that satisfies Fannie Mae's general eligibility criteria or any special criteria does not have an absolute right to be approved and should not expect automatic approval. Approval or rejection of a seller/servicer's application is at Fannie Mae's sole discretion and is based on Fannie Mae's business judgment with respect to the totality of the seller/servicer's circumstances and Fannie Mae's interests.



Counterparty Requirements

Minimum Financial Requirements for Fannie Mae Seller/Servicers

Requirement Type	Description	Reference
Net Worth	Adjusted Net Worth of > \$2.5M + % of UPB serviced	Fannie Mae <i>Selling Guide</i> , A4-1-01
Liquidity	Maintain allowable liquidity per counterparty type	Same as above
Capital Requirements	Maintain > 6% Adjusted Net Worth/Total Assets Sellers/servicers that are depository institutions are required to meet at all times the minimum regulatory capital requirements of their primary regulator.	Same as above

Note: In the event of a conflict between this toolkit and the [Selling](#) or [Servicing Guide](#), the Guides will govern.

In accordance with *Additional Financial Requirements* in *Selling Guide A4-1-01*, Maintaining Seller/Servicer Eligibility, we may, at any time based on our view of a seller/servicer’s financial strength or our assessment of market conditions or other relevant factors, impose additional financial requirements, including enhanced net worth, capital, or liquidity requirements. Any additional requirements we impose may apply to a particular seller/servicer, a defined group or type of seller/servicer, or all sellers/servicers. A seller/servicer’s failure to comply with any additional requirements may result in us declaring a breach of the Lender Contract.

Quality Control Requirement Details

To be eligible to sell mortgages to Fannie Mae, every seller/servicer is required to have a quality control program in place and must agree that the program will function for as long as the seller/servicer continues to do business with us.

All seller/servicers are expected to design, implement, and administer Pre-Funding and Postclosing quality control programs that work best for their own businesses. Reference [Selling Guide Part D](#). At a minimum, the quality control program must:

- Cover the full scope of the seller/servicer’s business, including all channels of production (e.g., retail, correspondent, broker), all product types (e.g., FRM, ARM, etc.), all employees involved in originating loans, and all vendors or contractors involved in the process, including appraisers.
- Be capable of evaluating and monitoring the overall quality of mortgage production; detect deficiencies in the loan origination process, include regular reporting of review results and trends to the company’s senior management, provide that senior management must take an active role in overseeing the resolution of defects and remediation of gaps discovered in the origination process, have an audit process to ensure that the seller/servicer QC process and procedures are followed by the QC staff, and that assessments and conclusions are recorded and consistently applied; and ensure that mortgages sold to Fannie Mae meet specific Fannie Mae eligibility requirements as stated in the [Selling Guide](#) (and subsequent announcements).

It may be cost-effective for a seller/servicer to outsource all or various aspects of the quality control process. However, a seller/servicer that chooses this option is responsible to maintain written quality control procedures that include parameters for monitoring and measuring the quality of the outsourced work.

Maintaining Seller and Servicer Approval

To maintain eligibility, the seller/servicer must comply with the minimum requirements described in the Fannie Mae *Selling*



Guide (A4-1-01). As part of these requirements, sellers must sell Fannie Mae at least 12 loans during the prior calendar year, and servicers must service at least one loan for Fannie Mae as of December 31 of the prior calendar year. If a seller/servicer fails to maintain any of these requirements or fails to comply with its Lender Contract, such failure is a breach of the Lender Contract.

Failure to meet these minimum requirements will result in termination of selling or servicing approval status (or both). Sellers or servicers must reapply following our current approval requirements to become an approved seller or servicer in the future.

For more information on these requirements, please review the [Selling Guide](#) and the [Servicing Guide](#) (“Guides”) on the Single- Family portal at fanniemae.com. In the event of a conflict between the provisions of this Toolkit and the Guides, the Guides will govern.

Servicing Options

When selling loans to Fannie Mae, sellers must determine how servicing will be handled. Sellers are typically approved for Servicing Released or Utilize a Subservicer, unless they are a servicer-only institution or have demonstrable experience servicing loans. Below are the available options:

Servicing In-house – Be approved as a Fannie Mae servicer and service the loans. Must have experience servicing loans sold to investors, have written servicing procedures in accordance with Fannie Mae [Servicing Guide](#) requirements, and an electronic loan servicing system.

Utilize a Subservicer – Be approved as a Fannie Mae master servicer and utilize a Fannie Mae approved subservicer. Subservicing is the use of another Fannie Mae approved servicer to perform some or all servicing functions on behalf of the lender (also known as a "Master Servicer"). The master servicer remains contractually responsible to Fannie Mae for all servicing function(s) throughout the duration of the subservicing agreement. The lender shall not service directly but at all times use an acceptable subservicer for all the lender's servicing activities. If the lender wants to service in-house there will be additional approval requirements.

Must have contract in place, written procedures for monitoring the subservicer and a designated employee to oversee the subservicer, who has experience servicing loans sold to investors.

Sell Loans Servicing Released – Elect not to be the servicer and have a servicing transfer agreement with an approved Fannie Mae servicer. Applicants planning on applying to Fannie Mae for seller-only approval must have a contract in place with an approved Fannie Mae servicer to begin servicing loans delivered to Fannie Mae. This can be accomplished through the use of our Servicing Marketplace® (SMP) application via our Pricing & Execution – Whole Loan® application. SMP brings sellers and servicers together to deliver pricing certainty, transparency, and operating efficiency. With this option, all loans are bifurcated - selling reps/warrants stay with the seller. In addition to this tool, sellers may also sell loans to Fannie Mae with a concurrent transfer of sale in accordance with the Guides.

If you plan on servicing loans in-house or using a subservicer, your institution must have experienced staff and written procedures in the functional areas as described below in Table 2, General Requirements for Servicing Fannie Mae Loans. Applications for servicing-only approval or in-house servicing follow a special process—please reach out to Fannie Mae for guidance before proceeding.

Option	Description	Key Requirement	Reference
In-House	You service your own loans	Must have systems and experience	Fannie Mae <i>Servicing Guide</i>
Subservicing	Another approved servicer handles servicing	Must have oversight and due diligence	Fannie Mae <i>Servicing Guide</i> , A2-1
Sell Loans Servicing Released	Servicing transferred at sale	Contract with approved servicer required	SMP Guide



Additional Resources

General Resources

Here are some additional resources to help you through the application/review process:

- E-mail questions to newsellerservicer_inquiries@fanniemae.com
- [Fannie Mae Selling and Servicing Guides](#)
- [Partner with Fannie Mae](#)
- [Servicing Retained/Released Resource Guide](#)

References

Eligibility and Financial Requirements

See: [Fannie Mae Selling Guide](#), Part A4-1-01, "Maintaining Seller/Servicer Eligibility"

Quality Control Requirements

See: [Fannie Mae Selling Guide](#), Part D

Servicing/Subservicing

See: [Fannie Mae Servicing Guide](#), Part A2-1, "Servicer Duties and Responsibilities"