



Seller/servicer risk self-assessment

Change Management

Change management is the governing methodology that provides an infrastructure to support and sustain change throughout multiple phases while focusing on achieving desired business results.

Seller/servicers are under increasing pressure by regulators, borrowers, shareholders, and investors to continuously improve their business. These pressures lead to seller/servicers initiating a wide range of company projects, including small, targeted updates; process enhancements; large, complex system implementations; and major business process re-engineering initiatives. A seller/servicer's ability to standardize their process and project management practices mitigates the risk of project failures and maximizes the value delivered to their own organizational processes as well as to Fannie Mae.

Change management often has two components: process management and project management.

In this document

- [Self-Assessment Checklist](#)
- [Common Findings and Documentation](#)

Resources

- [Selling Guide A1-1-01, Application and Approval of Seller/Servicer](#)
- [STAR Program Reference Guide – Change Management](#)

Self-Assessment Checklist

Required

- ☐ A clear description of the change that will be implemented.
- ☐ Acquire and consider input from stakeholders.
- ☐ Develop a formal change plan.
- ☐ The identification of resources, training, and data to be used.
- ☐ A communication strategy that includes the identification of who will be impacted by the change, how, and why.

Process management

- ☐ A centralized repository for all policies and procedures.
- ☐ A dedicated group that oversees changes related to processes, systems, and policies.
- ☐ Key processes (policies, procedures, and support documents) are evaluated for completeness and accuracy.
- ☐ Key processes (policies, procedures, and support documents) are evaluated for current revisions.
- ☐ Regular quality assurance reviews are conducted to ensure the actual performance of employee work processes is consistent with process flows and descriptions.
- ☐ A change management tool to manage and track process updates.
- ☐ A standard policy/procedure template across the organization.
- ☐ The staff responsible for the change management process is well trained or has the necessary skills to perform these functions.
- ☐ Change management methodology that includes:
 - Business ownership and governance responsibilities.
 - An impact analysis prior to process changes being implemented.
 - Communication of new or revised processes to impacted business units or areas.
 - A process that ensures policies, procedures, and processes are updated to reflect remediated control deficiencies.
 - A procedure for approving new or revised processes.
 - A procedure for managing and introducing process revisions.
 - The identification of training needs based on creating or updating policies and procedures.
 - The validation of new or revised policies and procedures prior to implementation.
- ☐ Established controls are in place to ensure the change management methodology is applied consistently between individuals and work groups.

Project management

- ☐ A project management tool to track and manage projects.
- ☐ Project management tracking reports.
- ☐ Regular project tracking/inventory reports that are communicated to stakeholders.
- ☐ A project management methodology that includes:
 - The communication of project goals and status.
 - Milestone reviews and approvals.
 - The identification and mitigation of project risk.
 - The identification of stakeholders.
 - Change control documentation.
 - An escalation process for projects/steps determined to be off track.
 - Documentation of lessons learned.
- ☐ Projects across the organization are managed under a central group.
- ☐ The staff responsible for managing projects is adequately trained and qualified to perform the function.

Additional checklist items

Recommended

- ☐ A review of budget risks associated with change.

Common Findings and Documentation

Mortgage Origination Risk Assessment (MORA) and Servicer Total Achievement and Rewards (STAR)

Fannie Mae conducts regular reviews to evaluate compliance with our guidelines and assess operational risks. Reviews are conducted by a team that operates independently of customer account relationship management in Fannie Mae's Single-Family mortgage business. A Mortgage Origination Risk Assessment (MORA) or Servicer Total Achievement and Rewards™ (STAR™) review is intended to be a joint activity conducted by the review team with the active participation of your organization.

The **required documentation, common findings, and corrective actions listed** below are specific to the topic of this risk self-assessment, Change Management.

Required documentation for a review

- Documentation that demonstrates the initiation and implementation of a project, including project management standards, change control and governance, timelines with well-defined milestones, cost estimations, risk and impact analysis, resource requirements, lessons learned, and escalation process for projects deemed off track.
- Policies, procedures, and documents that outline the process management methodology and change management governance process.
- Documentation that describes the process management standards, including managing and introducing process revisions, change requests, business impact and ownership, and training.
- A process to monitor and review Fannie Mae *Selling/Servicing Guide* announcements for changes that impact policies and procedures.

Common findings

- The seller/servicer does not have comprehensive written policies and procedures throughout their organization.
- The seller/servicer does not have a process in place to ensure distribution of all Fannie Mae *Selling/Servicing Guide* changes and announcements within their organization.

Corrective actions

Corrective actions should require implementation of required policies and procedures, the identification of a control function to ensure they are updated on a regular basis, training for responsible parties, and validation that the required activities are completed in line with Fannie Mae *Selling* and/or *Servicing Guide* requirements.

WHAT'S NEXT?

Use the insights you have gained — especially any gaps identified in your practices and processes — to create a customized action plan.