

# Loan Quality Connect Release Notes

## Overview of Enhancements

April 6, 2024

During the **weekend of April 6**, Fannie Mae will implement Loan Quality Connect™ version 7.1. The system enhancements in this release include updates to the Remedy Status tab and enhancements to 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

## Remedy Status Tab

When a Notice of Potential Defect is issued, active defects are now listed on the Remedy Status tab and sorted by defect Severity type.

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

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

## Reporting

### Responsible Party Review Results report

- Lenders can now see if a 'Notice of Potential Defect' was issued on a loan by reviewing the widget on the "Responsible Party Review Results" report.

### Seller File Review Results Report

- Users will now be able to paste loan lists into the "Seller File Review Results" report filter criteria to specify loans to be included on the resulting report.
- Users can see if a 'Notice of Potential Defect' was issued for a loan via the "Seller File Review Results" report.
- Users can export all available data for the last 12 months in the Seller File Review Results Report to a downloadable excel file.

### Seller File Review Defects Report

- Users will now be able to export all the available data in the Seller File Review Defects Report to a downloadable excel file.

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

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



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 Defects Issued on the Remedy Status tab:**

The screenshot shows the 'Loan Details' page with the 'Remedy Status' tab selected. A 'Notice of Potential Defect Issued' is displayed, indicating that 7 days to respond are left as of 3/27/2024. The 'Review' section includes a 'Comment' and 'Document' field. The 'Analyze' section lists 'Defects Found':

- Interested Party Contributions Exceed Borrower's Costs (Active)
- Outstanding Judgment(s) (Active)
- Outstanding Lien(s) (Active)

Below the defects, there are sections for 'Repurchase Alternatives' and 'Agreement'. At the bottom, an 'Overview' section shows loan details: Final Action Code, Loan Purpose (Refinance), Loan Amount (\$308,000), Approval Value (\$275,000), and Approval Effective Date.

**Seller File Review Results loan list search option:**

The screenshot shows the 'Seller File Review Results' page. Search filters include Seller, Responsible Party, Review Type, Loan Relief, and Self Reports, all set to 'All'. There are also date filters for Loan Acquisition Date, Loan Selection Date, Review Completion Date, and Initial Notification Date. A 'Paste Loan List' button is highlighted with a red box, with the instruction 'Select Run to query the listed loans'. An 'Export to Excel' button is also highlighted with a red box. The main chart, 'Review Results for Last 12 Months', shows a bar chart with the following data:

Month	Significant Defect	PAL Defect	Finding Defect	No Defect	Total
Apr '23	0	0	0	0	0
May '23	0	0	0	0	0
Jun '23	0	0	0	0	0
Jul '23	0	0	0	0	0
Aug '23	0	0	0	0	0
Sep '23	0	0	0	0	0
Oct '23	0	0	0	0	0
Nov '23	4	0	0	0	4
Dec '23	11	0	0	0	11
Jan '24	13	0	0	0	13
Feb '24	23	0	0	0	23
Mar '24	25	0	0	0	25

The chart also shows percentages for each category: Significant Defect (61%), PAL Defect (0%), Finding Defect (0%), and No Defect (27%). The total number of months displayed is 106. Below the chart is a 'Seller File Review Count' section showing 'Full File Review' (178) and 'Component Review' (0).



### Seller File Review Defects Report:

**Seller File Review Results**

Defect Category Defect Sub Category Defect Name

21	Loan File Missing test
13	Minimum Contribution from Borrower's Own Funds Not Met
11	Outstanding Judgment(s)
10	TestNonComplianceDefect
7	Outstanding Lien(s)
7	Undisclosed Subordinate Financing
3	Income Not Documented - Base Income
2	Borrower Not Employed as Disclosed as of the Loan Closing Date
3	Undisclosed Liability
3	Interested Party Contributions Exceed Borrower's Costs
3	Comparable Adjustments
2	Asset Documentation Aged
1	Outstanding Collection, Non-Mortgage Charge-Offs or Past Due Balances
2	Significant Derogatory Credit Event - Requirements Not Met

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### Responsible Party Daily Pipeline Report:

**Responsible Party Review Results**

Seller Review Type Report Type  
 All --- All Loans

Loan Selection Date: From: m/d/yyyy To: m/d/yyyy  
 Loan Acquisition Date: From: m/d/yyyy To: m/d/yyyy

**Self Report**

0  
Total Pending Submission

0 Submitted    4 Additional Info Needed

4 Proceed    4 No Action At This Time

**Outstanding Remediation Activity**

28 Notice of Potential Defect

325 Resolution Request    16 Lender Concur    5 Appeal 1    0 Appeal 2    1 Reaffirmed

5 Impasse Requested    2 Impasse Reaffirmed    2 Management Escalation Requested    0 Management Escalation Reaffirmed    0 Independent Dispute Resolution

384 Total

5 Total Concur To RA    11 Total RA Available

**Loan Review Defects**

220 Outstanding Judgment(s)

190 Outstanding Lien(s)

**Top 5 Defects** Occupancy Channel Loan Purpose

Investor

38 Outstanding Lien(s)

Outstanding Judgment(s)

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