

Selling Notice

June 22, 2022

Quality Control Calibrations

Background

As described in Part D of the *Selling Guide*, we require lenders to develop and implement a quality control (QC) program that provides a structure for identifying the deficiencies in the loan manufacturing process. The program must include a plan to quickly remediate those deficiencies and underlying issues. As part of its QC program, the lender must establish processes to evaluate and monitor the overall quality of mortgage production through both prefunding and post-closing reviews to ensure compliance with our requirements and with all federal, state, and local laws and regulations.

Selling Guide [D1-3-06](#), Lender Post-Closing Quality Control Reporting, Record Retention, and Audit, requires lenders to provide us with a copy of the following upon request:

- documentation of QC reports,
- QC review findings,
- successful rebuttal documentation, and
- documentation related to any corrective action.

Calibration process

In QC, calibration is the process of comparing a lender's own internal QC results to a known measurement, or standard, to confirm the accuracy of the lender's results. In the past, we have completed calibration exercises as needed with lenders to validate the accuracy of their internal QC results in relation to Fannie Mae expectations, and to highlight opportunities to strengthen their QC program.

Beginning in Q4 2022, we will conduct QC calibrations on a regular basis across lenders as a component of a lender's overall QC program assessment. The lender selection process will be a risk-based approach that considers a lender's existing controls and Fannie Mae delivery volume. Through this process, we will

- notify lenders in advance of their scheduled QC calibration date,
- approximately 60 days prior to the scheduled QC calibration, request a list of recently completed reviews of Fannie Mae loans included in the lender's post-closing random sample,
- collect QC results data on a selected subset of loans from the Fannie Mae loan list provided,
- compare the lender's QC results to Fannie Mae's post acquisition review results on the same loans, and
- provide feedback to the lender, including whether the same outcome was found on each loan and if each identified defect was assessed at the same severity level.

Expected outcome of calibration

QC calibrations support the effective management of quality risk for the lender and the industry by validating accurate reporting of eligibility violations. Calibrations assist lenders by reinforcing the standardization of defects and sharing actionable feedback to enhance their QC programs. It also helps lenders to:

- drive continuous improvement within their QC program through external benchmarking of results,



- gain confidence to cite defects with the proper severity and gather data in a meaningful way to drive positive change, and
- increase their confidence in self-reporting.

Refer to the [QC Calibrations Frequently Asked Questions](#) for additional information.