

Successfully Managing the Selling and Servicing Compliance and Performance Reviews

September 2023

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. This document is designed to help prepare for the review of your organization by detailing the process, outcomes, and expectations for participation. The process steps are described below and include expectations for successful engagement.



1. Organization Selection (Fannie Mae Activity)

Fannie Mae selects organizations for review on a quarterly and annual basis and provides advance notice to the organization prior to scheduling the review. The lifecycle of a review runs approximately 110 days from beginning to end. A member of the review team begins the process by compiling the organization’s pertinent contact information to start the review before moving to Step 2.



2. Confirmation and Engagement (Fannie Mae and Organization Activity)

First, the review team will collaborate with your Fannie Mae customer account team to:

- a) Understand any changes in your organization and/or contract;
- b) Confirm the main contact and location for the review; and
- c) Discuss any outstanding items from previous reviews.

The review team will confirm dates to conduct the review and identify a main contact in your organization to assist in the submission of documents and/or communications to the review team.

NOTE: Every attempt is made to accommodate scheduling conflicts; however, scheduling is based on:

- Last scheduled review;
- Status of any remediation; and
- Review team's scheduling/staff capacity.

Reviews are conducted over two days, and Fannie Mae will determine whether to meet onsite at your location or via telephone.

IMPORTANT

Main Contact – It is important that the organization's assigned main contact for the review is well-versed in your processes and able to access loan files and other documents. This is critical in ensuring that the appropriate documentation is submitted, and the individual can effectively communicate with us regarding any preliminary findings based on the documents submitted and/or process evaluation.

Assigning a clerical person to this task is not recommended if the person is not sufficiently familiar with your process to provide timely documentation/information to successfully complete the review. Lack of an appropriate contact can adversely affect the final review assessment.

Scheduling Staff – It is critical that the necessary staff and management are available during the review. Since the review is typically scheduled a few months in advance, it is recommended that you block staff calendars for those days.

3. Documentation Request and Receipt (Fannie Mae and Organization Activity)

Approximately 80 days prior to the scheduled review date, the review team will send a comprehensive list of required documentation to the main contact. The documentation request will include, but is not limited to, requests for copies of policies, procedures, various reports, and loan files. Due dates will be clearly identified on the request and are generally set four weeks from the request. A shorter time frame of two weeks will be applied for documentation related to Investor Reporting and Cash Management reviews. The review team will use these to complete the process evaluation (Step 4) prior to the interviews.

IMPORTANT

Documentation Request Instructions – Due to the sequence of the review process, it is critical that requested documents are provided by the due date. The main contact is expected to:

- a) Read the entire documentation request carefully;
- b) Note the required due dates (when documents must be submitted to Fannie Mae);
- c) Understand the required document submission format and follow the Submission Requirements provided with the Documentation Request;
- d) Contact the review team with any questions or needed clarifications; and



e) View sample documentation requests at these links:

[STAR Document Request Template](#)
[MORA Document Request Template](#)

NOTE: Failure to provide all applicable documents by the due date can adversely affect the final assessment.

4. Process Evaluation (Fannie Mae Activity)

A key component of your review is process evaluation (also referred to as “testing”), which consists of a review of policies, procedures, management reports, and file-level testing. The objective is to “validate” adherence to Fannie Mae requirements and assess operational capabilities. The process areas reviewed may include some or all of the following:

- Organizational Overview and Shared Processes
 - Enterprise Risk Management
 - Change Management
 - People Management
 - Technology and Business Continuity and Disaster Recovery
 - Vendor Management
- Selling
 - Origination Channels
 - Underwriting/Appraisal
 - Quality Control
 - Secondary Marketing
 - Closing/Post-Closing/Funding
- Servicing
 - General Servicing
 - Solution Delivery
 - Timeline Management

The review’s scope will be identified in the document request form that your organization will receive as described in step 3.

NOTE: To assist in expediting the review and making an accurate assessment, the review team will provide a list of preliminary findings and/or a request for additional information prior to the interview.

IMPORTANT

Process Area Assessments – Each of the referenced areas will be assessed and a rating applied. The ratings are based on all information obtained in the overall review, including file testing, process reviews, and interviews. View [Final Assessment](#) for more information.



5. Interviews (Fannie Mae and Organization Activity)

- a) Prior to beginning the two-day review, the review team will confirm the topic areas and participants with the primary contact and/or a delegate. Interviews are a necessary component to reconcile any questions we have. These conversations are used to draw a final conclusion between your documented processes and your actual performance and/or to allow you the opportunity to provide any evidence to rebut concerns we may have.
- b) Day one will start with an “entrance” meeting to discuss what can be expected over the two days of interviews and what happens after the two days. The remainder of the day will include process area interviews, typically concluding by close of business on the second day. Each business area interview typically requires approximately one hour. The review team may work with you to modify the schedule if appropriate.
- c) Day two is generally a half day but may be extended if additional time is needed to review processes and/or conduct walkthroughs of the physical site and/or systems. The day will conclude with an “exit” meeting to recap all findings and discuss next steps.

IMPORTANT

Staff Availability – It is critical that the appropriate staff are present and on time for the respective interview. The review team may request participation of staff in addition to those originally selected by your organization if the review team considers it necessary to fully understand your day-to-day operations.

Logistics – It is highly recommended when the review is conducted onsite, that one conference room be used for all staff interviews. A conference phone, and internet access are also requested.

6. Final Assessment (Fannie Mae Activity)

All reviews result in a final assessment report that includes the findings, applicable corrective actions, any recommendations based on the results of testing and interviews, and process area ratings. This final report, compiled by the review team, always receives a second-level review for approval prior to issuing the report to you.

IMPORTANT

Process Area Ratings – The final report provides the review team’s final assessment by process area, with one of the following ratings applied to each:

- **Acceptable** – Indicates controls or outcomes in this process area are satisfactory; however, minor remediation and/or recommendations may be provided to strengthen the business area.
- **Needs Improvement** – Indicates findings or inconsistencies identified and corrective action will be required to address the deficiencies within a specified time period. An Action Plan and/or other remedies available may be assessed.
- **Unsatisfactory** – Indicates findings identified and corrective actions have been cited to address the deficiencies within a specified time period. Significant and/or accelerated remediation will be required as stated in the Action Plan and/or other remedies may be assessed.

NOTE: The overall assessment of a process area is based on the findings identified and the severity of those findings (e.g., high, medium, or low).

For more information regarding the scope and content of both the MORA and STAR reviews, follow the links



below to access:

- [Loan Quality](#)
- [Seller/Servicer Risk Self-Assessments](#)
- [Quality Insider](#) – An article series designed to help lenders manage loan quality tips and best practices.
- [STAR Program](#)

7. Remediation (Fannie Mae and Organization Activity)

Once you receive the final report, the following steps are required:

- a) Review the findings and corrective actions on the final report and begin to plan the steps needed to resolve the findings.
- b) A Fannie Mae Remediation team member will contact your organization to schedule an Action Plan call to discuss corrective actions and proposed due dates for remediation of each finding. These due dates will be documented in the Action Plan template that will be provided by the Remediation team. Your organization may begin working to resolve cited findings prior to the completion of the Action Plan template.
- c) As soon as your organization has fully completed the Action Plan template, according to the instructions provided on the Action Plan call, submit the proposed Action Plan to the Remediation team.
- d) Within 30 days of the final report date, the Action Plan must be submitted to and approved by Fannie Mae.
- e) Your organization is responsible for resolving all corrective actions for cited findings by the agreed upon due dates in the Action Plan. The Remediation team will review submitted documentation to determine if corrective actions have been resolved to Fannie Mae's satisfaction according to the Selling and Servicing Guides.,
- f) Once all findings have been fully remediated, the Remediation team will issue a clearance letter to your organization.

IMPORTANT

Contacts – If a finding is identified, the Remediation team will be your primary contact for questions regarding completion of your Action Plan. All communication should be sent to the assigned Remediation team member or if you have questions and are not sure who your assigned Remediation team member is, please send an [inquiry](#) to the Remediation team. This is a general mailbox, and your question will be answered.