

Friday, August 1, 2025

Bulletin #2025-NDC-007

**NOTICE TO: Non-Delegated Correspondents and Delegated Correspondents****Lender Quality Control Requirement Updates**

Fannie Mae announced various updates required to be implemented in the Lenders' Quality Control Program and Processes via Bulletin SEL-2025-04. These updates must be implemented for all Quality Control Reviews conducted on or after September 2, 2025.

The expectations for the implementation of these updates include:

- All Quality Control reviews conducted on or after September 2 must incorporate the expanded file review requirements in prefunding/prepurchase and post-closing.
- Quality Control Reports published to Management on or after September 2 must reflect the new requirements.
- All QC Plans, Processes, and Procedures must document the new requirements.

Below is a table with a summary highlighting some of the updated requirements

Topic	Prior Requirement	Updated Requirement
<b>Pre-Funding Quality Control Review Process</b>	Requires a minimum number of prefunding QC reviews each month. The number of monthly loan selections must equal the lesser of: <ul style="list-style-type: none"><li>• 10% of the prior month's total number of loans originated or acquired, or</li><li>• 750 loans.</li></ul>	Prefunding QC reviews now offers additional flexibility when determining their sample population, which must equal the lesser of: <ul style="list-style-type: none"><li>• 10% of the prior month's total number of originations or acquisitions,</li><li>• 10% of the current month's projected originations or acquisitions, or</li><li>• 750 loans</li></ul> Reconciliation is required at the end of each month to ensure 10% is met.
<b>Pre-funding Quality Control Review Process for Occupancy Assessment</b>	For all loans secured by a <u>principal residence</u> selected, Lenders must review insurance or other loan file documentation to confirm no indicators that the property is not the borrower's principal residence.  This occupancy assessment was only required in post-closing reviews.	Occupancy assessment is required during all QC full-file reviews (both prefunding and post-closing) and must cover all occupancy types (principal residences, second homes, and investment properties).  Lenders must evaluate occupancy indicators by reviewing property insurance, leases, or other loan file documentation.  When occupancy red flags are identified, lenders must investigate further and self-report any defect.
<b>Post-Closing Quality Control Review Process Third-Party Originations</b>	Requires lenders to review, in post-closing QC, at least one loan from each third-party originator (TPO) every twelve months.  No requirement for discretionary sampling or reviews of TPO loans.	Post-closing QC reviews of TPO loans must include a monthly, stratified random sample to ensure the loans meet the lender's standards for loan quality.  Discretionary sampling and reviews required for TPO loans with elevated risks as follows: <ul style="list-style-type: none"><li>• at least one discretionary review of TPO loans with elevated risks as determined by lender's oversight and controls.</li><li>• either full-file or component reviews</li><li>• either prefunding (pre-acquisition) or post-closing (post-acquisition).</li></ul>

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## Post-Closing Quality Control Reverifications

QC collateral risk assessment must include analysis of the appropriateness of comparable sales for all loans with an appraisal (conducted during random QC sample).

The lender's QC plan required an oversight process to monitor appraisers and property data collectors (PDCs).

A review of comparable sales is not required when the Collateral Underwriter (CU) score is 2.5 or below. The subject property must still meet all property eligibility requirements.

The QC plan may, but is not required to, include monitoring of appraisers and PDCs; the lender's obligation for oversight remains unchanged but has been moved from Quality Control to Compliance.

Given the extent of Quality Control updates, FLCBank encourages customers to review this link [QC Policy Updates Fact Sheet](#) where Fannie Mae provides details of the key changes to the policy.

If you have any questions, please contact your [Account Executive or Client Relations Representative](#).