

# MQMR: FNMA Updates to Selling Guide Compels Lenders to Conduct Independent Audit Reviews of QC Process Before Year's End

LOS ANGELES, Calif., Oct. 8, 2019 (SEND2PRESS NEWSWIRE) – Mortgage Quality Management and Research, LLC (MQMR) President Michael Steer reminded lenders to conduct an independent audit review of their quality control (QC) process immediately in deference to updates to “Subpart D1, Lender QC Process” of the Fannie Mae Selling Guide.



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Among other changes, Fannie Mae made explicit its requirements for independently auditing QC processes, which must be included in seller/servicers' QC plan and implemented by January 1, 2020:

- The lender must have an independent audit process to ensure that its QC process and procedures are followed by the QC staff, and that assessments and conclusions are recorded and consistently applied. The findings must be accurately recorded and consistent with the defects noted in the lender's system of record.

- Results of the QC audit must be distributed to senior management. It must include an affirmative statement that no influence from other business units or bias in the QC conclusions was apparent. Management must distribute the results to the appropriate areas within the organization and an action plan must be established for remediation or changes to policies or processes, if appropriate. The lender must provide a copy of the QC audits and the audit of the QC process to Fannie Mae upon request.

“Regulators have been and are increasingly requiring lenders to build a firewall between the review/audit function and the processes and departments under said review and provide evidence that such a firewall exists. With both monetary and labor resources at a premium, this can be a tall order for a lender to achieve internally,” said Steer. “Outsourcing this function to an experienced third party helps ease the financial and personnel burdens of meeting these kinds of changes, especially when given a narrow window for compliance like Fannie Mae has done here.”

“Unofficially, we’re also hearing that lenders that have not performed an audit of their QC function within the last two years will be cited for this oversight in their next MORA exam so lenders would be well advised to complete this audit as soon as possible,” Steer said. “With January 1, 2020 right around the corner, lenders are focusing their efforts today on volume, end-of-year MERS audits, financial audits and 2020 strategic planning. Thus, it makes sense for Fannie Mae seller/servicers to partner with MQMR, the industry leader for internal audit, to perform an audit of the lenders’ QC functions to meet these new requirements.”

For more information on Fannie Mae’s requirements for independent QC process audits, read MQMR’s free compliance newsletter, [“FAQ: FNMA Update – It’s All About the Independence!”](#)

## **About Mortgage Quality Management and Research, LLC:**

MQMR helps its clients climb higher by bridging the gap between risk and compliance through its suite of risk-related services. MQMR provides mortgage compliance consulting throughout the origination process, conducting internal audit risk assessments and ongoing internal audit support, servicing QC and subservicing oversight to master servicers, and filling the void of meeting vendor management oversight requirements. With 2,000+ operational reviews of mortgage companies, subservicers, document custodians, and vendors annually, MQMR prides itself on being the mortgage industry partner of choice for audit, risk and compliance. To learn more, visit [mqmresearch.com](#), [subsequentqc.com](#), and [hqvendormanagement.com](#).