



Notice to Clients

Updates to Fannie Mae Quality Control Requirements

We would like to share details on important updates to the **Selling Guide Subpart D1** that are designed to improve efficiency, reduce duplicative work, and provide greater flexibility in lender quality control (QC) processes. These changes will streamline how QC reverifications and reporting are performed.

What's Changing

The updated guidance introduces several key improvements to QC reverification requirements:

1. Reduced Redundant Reverification

- Asset reverification is no longer required when the information cannot be reasonably confirmed.
- Reverification is eliminated for data obtained through approved Fannie Mae & Freddie Mac automated vendors, reducing duplicate validation efforts.
- Tax transcript requirements now apply only to loans qualified using tax returns, aligning QC activities with underwriting methods.
- Reverification is no longer required for discretionary reviews, allowing QC teams to focus on higher-risk findings.

2. Increased Flexibility in Prefunding QC Sampling

- The previous fixed minimum 10% prefunding QC sampling requirement has been removed.
- Lenders may now design risk-based sampling methodologies that better reflect their individual loan profiles, performance trends, and internal controls.

3. Simplified QC Reporting Requirements

- QC management reporting has been streamlined to focus on key insights and actionable risk indicators.
- Certain operational reporting requirements, including elements of self-reporting and reverification reporting, have been removed to reduce administrative burden.

Why This Matters

These changes are intended to:

- Improve operational efficiency and reduce unnecessary rework
- Allow lenders greater discretion to align QC practices with risk
- Focus QC resources on areas that present meaningful exposure
- Streamline reporting while maintaining loan quality standards

Overall, the updates support a more practical, risk-focused QC approach without compromising oversight or compliance expectations.

Implementation Timeline

- **Effective Date:**
Lenders are encouraged to implement these changes immediately.
All QC reviews conducted on or after July 1, 2026, must comply with the updated requirements.

Additional Details

A detailed summary of all revisions and clarifications is available in the seller guide. We recommend reviewing the guidelines to understand the full scope of changes and how they may impact QC workflows.

[Selling Guide Announcement SEL-2026-03](#)

What This Means for Our Clients

To align our services with the updated QC requirements, the following changes will apply to how we perform reverifications, discretionary audits, and prefunding reviews. These updates are intended to reduce unnecessary rework while maintaining compliance with agency guidelines.

1. Asset Reverification When Information Cannot Be Obtained

If an asset reverification cannot be completed because the recipient refuses to verify the information for a specific reason (for example, an institution that does not verify electronic signatures), we will no longer order or mail additional reverification requests when it is known in advance that a verification will not be provided.

- We currently maintain a tracking log for these situations.
- This log will continue to be maintained and reviewed on a quarterly basis to ensure appropriate documentation and oversight.

2. Automated Vendor Reverifications (Fannie Mae & Freddie Mac)

When data has been verified (at origination) through Fannie Mae or Freddie Mac–approved vendors, an additional reverification by our team will not be required, **provided:**

- The loan closes on or before the “Close By Date” listed in the AUS.

If a loan closes after the AUS “Close By Date,” reverifications will still be required and ordered accordingly. Changes will apply to any loans closed on or after 04/01/26.

3. Tax Transcript Requirements

Tax transcripts will now be required only for loans where tax returns were used to qualify the borrower during the origination process.

- Clients that have TSG order transcripts on their behalf; we will no longer order on all loans selected for QC. We will only order when required on loans where the tax returns were used to qualify the borrower, AUS states they are required, or the tax transcripts are not in the loan file we receive.
- Clients that don’t have TSG order tax transcripts on their behalf will not be cited for missing transcripts unless tax returns are used to qualify the borrower and the AUS states they are required.
- This ensures QC efforts are aligned with the underwriting method used.
- Changes will apply to any loans closed on or after 04/01/26.

4. Discretionary Audits – Reverification Requirements

Reverification requirements for discretionary audits will vary by loan type:

- Fannie Mae Conventional loans (DU):
Reverifications are no longer required for discretionary audits.
- Freddie Mac Conventional loans and all government loans:
Reverifications are still required.

Client Action Required:

Clients who do not want reverifications performed on discretionary audits for Fannie Mae Conventional (DU) loans must notify us in writing (email).

- If we do not receive written notification, no changes will be made, and reverifications will continue to be ordered unless the loan meets the criteria outlined in Sections 1 or 2 above.
- Changes will apply once we receive written notification from the client and will apply to Discretionary Audits going forward.

5. Prefunding QC Selection Changes

Client Action Required:

Clients who wish to make changes to their prefunding QC selections or sampling methodology must submit the request in writing (email).

- Upon receipt, we will issue a formal change order for processing.
- If we do not receive written instructions, no changes will be made, and current prefunding selections will remain in place.

Commonly Used GSE-Approved Verification Vendors

Income & Employment Verification (VOI / VOE)

- The Work Number® (Equifax)
- Truv
- Argyle
- Experian Verify
- FormFree (AccountChek / VOA / VOI)
- Verification Exchange (by Argyle / Plaid integrations, as applicable)

These vendors are recognized as authorized report suppliers for DU and/or LPA and support automated income and employment validation programs.

Asset Verification (VOA)

- AccountChek® (FormFree)
- Finicity
- Plaid
- Truv
- Argyle
- Advanced Data
- Informative Research (asset validation solutions)

Data accessed directly from borrower-permissioned or financial-institution-sourced systems through these providers may be eligible for DU or LPA validation and reverification relief when AUS requirements are met.

As always, we remain committed to partnering with you to support your quality control needs and ensure alignment with agency guidelines. If you have questions regarding these changes or would like to discuss how they may impact your current QC program, please do not hesitate to reach out to Donna Rowe at donna.rowe@firstsource.com.