A Loan File with a Missing Document Is Like a Jigsaw Puzzle with a Missing Piece

Did you know that 40–60% of repurchase requests issued by Fannie Mae are ultimately resolved simply by the lender providing a critical document that was missing when the loan file was submitted to Fannie Mae?

If a document that you as the lender relied upon to make an underwriting decision on the loan, or that Fannie Mae requires, is missing from a file submission, we are only left with questions. Our file reviewer is missing a piece of the puzzle and cannot complete the quality control file review – we must place the file review on hold, issue a follow-up request, and await the lender's response.

When a doc that is missing, illegible, or incomplete (missing pages) is not provided on follow up, we must issue a repurchase request because we cannot complete our review. Hundreds of file reviews are placed on hold each month due to missing docs, which is highly inefficient for everyone.

Solve for Missing Docs – Complete the Puzzle

Don't tolerate inefficiency in your business! Reasons for missing docs in loan files typically relate to three areas – system, process, or staff. Focus on whether you need adjustments and implement the following solutions to save resources and avoid unnecessary repurchase requests

- **System**. Is your system holding you back? For example, if you store loan document images in two systems and some are not transferring, or perhaps your imaging system is capturing illegible images.
  - Review the capabilities of your document/image storage systems to confirm that you can assemble and output a complete loan file, including documents that are legible and complete. Make sure the imaging process is capturing the document images clearly.
  - If your system password protects documents that may need to be provided in a loan file, ensure that there is a way to remove the password requirement before file submission.
- **Process.** Do your internal processes ensure that Fannie Mae file and document requests are received and processed promptly, and that all requirements are met?
  - Be sure the appropriate people in your organization are receiving notifications from Fannie Mae. Confirm: Who is responsible for managing your Quality Assurance System (QAS) access? Does that person understand how to use the system and periodically validate your points of contact? Do you have a process for keeping that person updated when changes are needed for your points of contact?
  - Review internal processes for assembling a complete loan file. Consider using Fannie Mae's optional Post-Closing Loan File Documentation Checklist (Form 1032). You can customize the checklist or use it as a guide to create your own.
- **Staff.** Do you provide adequate training and guidance to your staff for responding to file and document requests from Fannie Mae?
  - Be sure your staff knows what to include and who can assist them with questions.
  - Remind your staff to review Fannie Mae's specific comments in QAS associated with missing docs – for example, we might specify "missing page 2" or "need borrower tax returns for year 20xx."
  - Have quality metrics for your loan package delivery staff to hold them accountable for outcomes.
  - Review your training for new staff.

Frequently Missing Docs

Documents that are relied upon by the lender to make an underwriting decision are required for Fannie Mae's review. Doc types that are not in every loan file but often used in underwriting are among the docs frequently missing in loan file submissions. For example:

- Income – general income and asset documentation, verification of employment, and tax returns.
- Assets – asset documentation and verification of deposit.
- Credit – miscellaneous credit documentation, such as proof that judgments or past due balances were satisfied; or documentation supporting omission of a liability.