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Fannie Mae Launches "EarlyCheck" Business Process

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As a continuing part of its Loan Quality Initiative (LQI) Fannie Mae has launched a new optional service called EarlyCheck™. EarlyCheck will enable lenders to identify and correct potential eligibility and/or data issues as early in the loan origination process as possible.

The program is available across all underwriting methods - for DU loans, manually underwritten loans, and non-DU AUS loans. Lenders will be able to access the EarlyCheck service at any point in their processes prior to delivery. Potential process points to consider include:

- Underwriting
- Prior to loan closing
- Prior to funding correspondent loans
- Part of the post-closing/secondary marketing process

Types of delivery checks included:

When first released, EarlyCheck was focused on the Loan Quality Initiative (LQI) delivery edits specified in LL-2010-03: An Introduction to Fannie Mae's Loan Quality Initiative. EarlyCheck includes checks for:

- SSN checks
- Occupancy checks
- Address checks
- Unit number checks
- DTI checks; loan limit checks
- DU Compare (comparison of loan application input with the most recent DU submission)
- Checks for required delivery fields
- Other basic eligibility and data integrity checks

EarlyCheck does not include product eligibility checks (loan terms, mortgage insurance coverage, etc.), customer contract and commitment pricing checks, or pooling rules. There may be slight differences in the checks available for each access option due to differences in data available in the input data formats.

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EarlyCheck provides real-time, loan-level results in a user-friendly report or data file. The results contain messages that highlight the issues that need to be resolved (i.e., failed checks); the corresponding delivery severities, and key result data (including key calculated values and the standardized property address for the subject property).

For DU loans, the results also show a comparison of the input loan data with the data used in the most recent DU submission, as well as key DU Underwriting Findings information. Fannie Mae has held a long-standing policy that the last DU submission must match the loan delivery data. Currently, there is a post-delivery reconciliation process that is cumbersome for lenders and carries risk if the loan was ineligible or priced incorrectly. Lenders can perform these same checks at any time in the loan process using EarlyCheck.

A management reporting capability will assist lenders in monitoring usage of the EarlyCheck access options for loans prior to closing and help identify recurring potential eligibility and/or data quality issues that may need to be addressed.

Prior to a loan closing, lenders currently have two EarlyCheck access options:

Directly integrated with a lender's LOS - This option is a Desktop Underwriter® (DU-like integration solution) that takes a 1003 flat file or MISMO AUS 2.3.1 file as input and returns viewable results and/or a result data file).

Web-based user interface - This option enables a user to import loan data in a 1003 flat file format (which can be exported from most loan origination systems) or the MISMO AUS 2.3.1 file format, run the checks, and view the results.

To support loans in the post-closing through pre-delivery stage, lenders can access EarlyCheck via the Loan Delivery system. A new version of EarlyCheck, EarlyCheck 2.0, will be released in 2012 which will accept both the 1003/MISMO AUS file format and the loan delivery XML file format for ULDD.

EarlyCheck is an optional service; lenders are not required to use it but it is highly recommended. EarlyCheck is currently available to approved Fannie Mae sellers only and there are no service fees. Lenders who have already signed the Fannie Mae Software Subscription Agreement and the Shipping and Delivery Applications Schedule and can register users immediately through Technology Manager (if activated), Profile Access Manager or by completing registration forms located on the EarlyCheck page on eFannieMae.com.