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THE AI VENDOR INVENTORY LETTER

The Phase-One Letter That Mortgage Lenders Should Send Vendors

Why to send it | Who gets it | What to ask | How to address vendor answers

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[July 2026]

The operating rule. A vendor response is not the end of diligence. It is the first controlled record in the lender's AI governance file. Send broadly; scope and tier the follow-up by actual use case.

WHY THIS LETTER, AND WHY NOW

Freddie Mac Live	**Freddie Mac Guide § 1302.8** is *prescriptive-based*, has been effective since *March 3, 2026*. This includes a governance framework for the AI/ML used in Freddie-related origination and servicing, an express indemnification obligation running to Freddie, and internal and external audit requirements.
Fannie Mae Aug. 6, 2026	**Fannie Mae's Lender Letter LL-2026-04**, which is *principle-based*, takes effect *August 6, 2026*. This mandate is aimed squarely at vendor AI, with its requirement that vendor and subcontractor AI/ML be governed to a standard "*no less protective*" than your own, as well as its requirement that you *promptly disclose* to Fannie Mae, *on request*, what AI you use, how you use it, and the safeguards behind it. ******See note at end of handout regarding important caveat re FNMA LL-2026-04.*
FHFA Context Supervisory	**FHFA supervisory guidance** to the Enterprises emphasizes inventory, risk-based governance, transparency, and oversight of third-party AI. Lenders experience that context through GSE contractual expectations, not as a stand-alone FHFA rule directed to every lender.

In June 2026, MISMO, the industry's standards body, launched FRAME, and the first artifact at its center is the AI System Inventory. This letter is one way in which that inventory gets populated; it complements the FRAME materials and does not reproduce or replace them.

The letter below does not create obligations; it surfaces the ones already in place. And a vendor response is not the end of diligence: it is the first controlled record in your AI governance file.

HOW TO RUN IT · FIVE MOVES

1. **Build the list over-inclusive.** Every vendor that utilizes AI goes on it, across the six categories listed below. Accordingly, if you are debating whether a vendor belongs on the list, it belongs on the list at least until you can definitively determine whether it encompasses AI.

Core mortgage systems	LOS, POS, PPE, CRM, secondary marketing, data warehouse, document and closing platforms.
Decision and verification	Underwriting, income and asset verification, fraud, identity, credit eligibility, pricing, AVMs and AMCs.
Servicing and consumer-facing	Servicing, loss mitigation, collections, chatbots, voice agents, call analytics, complaints and communications.
Back office and control	OCR, document classification, QC, compliance, cybersecurity, analytics, monitoring and business intelligence.
Workforce and productivity	Meeting transcription, copilots, drafting and research tools, HR and applicant tracking, workforce analytics.
Infrastructure and 4th parties	Cloud, APIs, data providers, foundation models, embedded features, hosting, and material subprocessors.

Do not miss hidden AI. Ask about active, optional, disabled, beta, planned, embedded, and subprocessor-provided features. A familiar product can change risk without a new contract or new vendor.

2. **Open the tracker before the first letter goes out.** One row per vendor and product: business owner, actual use case, data and decision role, sent and due dates, response status. The tracker is intended to be the starter of what will eventually become your formal AI inventory.

Vendor / Product	Business Owner	Actual Use Case	Data / Decision Role	Risk Tier	Sent / Due / Received	Status
[enter]	*[enter]*	*[enter]*	*[enter]*	*[enter]*	*[enter]*	*[enter]*

3. **Send the letter and schedule them.** Address the account team and, if you are not getting any traction, be sure to include legal, compliance, and/or security.

4. **Log the Vendor Responses and Documentation in Compliance with your Vendor Program.** In compliance with your Vendor Management Program, track and monitor responsiveness, store the necessary documentation and lack thereof, if such documentation does not exist.

5. **Prioritize by risk of use case.** The same product can sit in two different tiers and in two different departments depending upon use.

High	Credit, pricing, valuation, fraud denial, adverse action, loss mitigation, servicing decisions, borrower-facing communications, substantial NPI exposure, or government-program origination, underwriting, servicing, claims, or certification use. Start follow-up immediately; do not wait for renewal.
Medium	Material workflow, QC, document extraction, marketing, call analytics, employee or operational decision support with indirect consumer or compliance impact.
Low	Internal productivity only, with no borrower NPI, consumer-facing output, loan-level decision support, or covered-decision influence. Re-route if actual use changes.

THE LETTER · SEND IT TO EVERY VENDOR ON THE LIST

HOW TO USE THIS HANDOUT: keep the guidance pages internal. Copy the letter onto your letterhead, delete the instruction line(s), complete all the bracketed fields, and attach the Disclosure Schedule as the exhibit. Look at your contract

[Date]

SENT VIA [Certified Mail/Email/U.S. Mail – Check Vendor Contract]
[Attn: Account Team; General Counsel or Compliance; Security or Responsible-AI Contact]
[Vendor legal name and address]

Re: Initial AI/ML Use Disclosure Request: [Product / Service]

To our partners at [Vendor],

[Institution] is conducting a broad inventory of artificial intelligence, machine learning, and automated decisioning that may be embedded in, enabled through, or used to support the products and services we obtain from third parties. This review supports our vendor-management, information-security, consumer-compliance, and GSE contractual responsibilities, including, where applicable, Fannie Mae and Freddie Mac AI/ML requirements and implementation deadlines for mortgage origination and servicing.

We are sending this request to a broad vendor population. Receipt does not mean we have concluded that your product uses AI or presents elevated risk. It means we need a current written record of whether AI/ML is present, what it does, what data it touches, and what documentation is available.

Please complete the attached Initial AI/ML Disclosure Schedule for [product / service] and return it by [date - generally 15 to 20 business days]. For this request, treat AI/ML broadly. Include all known active, optional, disabled, beta, planned, embedded, and subprocessor-provided features that learn, predict, classify, score, rank,

recommend, generate content, interpret unstructured data, or take automated action. If uncertain, disclose rather than exclude.

Please:

- Mark each item Complete, Partial / qualified, No / none, Unknown / under review, or Not Applicable, with a concise explanation.
- Identify information available now, available under NDA or secure review, or available through alternative independent assurance.
- Provide the responsible business, compliance, security, or AI-governance contact for follow-up.
- If no AI/ML or automated-decision functionality is present, complete the response-status attestation and identify how we will be notified before material functionality is added or activated.

This is an initial scoping request. It is not a request for a universal compliance certification or immediate production of every diligence artifact. Your response will help us determine whether additional review is appropriate based on our actual use case, data, decision role, and risk.

If a response or document is unavailable, please say so and explain the limitation. We may discuss clarification, alternative evidence, compensating controls, contract updates, or documented risk acceptance. A failure to respond will be recorded as an open item and routed through our vendor-governance process.

This is not an adversarial request. Our goal is to create an accurate shared record and make any necessary follow-up proportionate and efficient. We value the relationship and appreciate your prompt cooperation.

Please direct questions and responses to [name, title, email, secure portal / delivery instructions].

Sincerely,
[Name] | [Title] | [Institution]

Secure delivery. Do not ask the vendor to transmit privileged, export-controlled, customer-confidential, or highly sensitive security material through ordinary email. Provide a secure delivery path or request an index first.

FORM	Initial AI/ML Disclosure Schedule

Vendor legal name: [_____] Product/Service: [_____]
Product version / configuration: [_____] Response date: [_____] Current as of: [_____]

Response status: C = Complete | P = Partial / qualified | N = No / none | U = Unknown / under review | N/A = Not applicable. Attach additional pages keyed to the item numbers; use the explanation column as an index to documents, limitations, secure-review conditions, and follow-up contacts.

Initial disclosure question	Status	Explanation / evidence available
1. AI/ML presence and status. Identify all known AI/ML or automated-decision features and components in the product, including active, available, disabled, beta, planned, embedded, vendor-developed, and third-party components.	[ ]	*[attach / explain / contact]*
2. Function and intended use. For each disclosed component, state what it does, its intended and prohibited uses, and whether it predicts, classifies, scores, ranks, recommends, generates, summarizes, interprets, or takes action.	[ ]	*[attach / explain / contact]*
3. Decision or consumer role. Is any component designed, marketed, configured, or reasonably capable of determining or materially influencing credit, pricing, valuation, fraud, eligibility, adverse action, loss mitigation, servicing, consumer communications, marketing, or employment? Explain.	[ ]	*[attach / explain / contact]*
4. Data, NPI, prompts, and model improvement. Identify institution or consumer data received, accessed, transmitted, generated, or stored, including NPI, documents, recordings, transcripts, prompts, and outputs; state retention and whether any are used to train, fine-tune, evaluate, or improve models, products, or services.	[ ]	*[attach / explain / contact]*
5. Foundation models and subprocessors. Identify material AI providers, foundation-model identifiers or versions where available, hosting providers, and subprocessors, and describe how customers are notified of additions, substitutions, or other material changes.	[ ]	*[attach / explain / contact]*

Initial disclosure question	Status	Explanation / evidence available
6. Documentation and testing. Identify available documentation, such as policies or framework concerning intended use, limitations, failure modes, validation, performance, fairness or nondiscrimination testing, drift, fairness, monitoring, and remediation, including the scope and date of the most recent review.	[ ]	*[attach / explain / contact]*
7. Human oversight and records. Describe available human review, override, logging, version identification, decision or reason records, and the ability to export records tied to our transactions or use.	[ ]	*[attach / explain / contact]*
8. Security, privacy, and incidents. Provide a policy that identifies current independent security assurance and its scope/date; data segregation, retention, and deletion controls; and notification practices for security incidents, material model failures, or identified bias concerns.	[ ]	*[attach / explain / contact]*
9. Mortgage-compliance support. Without providing a generalized legal-compliance certification, identify the product features, documentation, testing, records, and cooperation available to support the lender's applicable GSE, fair-lending or nondiscrimination, adverse-action, AVM, privacy, servicing, communications, fraud, or other mortgage obligations.	[ ]	*[attach / explain / contact]*
10. Change management and cooperation. Describe notice of new AI features, model or configuration changes, incidents, and material performance issues; identify available audit, indep-assurance, examination, and GSE-review cooperation.	[ ]	*[attach / explain / contact]*

RESPONSE STATUS AND ATTESTATION

[ ] AI/ML or automated-decision functionality disclosed above
[ ] None identified after reasonable inquiry
[ ] Unable to determine; target response date: _____

The undersigned certifies, to the best of the signer's knowledge after reasonable inquiry, that this response is materially accurate and not misleading as of the date stated, subject to the qualifications identified, and that the institution shall be notified in writing before any AI/ML or automated-decision feature is activated for its account. This response is provided for due diligence and does not amend the parties' agreement or create a continuing contractual obligation unless and until separately agreed in writing.

Name / title: _____ **Email / phone:** _____

Signature / date: _____

Route — After Responses Arrive: Route, Do Not Guess

The response from the vendor should assist in determining your next steps.

Response pattern	What it means	Initial next step	Record
NO AI / NO AUTOMATED DECISIONING	A scoped attestation, not a permanent safe harbor.	Confirm product, version, and scope of inquiry; monitor release notes; request material-change notice; refresh on material change and at a risk-based cadence, including at least annually for material vendors or where policy or contract requires.	**Attestation + refresh date**
AI CONFIRMED - LIMITED / NON-CONSEQUENTIAL	Potential Low or Medium use, depending on the lender's actual data and workflow.	Enter inventory; confirm data, human review, security, retention, and monitoring; document preliminary tier rationale.	**Inventory row + owner**
AI CONFIRMED - CONSEQUENTIAL / NPI / BORROWER-FACING	Priority 1. The Phase-One letter is not enough.	Open Phase Two: use-case risk assessment, evidence review, legal mapping, testing, contract review, governance approval, and monitoring.	**Gap list + escalation**
PARTIAL / PROPRIETARY / UNDER NDA / UNKNOWN	A limitation to manage - not an automatic pass or automatic rejection.	Clarification meeting; secure review or NDA; alternative independent assurance; compensating controls; dated exception if the gap remains.	**Limitation + alternative**
NO RESPONSE / REFUSAL / CONTRADICTORY	An open governance item and possible risk signal.	Document reminder and escalation; invoke contract rights; involve business owner, risk, compliance, and counsel; consider restricting expansion, suspension, or replacement.	**Escalation + decision**

THE FIVE-CHECK DISCIPLINE

1	2	3	4	5
WHO prepared it?	**WHAT product, version, and use case?**	**WHAT was actually tested or reviewed?**	**WHAT limitations and exclusions remain?**	**CAN you rely on it and share it with a GSE or examiner?**

PHASE-TWO TRIGGERS (HIGH RISK ELEMENTS) - ESCALATE W/O WAITING FOR THE NEXT RENEWAL

- Credit, pricing, valuation, fraud-denial, adverse-action, loss-mitigation, servicing-decision, or borrower-facing use.
- NPI, transcripts, recordings, prompts, or loan documents are retained, reused, or used to train or improve a model.
- The vendor cannot identify material AI components, subprocessors, versions, changes, reason records, or decision-level logs.
- Testing does not address the lender's use case or population; a sales statement, SOC report, certification, or market adoption is offered as a substitute.
- The contract lacks usable change notice, incident notice, evidence access, flow-down, data-use restrictions, cooperation, export, or exit rights.

WHAT COMES BACK · ROUTE, DO NOT GUESS

THE RESPONSE	WHAT IT TELLS YOU	YOUR NEXT MOVE	THE FILE ENTRY
The signed no-AI attestation	A scoped answer and a live commitment, not a permanent safe harbor: the notify-before-activation line converts a later quiet rollout into a breach of a written promise.	File it; monitor release notes; refresh on material change and at least annually for material vendors.	Attestation, plus the refresh date.
AI confirmed: limited, non-consequential	A likely Low or Medium tool, depending on your actual data and workflow, not the vendor's label.	Enter it in the inventory; confirm data, human review, security, and retention; document the preliminary tier rationale.	Inventory row, plus the owner.
AI confirmed: consequential, NPI, or borrower-facing	Priority one. The Phase-One letter is not enough for this tool.	Open Phase Two now, without waiting for renewal: use-case risk assessment, evidence review, the full questionnaire, contract terms, and monitoring.	Gap list, plus the escalation.

Partial, "proprietary," or unknown	A limitation to manage, not an automatic pass or an automatic rejection. "Not in our standard package" is not an applicability analysis.	Clarification meeting; secure review or NDA; alternative independent assurance; compensating controls; a dated exception if the gap remains.	Limitation, plus the alternative.
Silence past the deadline	The non-response is the data point. Silence at inventory predicts silence at examination.	Document the reminder and escalation; invoke contract rights; involve the business owner, risk, and counsel; consider restricting expansion or use.	Escalation, plus the decision.

Do not close the file on a label. "Compliant," "SOC 2," "GSE approved," "widely used," and "no AI" each answer only the precise question the underlying evidence supports; none is a universal safe harbor. Run the five-check discipline on every attachment: who prepared it, what product and version it covers, what was actually tested, what limitations remain, and whether you can rely on it in front of a GSE or examiner.

SUMMARY & NEXT STEPS

What comes back from this letter is an inventory and a first sort. The program is what follows: use-case tiering in depth, the full disclosure questionnaire for the tools that matter, contract terms that hold (the parity clause, audit rights, indemnification, change management, and exit), a re-validation cadence, and an examiner-ready file that produces on request. Escalate without waiting for the next renewal when a tool touches credit, pricing, valuation, adverse action, or loss mitigation; when NPI, recordings, or prompts are retained or used to improve a model; or when the vendor cannot identify its own components, versions, or decision-level logs. Each of those stages are critical in beginning your governance journey.

HOW BRODY | GAPP HELPS

Response triage and targeted follow-up; inventory, risk-tier, and evidence-file design; use-case vendor audits keyed to the exposure that matters (fair lending for underwriting and pricing tools, TCPA for outbound-contact tools, adverse-action support for decisioning tools); and AI contract-addendum review and negotiation strategy. Our AI-Integrated Mortgage Compliance Audit is a CFPB-examination-informed, eight-module consumer-finance review with an additional component dedicated to AI and an AI overlay across the other eight — because AI risk does not stay in its own lane. And we work with vendors, too, preparing the disclosure packages this letter asks for.

When the responses come back, we offer a complimentary r call on what they mean, which gaps matter, and where the contracts go next: tiering, negotiation, and the exception file included. The call is informational; legal advice or representation requires conflict clearance and a written engagement. This handout is general information keyed to the federal and GSE requirements; it is not legal advice for your situation, and state law adds obligations this piece does not cover. Consult counsel licensed in your state, and call us when you want the map read.

Note: While LL-2026-04 remains the operative Fannie Mae directive effective August 6, 2026, industry channels have reported informal signals that Fannie Mae may follow with a more prescriptive framework. This has not been confirmed by Fannie Mae publicly and should be monitored, not relied upon.

NOTICES

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