

# LOAN ORIGINATION QUALITY CONTROL POLICY MANUAL

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# LOAN ORIGINATION QUALITY CONTROL POLICY MANUAL

## 1. Executive Summary

«Company\_» (“Company”) Quality Control Plan is implemented as part of the organization’s Compliance Management System (CMS). The objective of this plan is to describe business practices and standards for pre- and post-funding quality control in conjunction with the company’s enterprise risk management. This plan and any updates must be formally approved by «Company\_»’s executives and managers.

«Company\_» recognizes its responsibility to create, examine, and reassess organizational processes to warrant the highest level of business practices. The plan establishes requirements for managing external factors of the organization, including third-party originators (TPOs) and third-party service providers. Various elements of this plan assist in the initial detection of documentation errors, compliance violations, fraud, or misrepresentation by company representatives.

«Company\_»’s Quality Control Plan complies with internal credit policies, requirements of warehouse and correspondent lenders, insurers, private secondary market conduits, and government-sponsored enterprises (GSEs) including Fannie Mae and Freddie Mac, as well as HUD, VA, USDA, and Ginnie Mae. Investor-required pre-funding, settlement, or post-funding review rules pertaining to any conventional, FHA, and VA mortgages will be implemented as an amendment to this plan.

«Company\_»’s post-funding quality control reflects the most recently published agency requirements.



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No employee, manager, officer, or agent of «Company\_» will attempt to influence or coerce any appraiser in any way, including threatening to withhold payment or future business, or providing any benefit in return for any certain valuation or finding in an appraisal.

Appraisers are monitored by «Company\_» staff unrelated to the loan sales and production staff. This includes monitoring for licensing and documenting reports of misrepresentation, inaccurate or incomplete work, including the appraiser's response. If there is a determination that an appraiser's work is inadequate or faulty, «Company\_» requires a review by management members, independent of the loan sales/production staff, for correction or possible removal of an appraiser from future use. Any appraiser misconduct is reported to the state appraiser regulator.

## 2.7. Findings

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«Company\_» will take prompt action to deal appropriately with any serious findings. The final management response to the quality control reports will identify issues, their causes, the controls and actions «Company\_» is taking to correct the material findings, the timetable for their completion, and any planned follow-up actions such as re-testing or new controls that may be put in place. This includes any findings that may impact the loan's designation as a Qualified Mortgage as described in §1026.43 of Regulation Z. Any discrepancies in the data or information used in the underwriting decision will be evaluated to determine if the loan remains eligible for agency insurance or purchase.

As appropriate, «Company\_» will evaluate such solutions as additional training, closer supervision of staff making errors, better policies and procedures, and system changes, including workflow, better controls, changes in organization and reporting relationships, identification and implementation of best practices, changes in supervisors and/or staff. The findings will be distributed to the appropriate management staff of each division responsible for resolution of any findings.

### 2.7.1. Disclosure of Information on FHA-Insured Loans

Initial review findings must be reported to «Company\_»'s senior management within 30 days of completion of the initial findings report.

«Company\_»'s final report must be issued within 60 days from the date the initial review findings were reported to senior management.

«Company\_» will report any findings of fraud or other serious violations on FHA insured loans to FHA immediately. Other serious violations include material misrepresentations, any material findings concerning the origination, underwriting, or servicing of the loan. All other material findings «Company\_» is unable to mitigate or otherwise resolve in accordance with FHA requirements will be reported to FHA no later than 90 days after the completion of the initial findings report.