Ten important questions for your Quality Control Vendor
A sound quality control process must start with pre-funding QC efforts. While the investors and policy may dictate the amount and type of review you should perform, post-close QC issues are often uncovered once it is too late. Asking the right questions of your Quality Control vendor can help ensure that you have a solid pre-fund QC process in place, as well as a solid post-close quality control program. The following questions can help you determine how effectively your current program is meeting your needs.
What ties to the mortgage industry does your QC Company have? Do they have industry experts?

Your QC vendor should have strong connections in the mortgage industry to help them stay current with the latest changes. A vendor’s solid team of experts should include Certified Residential Appraisers, Conventional Conforming/FHA/VA Underwriters, CMB’s, CFE’s, CFA’s and Industry Attorneys.

We often have tough questions about industry updates and their effect on QC. Who in your organization can answer these questions and can you give us a comfort level they are qualified to do so?

Your quality control vendor should have experts in QC, Credit Policy and Compliance who contribute their individual expertise to the team effort. Additionally, they should schedule regular meetings with you and with major industry investors to ensure that their quality control products are continuing to meet current needs.
Do you meet with the GSEs regularly to cover your QC process and whether or not you’re providing acceptable work to your clients?

Your quality control vendor should be meeting not only with GSEs but also with all key industry investors to ensure their QC plan continues to meet all investor requirements. As your quality control vendor, they should be sharing that knowledge with you, as well as any recommended changes that those meetings may have identified.

What is your re-verification process, is it documented and does it protect both our clients and us from potential issues?

Your quality control vendor should be prepared to provide you with a written re-verification plan and procedure designed to meet the needs of an audit and to prevent risk. Additionally, your QC vendor should be able to provide you with monthly re-verification reports detailing the results within any specific timeframe.
Can you provide us with your policy and procedures documentation along with detailed work flows?

Ultimately it is the job of the lender to have a solid quality control plan in place; however, your QC vendor plays an integral role in the success of your QC plan. They should be able to provide you with detailed policy and procedure documentation that proves satisfactory audits have been completed. The document should include any variances to their standard product that support your mortgage manufacturing process.

Do you have experience with the GSE and investor audits we go through as a lender and can you help us prepare for them?

Quite simply, your QC provider should intimately understand the audit you, as the lender, are about to go through. They should understand the role they play and be able to assist you in preparation. They should understand your sense of urgency.
Are your reviewers dedicated to my project or do you assign multiple clients to individual auditors?

Your QC vendor’s teams of reviewers should be dedicated to your project. Rotating or assigning multiple clients to individual auditors is not ideal. Auditors should become experts in your manufacturing process and effectively operate as an extension of your own quality control and risk efforts.

What tools do you have available to you when completing our audits and do you have experts that understand how to use these tools properly?

Your QC vendor should have access to industry leading tools as part of their review as well as having experts on staff to ensure the tools are being used appropriately.
Mortgage loan compliance is not optional. Do you leverage compliance tools and expertise in your QC reviews?

It is optimal to work with a QC vendor who also provides compliance expertise, and who has compliance attorneys on staff. Your QC vendor is your last line of compliance defense against errors made during the loan manufacturing process. You should confirm your QC vendor is protecting you not only against credit related issues, they should protect you against compliance concerns as well.

What prevents you from hitting our agreed upon turn times? Is it a lack of staff, workflow or knowledge?

Turn time Service Level Agreements (SLAs) are extremely important to a lender’s ability to stay prepared and in compliance with its investors. Not meeting turn times may signal an underlying operational issue with a provider. What else is lurking in the background that may indicate other problems?
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