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Chapter 1 Introduction

[Sample Client] is committed to the highest standards of federal and state consumer compliance and requires all management, employees, and third-party vendors follow these policies and adhere to these standards.

1.1 Goals and Objectives

The standards set out in this policy represent minimum requirements based on applicable legal and regulatory guidance and apply throughout [Sample Client]’s operations. These requirements are intended to prevent [Sample Client], our employees, and third-party vendors from violating federal regulations related to mortgage banking and consumer compliance with respect to the compliance of quality and saleable mortgage loans originated on behalf of investors and servicers.

1.2 Required Review

[Sample Client] requires this policy be reviewed no less than annually.

- Last Date of Review – 01/01/20XX
- Next Due for Review – 01/01/20XX

The above required annual review shall include the compliance of this policy with current law, regulation or directive, the procedural implementation of this policy within the then current scope of [Sample Client] business lines and operations, internal or external audit results received during the previous year, and then current industry trends or regulatory guidance.

1.3 Applicability

The purpose of this policy is to implement consumer protection mechanisms as required by the United States statutes and related federal regulations administered by the CFPB and other prudential regulators.

Wherever state or local regulations overlap and are stricter than the requirements set out in this policy, the more conservative approach shall be applied. If any applicable laws are in conflict with this policy, [Sample Client] must consult with the appropriate legal counsel to resolve the conflict and to set forth [Sample Client]’s policies and procedures for compliance.
Chapter 4  Broker Quality Control Plan

Quality Control is an idea; a mindset that permeates throughout every step and action related to the mortgage origination, processing, underwriting, closing and servicing processes. Because of this, [Sample Client] is a critical party to quality as it originates the loan, becomes the face of the lender, and is the primary point of contact for a borrower. This contact includes the need to disseminate information on disclosures, requirements, and explanations of the various requirements of the process as well as document collection.

[Sample Client]’s responsibility does not necessarily end at the time of application and may be impacted by a number of factors including, but not limited to, the contractual requirements with the lender and the actions performed by [Sample Client] itself. Quality control is monitored and enhanced with the conduction of audits.

In addition to regular audits performed to ensure quality control, there may be additional audits performed by the lender, agencies, or other associated third parties. These audits can be performed at multiple stages throughout the loan process. [Sample Client] strives to cooperate with any audits performed by other entities on any loan it originates.

4.1  Quality Control Mission Statement

[Sample Client]’s Quality Control Plan is in accordance with its corporate business plan and mission statement and has been approved by its executives and managers. The purpose of the plan is to set forth business practices and quality standards for activities and processes performed during the pre- and postfunding stages of the mortgage life cycle.

[Sample Client]’s Quality Control Plan is designed to establish, monitor, and re-evaluate various internal components of the organization to ensure the highest level of business practices. The plan also sets forth the steps and procedures in dealing with external components of the organization including third-party service providers. Various components of the plan shall function as an early detection warning system to identify documentation errors, compliance violations, fraud, or misrepresentation on the part of internal or external representatives of [Sample Client].

The organization’s operational plan shall be carried out to comply with specific requirements stipulated by the organization’s internal credit policies, correspondent lenders, insurers, private secondary market conduits, and Government Sponsored Enterprises (GSEs) including Fannie Mae, Freddie Mac, HUD, and Ginnie Mae. The foregoing plan reflects the steps and procedures to be carried out as a general practice based on universally accepted industry standards. Specific prefunding, settlement, or
Chapter 6 Loan Process Review

[Sample Client] strives to operate in an environment focused on quality control complete with data integrity and compliance checks throughout the loan origination process. The following sections detail responsibilities and expectations for each function of origination. Each of these categories will be reviewed as part of [Sample Client]’s quality control review. Ultimately, the loan quality review is to ensure that

- the loan meets eligibility and underwriting requirements;
- the underwriting decision is supported and documented properly;
- the loan is secured by an acceptable property; and
- the loan is in compliance with all federal, state and local laws and regulations.

6.1 Application and Origination

Mortgage Brokers/Loan Originators are required to be licensed in compliance with the S.A.F.E Act which was implemented to enhance customer protection and reduce fraudulent activities. [Sample Client] shall ensure that all originators are properly licensed.

The initial application is required to be submitted to the lender for evaluation in a time sufficient for the lender to issue required disclosures, usually within 24 hours as the Loan Estimate must be issued by the end of the third day after the date of application. (This requirement is in place if the lender issues the disclosures as opposed to [Sample Client].)

The application will be reviewed for completeness and accuracy. Discrepancies will be questioned by the lender both during the credit review process and any additional audit reviews. Discrepancies may raise a red flag and indicate the possible occurrence of fraud, so it is important to supply an accurately completed application.

6.2 Disclosures

Mortgage brokers are required to provide certain disclosures to applicants and disclosures must be provided within certain timeframes to be in compliance with state and federal regulations. The quality control program must verify that a mortgage broker’s operations are in compliance with the various fair lending laws and consumer protection laws, including, but not limited to, the following:

- Fair Housing Act (FHA)
- Equal Credit Opportunity Act (ECOA)

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