

Ask Tommy: Your QC Expert

The QC Plan and FHA Packets



By Tommy A. Duncan

As you may know, in order to survive in today's mortgage industry, one must be doing FHA loans. In the last 18 months, I have received countless calls from Mortgage Brokers ... and the primary thing on their mind is how to get started with FHA. Many of the questions I hear pertain to the Quality Control (QC) Plan that Federal Housing Administration (FHA) requires as part of the sponsor's package. I hope to clear up some of the mystery regarding some of these questions.

Can I use my own QC Plan?

Yes, you may. However, Mortgage Brokers may face a risk of their packet being rejected or delayed because the QC Plan did not thoroughly cover or detail the items in the HUD Handbook 4060.1. I have received many calls where Mortgage Brokers had submitted the QC Plan more than once and FHA had given them one last chance to get their QC Plan submitted correctly. The broker may find themselves waiting an additional three to nine weeks on their packet getting through FHA because of an improperly prepared QC Plan.

Many times, we find when a Mortgage Broker prepares their own QC Plan, they follow the 4060.1 as an outline for their plan. In some instances, this results in a rejection letter from the FHA because the FHA recognized the plan was not written or tailored to the company. Also, in the QC Plan, if the Mortgage Broker chooses to outsource the FHA QC, many FHA staffers require an agreement with the QC vendor as proof of the QC Program being followed according to the QC Plan.

My recommendations to the Mortgage Broker considering applying for FHA approval include:

- Using a QC company to write the QC Plan and QC Agreement;
- Personalizing the QC Plan to the company and not copy and paste the 4060.1 as the QC Plan; and
- Accompanying the QC Plan with a QC Agreement with an outsource QC vendor.

Should I use a licensing or compliance company to put my FHA packet together for me?

It depends. Many companies that build and submit the FHA packet for the Mortgage Broker charge for this service. If you have room in your budget, then this service may be right for you. Some of these companies will provide a QC Plan as part of their service and others do not. Very few of these companies will provide the QC Agreement or provide the required FHA post-closing QC services. The benefit of this service is having someone help the Mortgage Broker through the FHA approval process. The downside is that there is no guarantee that the packet will make it through the FHA approval process any quicker. However, I have many suspicions that the FHA staffers know these companies and know the packets are well-constructed and may choose to work these packets prior to other packets resulting in approval in a timely fashion. Many of these companies stand by their services, and if for any reason there is some type of delay, they will be able to address the problem, but more than likely, it will be the Mortgage Broker who will provide the solution to repair the problem. The good thing is that many of these companies will shoot straight with you and tell you if your packet will make it through. If they think there will be a problem with the FHA approval, they will provide a course of action to resolve any issues to the FHA approval.

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