

# Ask Tommy: Your QC Expert



**By Tommy A. Duncan, CMT**

## ***What can loan officers learn from the 2009 Year-End Review for Quality Control?***

For starters, loan officers can learn to be responsible for the items in the loan process that reflect directly to loan officer's work. The Application 1003 initial and final is a good place to start.

When comparing non-supervised mortgagees (non-bank lenders) and supervised mortgagees (bank lenders), the initial Application 1003 ranks number one in problems with non-bank lenders at 11.14 percent in 2008 and 14.48 percent in 2009, a 3.34 percent jump. Bank lenders showed a 13.42 percent reading in 2008 and a 23.89 percent reading in 2009, a jump of 10.47 percent. Across the board, loan officers have performed poorly in meeting the standards on completing the initial 1003. However, bank lenders had a significant increase from 2008 to 2009 as compared to non-bank lenders.

I must congratulate both loan officers who originate for non-bank entities and bank lenders for their good work in reducing errors on the initial Truth-in-Lending (TIL) and Good Faith Estimate (GFE). The initial TIL and GFE placed eighth for non-bank lenders and seventh for bank lenders. The non-bank lenders won that race in ranking; however, they went from 12.06 percent in 2008 to 7.19 percent in 2009, with a 4.87 percent improvement. The bank lenders went from 10.28 percent in 2008 to 6.91 percent, a 3.37 percent decrease. Bank lenders won the ranking as per the lease amount of problems by less than one percent, but non-bank lenders showed the greatest improvement on issues with the TIL and GFE for 2009.

Non-bank lenders did better than bank lenders on the final 1003 Application. Non-banks placed sixth, with a 7.75 percent reading in 2008 and 9.19 percent in 2009 with an increase of problems by 1.44 percent, and bank lenders placed third with 13.16 percent in 2008 and 12.43 percent in 2009, a 0.73 percent improvement. Even though bank lenders improved their percentages in problems, their percentages with problems were higher than non-bank lenders.

When comparing the same documents from non-supervised loan correspondents (brokers) to supervised loan correspondents (bank brokers), the number are just as surprising. Both the broker and bank broker had the initial 1003 Application rank as the number one problem area. Brokers went from 11.77 percent in 2008, to 18.91 percent in 2009, a 7.14 percent increase in problems. But the bank broker went from 15.13 percent in 2008 to 23.5 percent in 2009, an 8.37 percent increase. The bank broker maintains the highest problems with the initial 1003 Application.

Both the broker and bank broker initial TIL and GFEs ranked sixth, and the percentiles remained somewhat consistent. However, brokers made slight improvements by 1.35 percent and bank brokers showed a slight increase in problems by 0.26 percent. Even though the brokers made improvements, they had a slightly higher percentile than the bank brokers.

Brokers ranked seventh on the final 1003 Application, coming in at 10.98 percent in 2008 and 7.35 percent in 2009, an improvement by 3.36 percent, where bank brokers final 1003 Application ranked second for having highest quality control problems. Bank brokers went from 11.84 percent in 2008 to 14.29 percent in 2009 with a 2.45 percent increase in problems.

As the numbers speak, there is room for improvement, as loan officers and management need to take steps in improving the quality of the loan process. This can be done by requiring excellence in what one does and in training. Quality Mortgage Services offers full mortgage compliance solutions and releases The 2009 Year-End Review. You may obtain a copy of this report by visiting [www.qcmortgage.com](http://www.qcmortgage.com).

**Tommy A. Duncan, CMT is executive vice president of Quality Mortgage Services LLC. For answers to your QC and FHA questions, please contact Tommy at (615) 591-2528 or e-mail [taduncan@qcmortgage.com](mailto:taduncan@qcmortgage.com). You may also visit Quality Mortgage Services LLC on the Web at [www.qualitymortgageservices.com](http://www.qualitymortgageservices.com).**

***Sponsored by***



**Quality Mortgage Services, LLC**

Nationwide Quality Assurance  
& Compliance Solutions