

Ask Tommy: Your QC Expert



By Tommy A. Duncan

Tommy: What did you take away from the 2009 Mortgage Bankers Association (MBA) Quality Assurance and Residential Underwriting Conference?

I must say that the MBA did a great job combining quality assurance personnel and underwriters all in one conference. The conference would not have been successful if it had received the support of committee volunteers and speakers.

This forum cannot support the variety of hot topics and concerns that were addressed in the breakout sessions at the conference. However, there were a number of intense discussions outside the agenda during networking events and after hours lounging that served as a voice of concern. The concerns of these mortgage professionals were not necessarily discussed during the breakout sessions.

Stop the blame game for the economy and state of the industry

These quality assurance professionals and underwriters are positioned to see what is going on in the industry. We all need to be held accountable for our role and learn from it so that we can move forward.

There is a perceived notion that the MBA is not policing their own. The industry pushed for the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) and the states are requiring that mortgage brokers and loan officers to be licensed. In some states, processors and underwriters must be licensed or registered as well. The industry is allowing a virtual "Phoenix," the burning in flames of failed mortgage corporations and resurrection of new mortgage corporations with the same leadership that allowed scrupulous mortgage banking practices. Some of these mortgage professionals have earned the coveted Certified Mortgage Bankers (CMB) designation and continue to wear that badge of honor.

The quality assurance professionals and underwriters are taken back by an industry that has not policed its own and they may have to touch loans that came from those who are allowed back into the industry to run, manage or direct mortgage operations. Many of the MBA members know who these individuals are and see these individuals back in action. This puts a bad taste in the mouth of those who must see these individuals hide behind a corporate structure with no sanctions being applied by the industry.

There is a perceived notion that a great deal of unnecessary regulation is being written with little or no real value added to the customer or industry. The mortgage professionals want to know where the data to support all the new regulations is. If the industry wants to recover, stop funding loans to those who cannot pay or are given at-risk loans. Stop insuring and purchasing loans on the secondary market that have risk and regulatory errors. Renting is affordable housing and it is okay to wait a season so those potential homebuyers are creditworthy enough to qualify for a home purchase.

Quality assurance and underwriting perceptions are at an all-time low. These mortgage professionals are looking out for the welfare and health of the respective corporations and industry. There was much chatter about how the industry needs to take a more proactive approach in showing how prudent pre-funding quality control is, both prior to and during the underwriting process. They also stressed that fact that post-closing quality control is saving the mortgage corporations, the mortgage industry and the economy. The industry takes the approach of reporting mortgage failures that were the result of poor underwriting practices, failed quality control policies and procedures, and mortgage fraud. The industry needs an information campaign celebrating the successes of best practices, solid underwriting, and successful quality control policies and procedures, and have associated those successes with the positive impact it is making on the industry and the economy.

Tommy A. Duncan is executive vice president of Quality Mortgage Services LLC. For answers to your QC and FHA questions, please contact Tommy at (615) 591-2528, ext. 124 or e-mail taduncan@qcmortgage.com. You may also visit Quality Mortgage Services LLC on the Web at www.qualitymortgageservices.com.

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