QUALIMAE® Est. 1994

Mortgage Audit Services

quality control • due diligence • local, national or international

> "I always approached quality control as a necessary requirement without realizing how valuable the information a good report can provide. The truth is, I have better quality control at a lesser cost than when we were performing the function ourselves."
>
> — **Matthew McAloon**
> McAloon Mortgage Co., Inc.

Successful lenders realize that quality control can deliver far more than just agency compliance. Organizations seeking long-term prosperity use quality control to measure the accuracy, integrity, and profitability of each step inthe lending process.

Just one costly buy-back demonstrates that volume is not always the best measure of success. A sound quality control program can greatly reduce repurchase risk and help prevent early paymentdefaults.

In today's complex lending environment, it takes dozens of elements to carrya loan from application to closing to sale. The sheer complexity of the process makes it an easy target forerror, misrepresentation, or even fraud. No manager can closely supervise each component. Quality controloffers an effective management tool to pinpoint problem areas anddiscover solutions.

"Sure," you say, "we makemistakes that cost money. But no busy mortgage shop can afford to examine every loan under a microscope." With a good quality control program, that won't be necessary.

The approach is simple: use targeted sampling to examine reliable indicators of portfolio trends. The orientation is not audit, but analysis. No arbitrary mass inspections of randomly selected files. No fussy laundry lists of deficiencies. In a good quality control program, the emphasis is on trends, not individual loan exceptions.

Why quality control? Here are ten good reasons!

Meaningful, accessible data

can dramatically improve your bottom line. Using proven quality control methods, QUALIMAE generates timely, objective reports that give you a unique overview of your business.

1. Improve overall production

See trouble spots at a glance. Track trends over time. Focus your efforts on problem areas—then measure improvements.

2. Reduce Errors

Quality control points out common mistakes that can be corrected with simple instructions. Or use QC to identify sources of sloppy workmanship.

3. Comply with agency and investor requirements

No mortgage company can jeopardize its good standing inthe secondary market. Government agencies, insurers, and private investors consider quality a top priority in today's climate of heightened risk. Solid quality control meets the demand for full compliance and fosters excellent investor relationships.

4. Prepare for and survive an audit

Every company has some wrinkles and blemishes. But why not greet the auditor scrubbed and pressed? An in-place quality control program not only boosts credibility but eliminates embarrassing surprises.

5. Minimize losses from repurchase and EDP

Early default loans may represent only a small percentage of volume, but their effect on profitabilityis disproportionately large. Proper controls decrease the risk of repurchase.

6. Conform to product specifications

Loans are evaluated against specific product standards to address particular weaknesses with subprime credit, alternate docs, or any new product type.

7. Manage originators, processors, and underwriters

Conscientious and knowledgeable personnel are the cornerstone of good lending. Quality control can routinely monitor these key employees using fair andobjective criteria.

8. Supervise TPO

Loans originated outside your organization have a greater potential for irregularities. Agencies recognize this added risk and require evaluations of all Third Party Originators from the beginning of your business relationships.

9. Assess NOTP

Non-originating third parties such as credit agencies, appraisers, title companies, and closing agents at l warrant a secondlook on a regular basis.

10. Eliminate Fraud

Fraud accounts for 17% of all FDIC losses, topping $60 billion yearly. In the face of these losses, investors consider quality control the best defense against fraud. Innovative new technology can verify the integrity of loan data without the high cost of reprocessing every loan.