

APPENDIX 2. QUALITY CONTROL PLAN CHECKLIST - LOAN ORIGINATION

LENDER

DATE

Reference: HUD Handbook 4700.02 REV-1 Chapter 6

DOES THE QUALITY CONTROL PLAN ASSURE THAT:

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| 1. the lender maintains compliance with HUD/FHA requirements(6-1);  | Yes | No |
| 2. personnel conducting the QC reviews have no direct loan processing or underwriting responsibilities(6-1A);   | Yes | No |
| 3. periodic reports identifying deficiencies are provided to senior management at least quarterly (6-1A and F);   | Yes | No |
| 4. procedures are revised to reflect changes in FHA requirements; personnel are informed of the changes; employees are accountable for performance failures or errors (6-2A); | Yes | No |
| 5. prompt, effective corrective measures are taken by senior management and documented when deficiencies are identified (6-1F and G);   | Yes | No |
| 6. procedures exist for expanding scope of the QC review when fraud or patterns of deficiencies exist (6-1B);   | Yes | No |
| 7. the lender reviews 10% of all loans closed on a monthly basis (6-1B);  | Yes | No |
| -the selection includes loans from: all branches  | Yes | No |
| -from all loan correspondents   | Yes | No |
| -from all loan officers, underwriters, appraisers   | Yes | No |
| 8. loans which go into default within the first 6 months are reviewed (6-1D3);  | Yes | No |
| 9. sponsors of loan correspondents must perform QC reviews on loans purchased from their correspondents (the LC MUST have it's own plan) (6-1 & 6-1C);                        | Yes | No |
| 10. an on-site branch office review is completed at least once a year (6-1B);   | Yes | No |
| 11. reporting to HUD (or appropriate Fed. agency) under HMDA (6-2F);  | Yes | No |
| 12. the lender reports any violation of law or regulation, false statement or program abuse to the Department (6-1G);   | Yes | No |
| 13. loans are processed by the lender's employees (6-2B);   | Yes | No |
| 14. no one is employed who has been debarred, suspended or subject to an LDP or otherwise restricted (6-2C);  | Yes | No |
| 15. records of QC findings and actions taken are maintained (6-2I);   | Yes | No |

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4700.02 REV-1

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| 16. the reviews will be performed within 90 days of loan closing (6-2H);  | Yes | No |
| 17. a new in-file credit report is obtained (6-3A1);  | Yes | No |
| 18. that a reverification of the applicant's employment, deposits, gift letter or other source of funds is completed (6-3A2); | Yes | No |
| 19. if more than 1 credit report was ordered, all discrepancies were resolved(6-3B2);   | Yes | No |
| 20. the file has documentation on source of funds and, the source   |     |    |

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| is verified (6-3B3);   | Yes | No |
| 21. if mortgagor is self-employed, the file has a financial statement and business credit report (6-3B1);                            | Yes | No |
| 22. all loan proceeds were used only for eligible purposes (6-3B7);  | Yes | No |
| 23. all conflicting information is resolved prior to submission to HUD (6-3B5);  | Yes | No |
| 24. there was accurate & complete underwriting (6-3A1);  | Yes | No |
| 25. all manufactured home loan files contained placement certificates and site-of-placement inspections (6-3B9);                     | Yes | No |
| 26. if lender approves dealers, each dealer's performance is monitored and the dealer is visited periodically (6-3B10);              | Yes | No |
| 27. each dealer file contains proper documentation including financial statements and information pertaining to experience (6-3B10); | Yes | No |
| 28. dealer advertising is not misleading (6-3B10);   | Yes | No |

Lenders are permitted to contract this function to an outside firm.  
See 6-1A.