

CONSTRUCTION & CONSERVATION OF A ROBUST QC PROGRAM

Amidst the expected rise in purchase applications in 2017 and the industry's persistently regulated environment, maintaining an effective Quality Control (QC) program is crucial for all mortgage firms. Almost all mortgage companies leverage the Three Lines of Defense Model wherein the second line of defense, the company's QC program, holds the first and third lines together.



CREATING A ROBUST QC PROGRAM – BEST PRACTICE

Absence of a strong QC program can compromise the quality of business operations and prevent effective loan production. Optimization of the QC function minimizes both operational and credit risks and enhances consumer satisfaction. In order for the QC program to be highly effective, there are many facets that must be incorporated. Here are Digital Risk's top five:

✓ Communication

Communication needs to be clear, timely, and consistent so that trust can be developed between all stakeholders, including the client, leaders and associates.

✓ Standardized and Uniformly Applied rating system

QC must use a rating system that is completely defined and universally used so that results are consistent.

✓ Prioritize Objectivity and Guideline Support

Managers and Analysts must be trained to be completely objective when performing a review. All findings must be based on solid and fundamental principles found within governing documents.

✓ Eliminate Subjectivity

Inserting one's own subjectivity into a review nullifies the Quality team's efforts to provide consistent and accurate information. Subjectivity must be identified and coached upon by management.

✓ Incentivizing High Quality work

Team members need to be encouraged to deliver a high-quality work product by rewarding the associates who demonstrate that they can deliver great results.

CONSERVING THE ROBUST QC PROGRAM

For most companies it is not cost-efficient to operate an internal QC program. Thus, many lenders seek third-party providers with the QC expertise and capacity to handle volume fluctuations. Third party providers of QC, such as Digital Risk, employ many or all of these strategies within a specialized application that maximizes capability and effectiveness. The opportunity to capitalize on mortgage demand has arrived – do not miss out because of an obsolete QC program!