

ARMCO COO Urges Mortgage Lenders to Tailor QC Reviews for Niche Mortgage Products

POMPANO BEACH, Fla., Aug. 12, 2015 (SEND2PRESS NEWSWIRE) – Phil McCall, COO of leading web-based financial services quality control software provider [ACES Risk Management \(ARMCO\)](#), advises mortgage lenders to develop unique quality control audits for each of the niche mortgage lending products they may offer, including jumbo, USDA, VA and HECM/reverse.

“As any experienced loan originator or underwriter can attest, there are unique manufacturing requirements for loans that fall outside of the conventional conforming bucket,” McCall said. “That’s why lenders need to develop QC audits for each of the loan types offered. Applying QC audit procedures for a conventional conforming loan to a jumbo or VA loan is going to create gaps in your analysis and expose your organization to unnecessary risk.”

To illustrate this point, McCall offers the following example:

XYZ Lending has made the decision to add a niche program for jumbo lending. As a base for post-closing QC, it utilizes Fannie Mae’s QC requirements to establish its process of conducting QC on these originations.

As a baseline question, and in accordance with Fannie Mae guidelines, XYZ’s QC review process includes validating the bankruptcy status of any of the borrowers, if they have filed. Fannie Mae’s guidelines are only concerned with borrowers who have a discharged Bankruptcy (Chapter 7 or 11) in the past four (4) years. However, many jumbo investors require at least ten (10) years seasoning from a previous bankruptcy. This is but one of many other guideline nuances that require modifications to the base QC questionnaire. Overlooking these types of quality review questions, if left unchecked, can lead to a non-saleable loan and pose serious risk to any organization.

“Niche loan products typically have a very small pool of investors,” said McCall. “Whenever a lender adds product offerings, executives are well advised to bring in the appropriate QC personnel to properly and accurately assess the guidelines and make the needed changes to the QC questionnaires at a loan level to address the associated risks. Having a configurable QC system will create a much more efficient flow to this process whereby business rules can be established to assure compliance with all guidelines are outlined and delivered at the loan level.”

About ARMCO:

ARMCO – ACES Risk Management delivers web-based audit technology solutions, as well as powerful data and analytics, to the nation’s top mortgage lenders, servicers, investors and outsourcing professionals. A trusted partner devoted to client relationships, ARMCO offers best-in-class quality control and

compliance software that provides U.S. banks, mortgage companies and service providers the technology and data needed to support loan integrity, meet regulatory requirements, reduce risk and drive positive business decisions. ARMCO's flagship product, ACES Web Audit Technology™, is available at any point in the mortgage loan lifecycle, to any size lender, and is user-definable. ACES Web standardizes audit requirements, ties pre-funding reviews to post-closing quality control audits, enables seamless trend analysis, identifies credit, compliance and process deficiencies and helps create manageable action plans.

For more information, visit <http://www.armco.us/> or call 1-954-202-5606.

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News issued by: ARMCO ACES Risk Management



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Original Story ID: 2015-0812-03 (10424) :: [armco-coo-urges-mortgage-lenders-to-tailor-qc-reviews-for-niche-mortgage-products-2015-0812-03](#)

Original Keywords: loan originator underwriter, saas, cloud, ACES Web Audit Technology, pre-funding reviews to post-closing quality control audits, enables seamless trend analysis, jumbo, USDA, VA and HECM reverse mortgages ARMCO ACES Risk Management Pompano Beach Florida POMPANO BEACH, Fla.

Alternate Headline: Mortgage Lenders Should Tailor QC Reviews for Niche Mortgage Products, says ACES Risk Management

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Original Shortcode for Story: <https://i.send2press.com/oKaE2>