

# Critical Loan Defect Rates Increase for Third Consecutive Quarter

POMPANO BEACH, Fla., Jan. 30, 2018 (SEND2PRESS NEWSWIRE) – ACES Risk Management (ARMCO), the leading provider of financial quality control and compliance software ACES Audit Technology™, announced the release of the ARMCO Mortgage QC Trends Report for the second quarter of 2017.



Send2Press® Newswire

The ARMCO Mortgage QC Trends Report for second quarter 2017 relays loan quality findings for mortgages reviewed by ACES Audit Technology between April 1, 2017 and June 30, 2017.

## **Noteworthy findings include:**

- The critical defect rate increased for the third consecutive quarter, reaching 1.76 percent in Q2 2017, an increase of 9 percent over the Q1 2017 critical defect rate of 1.61 percent.
- The top critical defect category for Q2 2017 was Borrower and Mortgage Eligibility.
- Purchase loans account for a disproportionately high number of critical defects.

“We’re seeing a continuation of critical defect activity that aligns with what we’d expect in a purchase-driven market,” said Phil McCall, president of ARMCO. “If they haven’t already done so, lenders should consider how they’ll address these specific loan quality issues if purchases continue to dominate the market.”

The ARMCO Mortgage QC Industry Trends Report is based on nationwide post-closing quality control loan data from over 90,000 loans selected for random full-file reviews, as was captured by the company’s ACES Analytics benchmarking software. Defects listed in the report are categorized using the [Fannie Mae loan defect taxonomy](#).

“Investors are tracking these trends as well, and could make adjustments to protect themselves from what they see as potentially damaging market trends—lenders need to be aware of that,” said McCall. “Adjusting QC efforts in the short term can help lenders react to guideline changes with ease and fluidity. We provide the ARMCO QC Trends Report free of charge so all lenders have the chance to adapt and elevate loan quality, and ultimately elevate overall loan quality for the entire industry.”

Each ARMCO Mortgage QC Industry Trends report includes easy-to-read charts and graphs, a summary that outlines ARMCO’s overall findings, a breakdown of defect rates for each Fannie Mae loan defect category, and a short conclusion. The current and previous reports also contain an analysis of the top credit-related critical defects, which is now a regular feature of the report. ARMCO issues a one-year analysis for the calendar year with each fourth quarter Mortgage QC Industry Trends Report.

To obtain a copy of the report, please visit <https://www.armco.us/knowledge/mortgage-qc-industry-report-2017-q2>

## 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 Audit Technology™](#), is available at any point in the mortgage loan lifecycle, to any size lender, and is user-definable. ACES 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 1-800-858-1598.