

# TRID Defects Down Slightly in Q2 2016

## ARMCO Mortgage QC Industry Trends Report

POMPANO BEACH, Fla., Dec. 1, 2016 (SEND2PRESS NEWSWIRE) – [ACES Risk Management](#) (ARMCO), the leading provider of financial quality control and compliance software, announced it has released its *ARMCO Mortgage QC Industry Trends* report, covering the second quarter of 2016. Using the Fannie Mae loan defect taxonomy, the report details the analysis of post-closing quality control data from loan files and findings captured by the [ACES Analytics](#) benchmarking system.



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After peaking in Q1 2016, the overall industry critical defect rate dropped to 1.63 percent in Q2, ending an upward trend spanning the previous three quarters. Defects in the Legal/Regulatory/Compliance category also waned in Q2, comprising 34 percent of all defects reported and marking the first decline in nine months. However, this category still represents the largest reported defect category.

“While TRID-related defects are still driving the majority of Legal/Regulatory/Compliance defects, we’re seeing a decline in defects in this category as a result of corrective action planning lenders undertook through the first six months of 2016,” said Phil McCall, COO for ARMCO. “As lenders determine the most effective strategies for addressing TRID-related

defects, we expect to see this category decline further.”

Loan Package Documentation defects increased slightly in Q2, accounting for 26.7 percent of reported defects in Q2 versus 26.4 percent in Q1. Also of note is the increase in defects reported in credit-driven categories in Q2. Income/Employment leads this group as the third most frequently reported defect category in Q2 at 9.8 percent, followed by Borrower and Mortgage Eligibility at 8.9 percent and Assets at 6.8 percent.

“Given the magnitude of compliance-related defects lenders were facing in Q1, it’s not surprising to see upticks in other areas,” said Avi Naider, CEO for ARMCO. “Now that lenders have begun to get a handle on their TRID-related defects, they should have more capacity to address those credit-related defects. Thus, we should see those categories normalize in Q3.”

To view the full report, visit

<http://www.armco.us/knowledge/mortgage-qc-industry-report-2016-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.