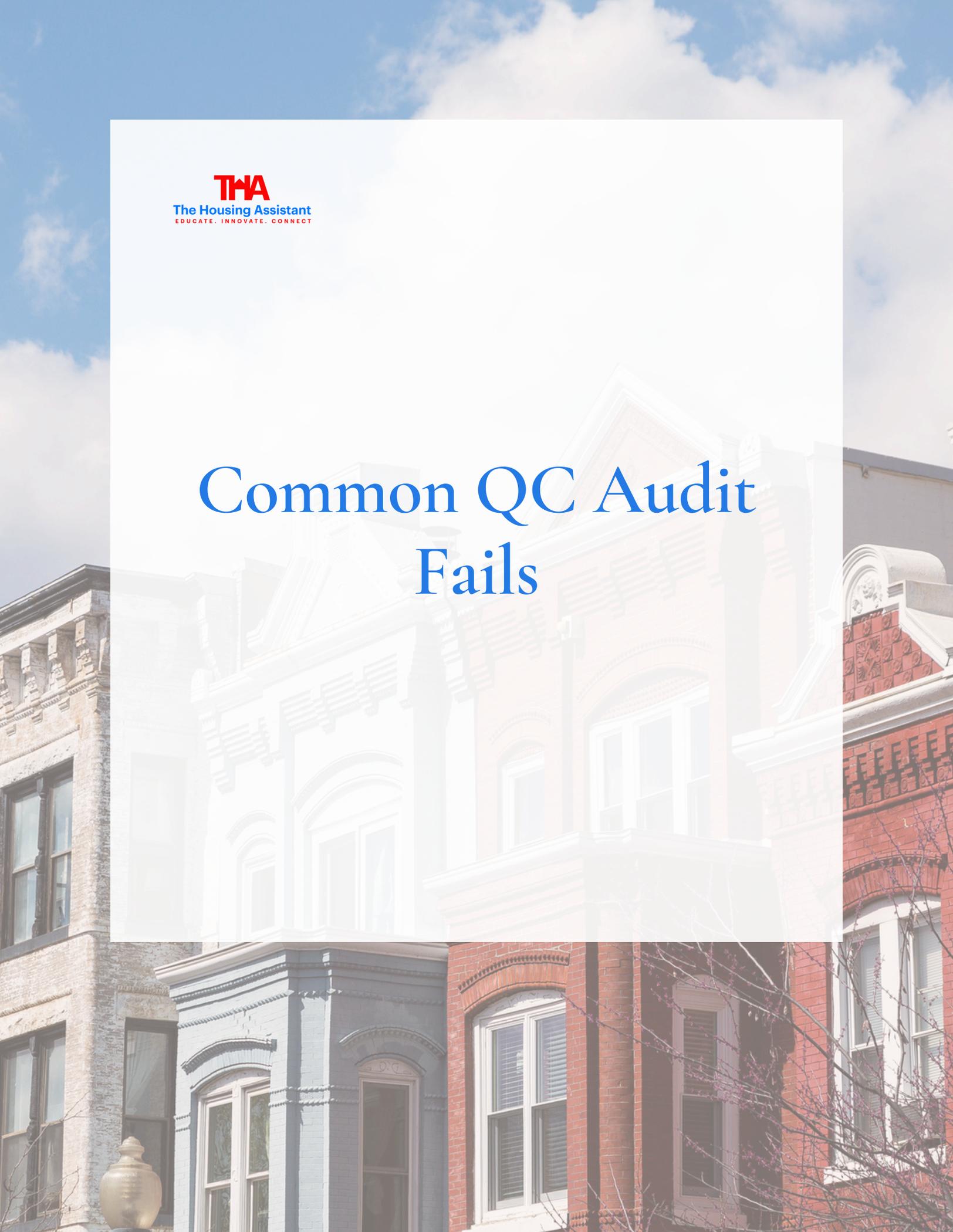


# Common QC Audit Fails



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*A Comprehensive Guide by The Housing Assistant*



## Introduction

Quality Control (QC) audits are a key part of mortgage lending to ensure compliance, loan salability, and investor confidence. Mortgage operations staff must understand common QC audit findings and how to avoid costly mistakes.

## Common QC Audit Fails

- Missing or incomplete Verbal Verification of Employment (VVOE).
- Missing or unsigned Closing Disclosure (CD).
- Tolerance violations not properly cured (LE to CD fee changes).
- Occupancy misrepresentation (primary residence vs investment).
- Undisclosed liabilities found after closing.
- Incomplete income documentation (missing W-2s, paystubs, tax returns).
- Missing appraisal conditions or incorrect property eligibility.
- Data mismatches between AUS findings and loan documents.

## Why QC Finds These Issues

- Rushed processing without full documentation review.
- Poor internal tracking of disclosures and conditions.
- Lack of cross-checking AUS findings vs file documents.
- Incomplete borrower interviews or verifications.
- Misinterpretation of guidelines for income or assets.

## Prevention Checklist

- ✓ Always cross-check income, assets, and liabilities with AUS Findings.
- ✓ Confirm all VVOEs are completed and saved in file prior to closing.
- ✓ Compare LE to CD carefully for tolerance issues and cure if needed.
- ✓ Validate occupancy declarations with supporting evidence (utilities, IDs, tax returns).

- ✓ Order updated credit reports if inquiries appear late in the process.
- ✓ Final check: confirm ALL documents needed by AUS are present in file.

### Best Practices to Avoid QC Fails

- ✓ Perform a mini-QC audit internally before closing each file.
- ✓ Build strong pre-funding QC processes and checklists.
- ✓ Stay current on agency/investor guideline updates.
- ✓ Communicate early with borrowers if new documentation is needed.
- ✓ Document all changes and explanations clearly in the loan file.

### THA Tip:

- ◆ Treat every loan file as if it's already under audit — clean, consistent, and fully documented files protect you and your company!