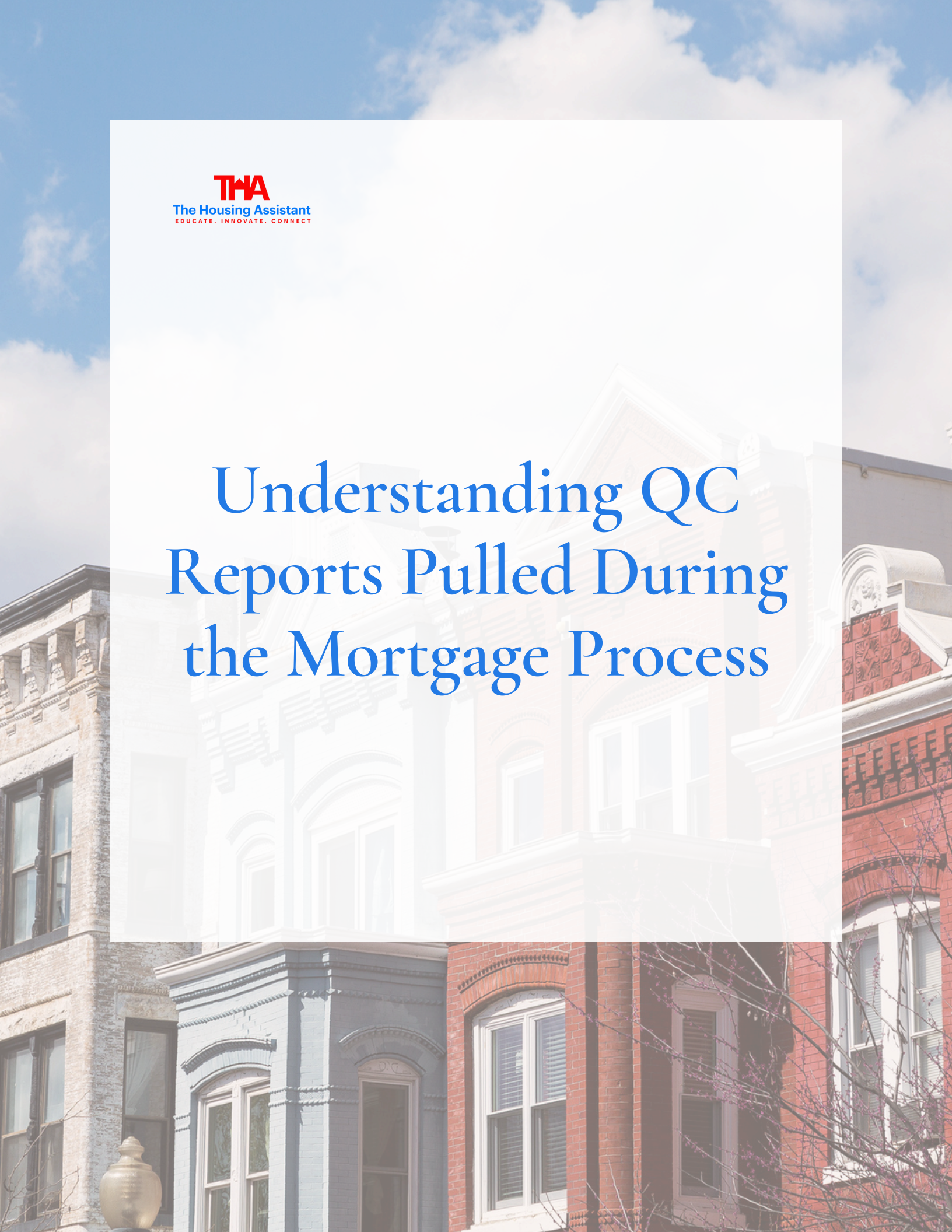


# Understanding QC Reports Pulled During the Mortgage Process



# Quality Control (QC) Reports Guide

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*A Comprehensive Guide by The Housing Assistant*



## Understanding QC Reports Pulled During the Mortgage Process

### Introduction

Lenders have a duty to confirm that every borrower is accurately and fairly qualified. To protect against fraud, undisclosed debts, identity inconsistencies, and loan defects, lenders pull specialized Quality Control (QC) reports during the mortgage process. These reports help meet investor, agency (FHA, VA, USDA, Fannie Mae, Freddie Mac), and regulatory requirements.

### What Are QC Reports?

QC reports are third-party background checks on borrowers and loan data. They cross-verify information already provided on the loan application and alert the lender to possible risks before the loan is closed or purchased by an investor.

### Common QC Reports Pulled

QC Report Type	What It Checks
LoanSafe Report (CoreLogic)	Verifies identity, occupancy risk, undisclosed debt, potential fraud alerts, SSN validation, property ownership, and prior mortgage activity.
FraudGuard (First American)	Cross-checks borrower data, public records, liens/judgments, undisclosed properties, and synthetic identities.
Advantage QC Reports (DataVerify)	Scans for bankruptcy filings, criminal activity, liens, judgments, and validates employment data.
Fannie Mae Loan Quality Initiative (LQI) Tools	Require lenders to validate credit reports, tax returns, employment, social security validation, and undisclosed liabilities before closing.

## Why Are QC Reports Required?

### Fraud Prevention:

Catch occupancy misrepresentation (e.g., claiming a property as a primary residence when it's really an investment).

### Regulatory Compliance:

Meet Fannie Mae, Freddie Mac, FHA, VA, and USDA guidelines requiring borrower validation.

### Loan Sale Eligibility:

Loans must be free of defects to be eligible for investor purchase (otherwise, repurchases can occur).

### Borrower Protection:

Helps ensure borrowers are not set up for loans they truly can't afford, by verifying complete financial profiles.

## When Are QC Reports Typically Pulled?

### During Processing:

After application but before underwriting decision.

### Before Closing:

To ensure no major changes (like new debts or judgments) happened after initial underwriting.

### Post-Closing QC Audits:

Some lenders randomly select closed loans for QC to double-check that original borrower information was accurate.

## THA Tip:

- ◆ Always order QC reports early enough to resolve any red flags without delaying closing.
- ◆ Make sure loan officers and processors understand how to read and escalate issues found in these reports!