

**Builder**

## 7.1 MORTGAGE FINANCE PLAN

### **Section 7.1.1**

#### **Criteria**

**Scope of the Mortgage Finance operations** - The mortgage finance operation shall define the scope of its operations including whether employees or independent contractors typically do mortgage finance work for new home purchasers, and what conditions must be met to effect the completion of the sale through the provision of a new home mortgage.

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#### **Evidence we are looking for**

Describe who, what, when and how the mortgage finance operation is carried out. When does the first or first major mortgage finance activity begin? How long does the responsibility of the mortgage finance operation last for your customers? Who manages the mortgage finance operation and who does this person report to?

#### **Describe what you presently have in place.**

#### **Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

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**Section 7.1.2**

**Criteria**

**Process Flow** - The company shall define and document a sequence or sequences of activities for the mortgage finance operation of the company. This sequence shall include all major communications, evaluation work for customers, managing and tracking applications and approvals of new home mortgages, and related quality assurance activities.

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**Evidence we are looking for**

Process flow chart of the mortgage finance operation from the time the new home customer enters the process until the time of mortgage closing.

**Describe what you presently have in place.**

**Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

**Builder****Section 7.1.3****Criteria****Mortgage Application, Review, and Approval Process -  
General**

The company shall have a defined process for the review and approval of the new home mortgages provided to each home buyer customer.

Procedures shall be implemented to review all mortgage documents including processing times, review and approval processes to assure expectations of the new home buyer customer are met.

**LEGAL STANDARDS**

Procedures shall be implemented to confirm that legal requirements for application, review, approval, and issuance of new home mortgages are complied with.

**PROCEDURES AND MANUALS**

The mortgage finance operation will maintain current copies of procedures and review manuals for any mortgage instruments issued by the mortgage finance operation.

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**Evidence we are looking for**

Your procedures for mortgage finance documentation.

- Communication plan with both customer and sales
- Company standard of performance that explains what is to be done and is consistent with expectations of your customers
- Company copies of legal requirements and company procedures for new home mortgage processing

**Describe what you presently have in place.****Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

**Builder****Section 7.1.4****Criteria**

**Scheduling** - Processes to schedule and monitor the work progress shall be established and shall have criteria under which deviations from the time requirements can occur. Procedures shall be established for communicating all schedules and any schedule changes to sales, company management, closing agencies, and new home buyer customers.

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**Evidence we are looking for**

Schedule process, maintenance of the schedule, and communication to support implementation with various affected parties

**Describe what you presently have in place.****Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

**Builder****Section 7.1.5****Criteria****Approving and Selection of Closing Agencies, Independent Contractors, and Other Support Services to Complete Mortgage Finance Activities -**

Procedures based on quality and customer satisfaction criteria shall be established and implemented for review, approval, selection, and monitoring of any non-employees or consultants not already approved by the Company. A list of any such entities shall be maintained and be reviewed annually. There shall be a procedure for both adding to or deleting from the approved list of non-employees or consultants.

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**Evidence we are looking for**

Describe how support contractors are selected (the purchasing staff may handle all such evaluations), the process for reviewing approved list on a regular basis to identify entities to delete or that need to be replaced

**Describe what you presently have in place.****Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

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**Section 7.1.6**

**Criteria**

**Version Control -**

Procedures shall be established and implemented to assure that all new home mortgages issued as a part of the company's operations comply with the most current or the legally required regulations and requirements.

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**Evidence we are looking for**

Describe the documentation control process to ensure the appropriate documentation is used; where it is located and for how long it is valid.

If the legal requirements ever change how do you track which version of the requirements applies to which customers

How do you confirm that all mortgage finance personnel know which regulations and requirements apply to any given mortgage application.

**Describe what you presently have in place.**

**Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

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**Section 7.1.7**

**Criteria**

**Confirmation of Completed Mortgage Finance Work** - There shall be a procedure that secures the home buyer's confirmation that the mortgage application, approval, and issuance process has been completed. This procedure shall address when and under what conditions a mortgage can be denied and the options available to the new home buyer.  
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**Evidence we are looking for**

Describe the process, procedure and documentation method to prove work has been done and been done properly and to the satisfaction of either the customer or the sales manager

**Describe what you presently have in place.**

**Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

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**Section 7.1.8**

**Criteria**

**Quality System Changes** - The mortgage finance operation shall implement a documented approval procedure for incorporating changes and improvements to the mortgage finance operations quality system. Individual changes to the mortgage finance's quality plan must be approved, documented, and integrated into the overall company quality plan.

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**Evidence we are looking for**

Describe the procedure for making changes to the mortgage finance operations quality plan

Who makes them, who approves them, and how do they get incorporated into a current version of the quality plan

**Describe what you presently have in place.**

**Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

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## Section 7.2 Mortgage Finance Reviews

### **Section 7.2.1 Mortgage Finance Review**

#### **Criteria**

**Final Review** - The mortgage finance operation shall have a mortgage application completion policy. The completed new mortgage file shall have a final review. All non-conformances to the quality plan shall be documented. Corrections shall be completed and documented in accordance with the Mortgage Finance Operations Policy. Each independent contractor shall be required to provide documented assurance that, at the time their work is completed, the work is correct and meets the builder's requirements.

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#### **Evidence we are looking for**

Once agreed upon mortgage finance work is complete, who reviews it and how are the data reported and maintained? What paperwork exists to support the work?

#### **Describe what you presently have in place.**

#### **Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

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**Section 7.2.2**

**Criteria**

**Corrective Action** - Deviations from the quality plan shall be corrected in a timely fashion and in such a way as to assure the quality of the completed work and the satisfaction of the new home buyer customer. These deviations and their correction shall be documented.

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**Evidence we are looking for**

What happens if you find something called for in your quality plan is not being done or done properly?

How do you document this?

How do you correct this and revise your processes to make sure it is not repeated.

**Describe what you presently have in place.**

**Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

**Builder****Section 7.2.3****Criteria**

**Review Records-** Records shall be maintained of all mortgage finance applications, reviews, and approvals and when deficiencies are noted, the mortgage finance operation shall provide documentation the appropriate employee or independent contractor. The mortgage finance operation shall document reviews of work completed.

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**Evidence we are looking for**

What are your review records and who has them?

Who keeps deficiencies lists and evaluates them?

Is there an internal review of work in progress and completed to avoid misunderstandings and unsatisfied customers?

**Describe what you presently have in place.****Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

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### 7.3 CONTINUOUS IMPROVEMENT

#### **Section 7.3.1**

##### **Criteria**

**Pre-emptive Actions** - Actions shall be established and implemented to eliminate recurring quality issues in the activities of the mortgage finance operation. These actions shall include identification, prioritization, cause analysis, development and implementation of a plan of preventive action. When appropriate these actions shall include recommendations of changes in processes, independent contractors, or company performance standards. The effectiveness of the preventive actions shall be evaluated. When identified issues have not been eliminated, the plan shall be reassessed and appropriate actions initiated.

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##### **Evidence we are looking for**

This is the area of the mortgage finance operation quality plan where you anticipate problems and try to make sure they don't happen.

What are your policies, procedures and supporting documentation for your continuous improvement effort

##### **Describe what you presently have in place.**

##### **Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

**Builder****Section 7.3.2****Criteria**

**Mortgage Finance Training** - A program of ongoing training, in addition to what Corporate has already described, for all mortgage finance operations employees and support persons involved in meeting new home buyer customer expectations shall be implemented. This training shall focus on identified opportunities for improvement that lead to reducing recurring quality issues in the mortgage finance operation. This training shall include both task specific skills and training in the operation of the company's quality system.

Mortgage finance operations staff will be trained on required application, review, and approval procedures used in the mortgage finance operation. Mortgage finance personnel shall be trained on industry performance standards, and company performance standards.

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**Evidence we are looking for**

Describe all applicable training available for the mortgage finance operation, employee selection for receiving training to promote continual improvement and improve technical skills. State what records are kept and how they support overall corporate direction (vision & mission) and the section under 1.0 that discusses training at the corporate level.

**Describe what you presently have in place.****Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**

**Builder****Section 7.3.3****Criteria**

**Internal Reviews** - The company quality committee shall require internal reviews of the mortgage finance operation to assure that the policies and procedures of the mortgage finance operations quality system are met. The reviewer shall be trained and from outside the mortgage finance operation. These reviews shall be documented. When deficiencies in the operation of the quality system are identified, steps to correct any nonconformance shall be taken in a timely manner. Frequency and scope of internal reviews shall be sufficient to assure the effectiveness of the quality system, but shall be conducted at least twice each year.

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**Evidence we are looking for**

Describe the conduct of any current internal review, training requirements of your internal auditor, frequency of your audits, the record of your findings, who develops action plan to remedy deficiencies, and how implementation of the plan is reviewed to see if they meet the standard. Describe way you might confirm that all the aspects of this mortgage finance operations quality plan are complied with.

**Describe what you presently have in place.****Identify any gaps and what you need to do or add to meet all of the NHQ requirements.**