

Member Name: Member Number:

Please complete this In-House Quality Control Questionnaire as part of the PFI application process for the MPF Program. The purpose of completing this questionnaire is two-fold: 1) it provides the MPF Bank with a current status of your in-house quality control (“QC”) program, and 2) it can serve as a self-assessment tool to help you develop and/or update your organization’s or institution’s QC plan. For details and full requirements of the PFI’s in-house QC program, please refer to the **Origination Guide (OG) Chapter 28** which can be found at our website, at the following address: <http://www.fhlbmpf.com/>. Please answer the questions based on your current QC program. If you have any questions, please feel free to contact your MPF Bank representative.

An explanation should be provided for every question with a response of “NO” except for questions 5, 8, and 9. Attach as a separate document if necessary.

C

1. Does your organization or institution maintain a QC program documented in writing for home Mortgages it originates and/or services under the MPF Program? (OG 28.1) Yes No
2. Does your written QC plan reflect a Mortgage target defect rate for post-Closing QC reviews? (If Yes, please answer the following) (OG 28.1) Yes No
 - a. Is the Mortgage defect rate evaluated at least annually? Yes No
 - b. Has your organization or institution come up with a way to categorize any defects based on their severity? Yes No
 - c. Is the highest defect severity level assigned to Mortgages determined not eligible” for sale to the MPF Program? Yes No
3. Does your organization or institution maintain a written pre-Closing QC plan with the following minimum elements? (OG 28.1) Yes No
 - ✓ Timing of the pre-Closing QC reviews
 - ✓ Loan selection process
 - ✓ Verification of data and documents
 - ✓ Reporting
4. Is the pre-Closing selection methodology regularly re-evaluated to ensure its effectiveness? (OG 28.1) Yes No
5. Does your organization or institution purchase loans originated by a third-party? (OG 28.1) Yes No

To complete this questionnaire follow the steps below:

- A. Enter the member’s name.
- B. Enter the member’s number
- C. Select the appropriate responses.



21. Does your organization or institution have established minimum skillsets and expertise levels for all staff performing the pre-Closing and post-Closing QC reviews? (OG 28.2) Yes No

22. Briefly explain how your QC staff is trained (attach a separate sheet if needed).

A

_____ Signature	_____ Phone
_____ Printed Name	_____ Title
_____ Date	_____ E-mail Address

Please direct questions regarding this questionnaire to your MPF Bank representative.

To complete this questionnaire follow the steps below (continued):

- A. An individual from the PFI's MPF resolution must sign this form and include his or her contact information.

* This is a fillable PDF, most responses may be typed prior to printing for signatures

Member Name: _____ Member Number: _____

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|---|-----|----|
| 1. Does your organization or institution maintain a QC program documented in writing for home Mortgages it originates and/or services under the MPF Program? (OG 28.1) | Yes | No |
| 2. Does your written QC plan reflect a Mortgage target defect rate for post-Closing QC reviews?
(If Yes, please answer the following) (OG 28.1) | Yes | No |
| a. Is the Mortgage defect rate evaluated at least annually? | Yes | No |
| b. Has your organization or institution come up with a way to categorize any defects based on their severity? | Yes | No |
| c. Is the highest defect severity level assigned to Mortgages determined not eligible” for sale to the MPF Program? | Yes | No |
| 3. Does your organization or institution maintain a written pre-Closing QC plan with the following minimum elements?
(OG 28.1) | Yes | No |
| ✓ Timing of the pre-Closing QC reviews | | |
| ✓ Loan selection process | | |
| ✓ Verification of data and documents | | |
| ✓ Reporting | | |
| 4. Is the pre-Closing selection methodology regularly re-evaluated to ensure its effectiveness? (OG 28.1) | Yes | No |
| 5. Does your organization or institution purchase loans originated by a third-party? (OG 28.1) | Yes | No |

6. Describe the steps taken to monitor the quality of third-party originated loans.
 (OG 28.4) (If the response to Question 5 is No, this question may be skipped)

(Attach a separate sheet if needed.)

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|----|---|-----|----|
| 7. | Does your organization or institution utilize a third-party QC service provider for all or a portion of your QC program?
(OG 28.2)
(If Yes, please answer questions 7a, 7b, and 7c) | Yes | No |
| a. | Has your organization or institution determined that the services performed by the third-party QC provider comply with the MPF Program’s requirements? (OG 28.2) | Yes | No |
| b. | Does your organization or institution oversee and evaluate the performance of the third-party QC provider on a regular basis? (OG 28.2) | Yes | No |
| c. | Does your organization or institution review the third-party QC findings and take the same corrective actions that would be taken if the findings were made by your own staff? (OG 28.2) | Yes | No |
| 8. | Does your organization’s or institution’s QC program include provisions addressing transfers of servicing, if applicable? (OG 28.3) | Yes | No |
| a. | When the servicing is transferred, does your organization or institution complete the QC review of the transferred Mortgages or ask that it is performed by the new servicer? (OG 28.3) | Yes | No |

9. Is a statistical sampling method used to determine the post-Closing QC sample size? **(OG 28.4)** Yes No

If No answer 9a and 9b. If Yes, please attach a separate document explaining the following elements of your organization's or institution's statistical sampling methodology:

- ✓ Method for making the statistical selection
- ✓ Variables used in the selection model and how they are defined
- ✓ The results of periodic evaluations of the process and the variables
- ✓ The establishment of time periods for the evaluations

- a. Is a 10% QC sample method used to determine the post-Closing QC sample size? **(OG 28.4)** Yes No

- b. Please indicate below which one of the origination populations the post-Closing QC samples are selected from:

Total annual MPF Program originations

Total annual home mortgage production

Total annual secondary market home mortgage production

10. Does the post-Closing QC sample selection process allow every mortgage a chance of being selected within the month following its closing date? **(OG 28.4)** Yes No

- a. Does the post-Closing QC sample include targeted selections in addition to the random selections? **(OG 28.4)** Yes No

- b. Provide a brief description of how the risks are determined in loans selected for targeted QC reviews (attach a separate sheet if needed).

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|--|-----|----|
| 11. Does the QC plan for your organization or institution require the following: | Yes | No |
| a. The income and employment documentation used in the original underwriting process to be reverified? (OG 28.6.1) | Yes | No |
| b. The source of funds used in the original underwriting process to be reverified? (OG 28.6.2) | Yes | No |
| c. All verbal reverifications are documented in writing? (OG 28.6.1 & 28.6.2) | Yes | No |
| 12. For all loans selected through the random QC process and targeted credit review QC samples, a new tri-merge credit report must be obtained. Does your QC plan require a new credit report for each loan review sample per MPF Program requirements? (OG 28.6.3) | Yes | No |
| 13. Does your QC plan require a field review appraisal for one (1) out of ten (10) loans selected for the post-Closing QC random sample? (OG 28.6.4) | Yes | No |
| 14. Regarding the review of the Mortgage File, does your QC Plan require the following: | | |
| a. A review of the documents to reassess the underwriting decision based on the newly verified information to determine whether the Mortgage remains eligible as delivered? (OG 28.7) | Yes | No |
| b. A review of all documents, including the reverifications, to ascertain that the Mortgage was underwritten properly and based on prudent underwriting practices? (OG 28.7) | Yes | No |

Briefly describe what actions are taken when discrepancies between the data used in the underwriting decision and the data verified through the QC process are discovered (attach a separate sheet if needed).

15. Does your QC plan require Closing documents to be reviewed for accuracy, consistency, and compliance with all regulatory requirements? **(OG 28.9)** Yes No
16. Do you maintain complete records for each Mortgage File selected for QC review, including an explanation of any inconsistencies found in the Mortgage File that may impact the investment quality or eligibility of the loan? **(OG 28.10)** Yes No
17. Describe your organization's or institution's process for the monthly reporting of QC findings to senior management (attach a separate sheet if needed). **(OG 28.11)**
18. Is the MPF Provider informed in writing within 30 days of the PFI's determination that a post-Closing QC finding adversely affects the investment quality or eligibility of a Mortgage sold to the MPF Bank? **(OG 28.11)** Yes No
- Note: The MPF provider must be informed immediately of any incident of fraud or false representation.
19. Is your organization or institution retaining all records of its pre-Closing and post-Closing QC findings, together with substantiation of any remedial action taken, for a minimum of three (3) years from the date of the completion of the QC review? **(OG 28.12)** Yes No
20. Does your organization or institution have controls in place so that the post-Closing QC department operates independently of the production department? **(OG 28.2)** Yes No

21. Does your organization or institution have established minimum skillsets and expertise levels for all staff performing the pre-Closing and post-Closing QC reviews? Yes No
(OG 28.2)

22. Briefly explain how your QC staff is trained (attach a separate sheet if needed).

Signature

Phone

Printed Name

Title

Date

E-mail Address

Please direct questions regarding this questionnaire to your MPF Bank representative.