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# DSCR PRO

## QUALITY CONTROL PLAN 2025



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## Policy Statement

It is the policy of DSCR PRO, a Colorado LLC, (hereon in known as “DSCR PRO;’ or the “company”) to carry the required Errors and Omissions Policy and Surety Bond coverage for the company and its mortgage loan originators as well as maintain compliance with the S.A.F.E Act of July 30, 2008 to ensure any and all licensures maintain an active status and filing with the NMLS.

The company also states that it will uphold risk management practices, consumer protection issues and loan terms and underwriting standards (if applicable) according to the CSBs-AARMR Guidance on Nontraditional Mortgage Product Risks guidelines and requirements September 29, 2006.

ARM disclosures will be given and explained to consumers before applying for adjustable rate mortgage loans, all caps and adjustment periods will be explained to consumers applying for nontraditional loans. In addition consumer applicants will be given printed loan choices that show them the difference in payment and interest between traditional 30 year fixed loan and an ARM loan. Customers will sign an additional disclosure with DSCR PRO disclosing that all the terms, adjustment periods, caps and fixed rate to ARM comparison was given to them and explained to them to their understanding.

To comply with the ‘Guidance’ and HOEPA, consumers applying for any nontraditional loan will be informed of potential payment shock, increase in monthly payments or possible negative amortization; what it means and that it could eventually *deplete* equity as well force a recasting of their loan, if applicable.

Consumers will also sign a warning notice provided by DSCR PRO that a refinance at the end of the ARM’s fixed period may not be a good option for them because of the possibility of a rate increase (will impact their payment), change of credit requirements or change in the housing and/or debt to income ratios that may affect their ability to refinance their home and could force them to sell due to the lack of ability to make the new adjusted payments.

Each consumer will be given The Consumer Handbook on Adjustable Rate Mortgages (CHARM) booklet and sign a disclosure with DSCR PRO that they received a copy to take home with them or were sent a link to download for their personal use.



Each consumer will be advised if there will be a balloon payment at the end of the term of the loan and will sign a disclosure with DSCR PRO stating that they understand what a balloon payment is and that it was their choice to take that particular loan product.

Company will comply with TILA to explain what an APR is and what it includes, The Mortgage Disclosure Improvement Act of 2008 by disclosing to the consumer that the APR may change due to a variable-rate feature or that it does not include costs other than interest, what index is used and the source information about the index and the frequency of changes in the APR.

All loans will be reviewed to make sure that no mortgage loan originator is charging additional (junk) fees, padding fees or packing over any other charges that are not relevant to the new loan to comply with TILA and RESPA.

DSCR PRO and its MLO's will follow lending guidelines to ensure we are all following the new Ability to Pay law. No loan will be submitted to a lender that does not comply with loan to value standards as well as verify that they have the income necessary to meet their new mortgage payments. I would like to say that we would make sure they have the ability to pay their monthly obligations and the new mortgage but we don't see monthly obligations on the credit and those can vary from individual to individual making the debt to income ratio hard to access. The company will however ensure that the debt to income and housing ratios are followed and enforced per the ratios given to us by FHA, Fannie Mae and Freddy Mac, the USDA Rural Housing Authority or other investor who directly or indirectly purchase loans that DSCR PRO originates.

The company requires all staff not limited to mortgage loan originators to comply with all RESPA and TILA. We do not allow the flipping of loans unless it's to the benefit of the consumer and otherwise will not accept an application on the same property from the same consumer less than six months of acquisition or refinance.

DSCR PRO will approve all advertising for any MLO prior to print to ensure that it meets with all the Truth in Advertising rules per regulation Z.

Any and all MLO's or persons working for or through DSCR PRO must follow all discrimination laws including but not limited to FHA, ECOA and the CRA

### **Reason for Policy/Purpose**

The purpose of this policy is to clarify consumer's knowledge of nontraditional loan products that clearly discloses the risks that borrowers may assume. To inform and protect consumers and enhance the safety and soundness of the industry.



## **Who Needs to Know This Policy**

All Management, MLO's and underwriters.

A copy of our quality control plan is available through our office to all management, MLO's and employees.

## **Policy/Procedures**

It is our policy to train our MLO's on educating consumers on traditional and nontraditional loan products so consumers can make an educated decision on their loan product. It is also our policy to protect our lenders and investors from potential harm from non-qualifying consumers who do not have the ability to re-pay the loan. It is our duty to help our lenders and investors from buying bad loans as our duty is also to help our consumer customers from buying a bad loan.

In the event that we have a non-qualifying customer we will send out a denial of loan and report applicable conserving information to HUMDA.

## **Licensing**

All Mortgage Loan Originators who accept mortgage loan applications on behalf of DSCR PRO must hold a license in the state the real estate is located. All licenses will be verified through the state in which the licensee is licensed and well as verification of NMLS number since all mortgage loan originators licensees must be registered under DSCR PRO to originate loans for DSCR PRO.

Copies of the mortgage loan originator's license must be on file in their application package as verification of licensing as well as declarations of any sensors, law suits or complaints filed against the licensee.

## **Verifying Applicants and their Documents and Disclosures**

Verifying Applications and documentation will fall to the processor. DSCR PRO does not allow mortgage loan originators to process their own loans except for management. The reason for this is that a mortgage loan originator is at arm's length with the borrower as well as on commission however, we do expect the mortgage loan originator to have all disclosures signed and collect as well as the 4506T for full doc loans and ask for pay stubs, W2 and/or tax returns. For non-QM products we collect a minimum, of 12 months bank statements to ensure compliance with the ATR ACT. The loan originator is also



responsible for obtaining a copy of borrower's social security card and driver's license or green card.

1. It is the processors job to verify that all mandatory disclosures are signed and dated by all borrowers on the application.
2. Verify employment by sending the VOE to employer as well as matching salary on salary.com and double checking with the pay stub, W2 or tax return to make sure they all match.
3. Job gaps can also be an issue. It is the processors job to verify all past jobs as to their dates with the former employer in writing. This can be by e-mail or a formal VOE form. Verbal verification is not accepted.
4. The processor will also order the 4506T on all full doc loans (unless lender orders and pays) and ensure the results are in the file and the income matches the application. In the event that the lender it's self takes on the responsibility of ordering the 4506T DSCR PRO expects the lender to also take on the responsibility of verifying the reported income to that of the application.
5. Processor will also verify employment prior to close with a verbal call to the borrower's employer, note the time, date and person of contact in the paper file.
6. Processor will match the social security card to the social used to pull the credit report and attach the copy of the card to the report along with the driver's license or green card matching up the name and address of the applicant. In the event that the addresses don't match DSCR PRO will have the borrower write a letter of explanation as to why the addresses do not match e.g. they moved and didn't have it changed.
7. Processor is also responsible for double checking to make sure that the loan originator collected all applicable state and federal disclosures from the borrowers and to make sure they are signed and dated by both borrower and co-borrower if there is one. We also make sure that at least one of the applicants are provided with a copy of all disclosures including but not limited to the Good Faith Estimate (GFE) and the Truth in Lending Disclosure. We also collect a disclosure of our own stating that the applicant has received a copy of the GFE and TIL disclosures and understand the charges and costs of the loan they applied for.



8. It is the processors job to make sure that if there are any changes to the charges that a new GFE is provided to the borrower within three business days including Saturday.
9. Tolerance is also handled by the processor. It's the processors job to ensure that the applicant has received and signed a disclosure provided by the mortgage loan originator upon application from DSCR PRO explaining to the borrower that it's their choice to choose the third party closing agent, escrow, title, abstract, and/or attorney depending on the procedures of the state laws where the real estate is located. We strive to make sure that the borrower(s) have a full understanding of their choices and financial protections under all state and federal laws. We don't want anyone coming back saying that we didn't explain this to them as we value our reputation and the safety of our clients.

## **Auditing**

In addition to the files being signed off by the mortgage broker's lender, DSCR PRO will also pull files throughout the month to check for any missing disclosures, signatures, proof of income, appraisals, or applications.

Two eyes are better than one- Once per month management along with one processor will randomly pull files that have been closed and files that are in progress to ensure that loan packets have the proper state and federal disclosures (signed) as well as the companies required disclosure, credit reports, proof of income and signed loan application included in the file.

## **Discrimination**

This is simply not tolerated. Any mortgage loan originator or employee who discriminates under the laws of FHA, ECOA, CRA, or DOJ will be terminated immediately however, there must be proof and evidence of discrimination not just someone who is upset because they were not approved for a loan. DSCR PRO can only provide loans to qualified applicants under the programs it has available at the time of application. DSCR PRO may not have the same programs of other Brokers, Lenders or Banks.

DSCR PRO sticks by its mortgage loan originators in the way of providing meetings and literature on many subjects including how to prevent discrimination as a refresher to their required education.

All new originators and employees are given a written test which includes discrimination laws to determine if they are a good fit for our company before they are hired or added



as an independent contractor doing business with DSCR PRO. These tests are kept in their file if they join the company.

## File Retention

All files are retained as paperless files with original signatures according to the Electronic Signatures Act of 2000 [https://www.ecsi.net/help/help\\_esig.html](https://www.ecsi.net/help/help_esig.html)

- **All completed and closed** loan files will be kept for seven years
- **Denied for a loan** will be kept for two to three years because the inquiry stays on credit for two years.
- **Closing Disclosures** must be kept for a minimum of five years.
- **Loan Estimates** must be kept for a minimum of three years after the date the loan has closed.

(A) A creditor shall retain each completed disclosure required under TILA § [1026.19\(f\)\(1\)\(i\)](#) or (f)(4)(i), and all documents related to such disclosures, for five years after consummation, notwithstanding paragraph (c)(1)(ii)(B) of this section.

(B) If a creditor sells, transfers, or otherwise disposes of its interest in a mortgage loan subject to TILA § [1026.19\(f\)](#) and does not service the mortgage loan, the creditor shall provide a copy of the disclosures required under § [1026.19\(f\)\(1\)\(i\)](#) or (f)(4)(i) to the owner or servicer of the mortgage as a part of the transfer of the loan file. Such owner or servicer shall retain such disclosures for the remainder of the five-year period described under paragraph (c)(1)(ii)(A) of this section.

Only the President or Vice President will be allowed to open a closed file. This will also hold accountability for anything that may prove to be missing from the file when compared to the same file stored in a different location. No mortgage loan originator, processor or employee will have access to closed files on any database unless approved and sent by the above said personnel.

## Broker Compliance

Broker attests that it will comply with all state and federal laws in keeping its license, registration, and reports with both the state(s) in which it holds its license and with the NMLS registration and filings mandatory to do business as a Mortgage Broker. Broker will comply with all continued education requirements as well as keeping up with new laws and abiding by them as a company and mortgage loan originator.





## **Truth in Advertising and Retention Compliance**

Under the Truth in Lending Act Truth in Advertising DSCR PRO will comply with the act by only advertising that we are in the business of originating mortgages by using phrases such as “low rates”. At this time, DSCR PRO does not advertise rates or caps on ARM products. We may advertise a low down payment or the amount of the down payment with disclosure of the terms such as score requirement and time on the job and with approved credit.

We will never disclose the lender who has the terms we advertise misleading the public that this is available by the lender, who may change its terms. We don't advertise government products as if they are connected to us directly or use any lender or government logo to advertise a product.

### **General Rule**

A creditor shall retain evidence of compliance with this part (other than advertising requirements under TILA §§ [1026.16](#) and 1026.24, and other than the requirements under § [1026.19\(e\)](#) and (f)) for two years after the date disclosures are required to be made or action is required to be taken. The administrative agencies responsible for enforcing the regulation may require creditors under their jurisdictions to retain records for a longer period if necessary to carry out their enforcement responsibilities under section 108 of the Act.

All advertising for products by mortgage loan originators must be approved by management prior to publication. We remind our LO's that what they say can also be construed as advertisement and to never promise a product that they know may change or that we can't provide due to that particular borrower because of lack of credit knowledge, job history, etc.

## **Unfair, Deceptive or Abusive Acts or Practices (UDAAP)**

It is our statement and duty to protect the interest of consumers applying for mortgage loans. Under UDAAP we have now added controls.

### **a.) CONTROLES**

UDAAP requires that covered persons or service providers implement controls for Borrower Competency and that we must take age into account when determining if a borrower is sophisticated and educated enough for the loan product they are buying.

### **b.) DISCRIMINATION CONFLICTS UNDER UDAAP**

It's a hard law to follow because it's in conflict with ECOA's age and handicap discrimination as well as American with Disabilities Act because they both state that a mental illness is a handicap. Both UDAAP and ECOA are under Dodd-Frank Act.



When originally enacted, ECOA gave the Federal Reserve Board responsibility for prescribing the implementing regulation. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) transferred this authority to the Consumer Financial Protection Bureau (CFPB or Bureau). The Dodd-Frank Act granted rule-making authority under ECOA to the CFPB (which also has the same authority over UDAAP) and with respect to entities within its jurisdiction, granted authority to the CFPB to supervise for and enforce compliance with ECOA and its implementing regulations.

**The Equal Credit Opportunity Act (ECOA), which is implemented by Regulation B, applies to all creditors**

The statute provides that its purpose is to require financial institutions and other firms engaged in the extension of credit to “make credit equally available to all creditworthy customers without regard to sex or marital status.” Moreover, the statute makes it unlawful for “any creditor to discriminate against any applicant with respect to any aspect of a credit transaction (1) on the basis of race, color, religion, national origin, sex or marital status, or age (provided the applicant has the capacity to contract)

**ECOA-** also states that: 4 In addition to potential ECOA violations, an examiner may identify potential violations of the FHAct through the course of an examination. The FHAct prohibits discrimination in the sale, rental, and financing of dwellings, and in

other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability). The CFPB cooperates with the U.S. Department of Housing and Urban Development (HUD) to further the purposes of the FHAct. If a potential FHAct violation is identified, the examiner must consult with Headquarters to determine whether a referral to HUD or the U.S. Department of Justice and, if applicable, the creditor’s prudential regulator is appropriate.

**FHA-**Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability. [More on the Fair Housing Act](#)

**ADA-**Gorge W. Bush’s 1990- **Americans With Disabilities Act** (a) FINDINGS- The Congress finds that--(3) discrimination against individuals with disabilities persists in such critical areas as employment, **housing**, public accommodations, education,



transportation, communication, recreation, institutionalization, health services, voting, and access to public services.

### **c.) CONSUMER COMPETENCY**

DSCR PRO will not discriminate because of age however it will provide a Loan Competency Test to all applicants who are *not* mentally handicapped who are considered to be consumers purchasing a consumer product. The 'Test' is designed to determine if the consumer understands the mortgage product he is entering into. To prove that the consumer understands not only the loan amount and payments but how is loan works. If the consumer does not pass the graded test of over 70% or a percentage of right answers we will require further consumer education or offer a less confusing product if there is one available per the consumer's credit.

The test also includes a consumer survey. This will ensure that certain information was given to the consumer (e.g. CHARM booklet, Consumer Credit Counseling locations and information, Special Information Booklet, etc..)

There is a sample of this test attached. This test may change at any time, updating new laws or fine-tuning procedures based on the consumers answers

In the event that a consumer chooses a loan product that is more expensive or is not deemed to be in their best interests (e.g. ARM), disclosures will be required and kept on file that show clear evidence that a more appropriate loan was offered and was not accepted by the consumer.

Know very clearly that DSCR PRO will not violate a law to satisfy another. The cooks in the kitchen all need to follow the same recipe.

### **d.) INTERNAL SYSTEMS and MONITORING PRODUCTS (Review and Evaluate)**

Currently we post Links to useful consumer educational products on our website such as links to the CFPB, UDAAP, OIG, TRID Guide, CRA, and other useful links that disclose to the consumer discrimination rights under different laws.

There is are two buttons; one for Consumer Resources where they can find useful information on different types of mortgage products such as ARM loans as well as Consumer Counseling Handbook and Location Guide. The second button is a Terms Everyone Should know. This is for residential borrowers so they can better understand the terms and language of loan originators or other mortgage professionals.

Company Disclosures may be given to the consumer to sign stating that they understand the product offered and that they do not feel that they were discriminated against or mislead on products or services as part of compliance with UDAAP, CRA, RESPA and ECOA. It would be nice if they could all get together and set a standard that



covers discrimination for all the above said acts. I believe that would improve the consumers understanding of their rights.

We like to hear from our customers and in the future we will set up Consumer Reviews and Response System (CRRS). This system will allow us to see how we can improve our customer service and it will show us the consumer's comfort level with the mortgage product.

Another way to monitor products is to compare products sold each quarter to see which product is selling and why. We can do this by looking at our mortgage call report. The mortgage call report is important for us to compare the amount of complying conventional and non-complying non-conventional loans sold as well as the comparison of ARM loans to Fixed loans sold.

#### **e.) ENFORCEMENT**

CRRS will also help us to identify the comfort level of the consumer after the loan has closed. If the comfort level is low it may be a high risk loan product, then we will re-evaluate the products and services that had the most complaints and if the complaints are high we will no longer offer that product, service, lender, employee or loan originator depending on the complaint and it's frequency.

A person working with the consumer will be subject to discrimination laws and will be required to read and test on discrimination laws. If there is a violation there may be a lay off period and/or additional education maybe required. If it is determined that there is a true prejudice that person may not work with consumers if they are allowed to stay with DSCR PRO.

#### **f.) OBSERVING COMPLAINTS**

For now we really have not had any complaints but when there are complaints they will be handled by upper management. A written statement may be sent in by the consumer and the consumer will be direct to the proper departments to file

a complaint depending on the nature of the complaint. DSCR PRO will work with the consumer to the best of its ability to remedy the complaint and provide documentation and product information as needed.

We will also be using our internal mandatory survey to monitor consumer complaints as well as to monitor the feedback on how they were treated and if the loan originator gave them all the necessary materials and informative information necessary for the consumer to make an educated decision in regards to the loan product they have chosen.



**g.) DEBT COLLECTION**

DSCR PRO is a Brokerage and does not service loans so there is no need to have any regulations for debt collection under UDAAP at this time.

**h.) EMPLOYEE HIRING POLICY**

All management, loan origination, processors, general clerical assistants and any other employee who applies for any position with DSCR PRO DBA Loan Shark is searched through GSA/SAM, HUD, LDP, and FHFA on their online search.

**Website Addresses for This Policy:** Posted on our current website

<https://abiggerbettermortgage.com> and <https://loanshark.online>

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**Policy Approved by:**

Bailey Campbell: President/DSCR PRO

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