

Sales Training, VOA, Talent Acquisition, Marketing Tools; CFPB Trends: Competing on Compliance?

By: Rob Chrisman | Tue, Dec 7 2021, 11:17 AM

Today I head to San Diego for a California MBA board meeting, the home base of the Pacific Fleet. It's been 80 years since Pearl Harbor, a "date that will live in infamy." That was a terrible day. We all have bad days, but nothing in comparison to that and it is important to keep those days in perspective. The United States and our allies faced off against Japan, Germany, and Italy for the following four years. The residential lending industry is wondering if Amazon and Apple will face off against the Consumer Finance Protection Bureau. Rohit Chopra, age 39 and Director of the CFPB, faces limits in policing [individual tech companies](#), which haven't been subject to supervision the way banks are. People continue to write, asking about the CFPB's reach. The CFPB's jurisdiction covers the financing of the transaction, not the offer/sale... but clearly [state consumer departments](#) may be interested if you hear of any wrongdoing. The CFPB has a toll-free number for "whistleblowers" (I grew up using a different name for people): 855-695-7974. There are several resources/parties interested in financial misdeeds. The FBI handles criminal mortgage fraud, and it is included in this omnibus of federal resources: [StopFraud.gov - Report Financial Fraud \(justice.gov\)](#). The CFPB has an email box and enforcement tips hotline since 2011: [Information for industry whistleblowers | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#). [available here](#) and this week's podcast is sponsored by [Candor Technology](#). Today's episode has Part Two of an interview with Candor CEO Tom Showalter on how to teach machine predictive intelligence.)

Broker and Lender Services and Products

Today is National Cotton Candy Day, to many dentists' dismay, though oddly enough, [cotton candy was invented by a dentist!](#) In 1897, dentist William Morrison and confectioner John C. Wharton designed and patented the first cotton candy machine. 9 out of 10 dentists agree: this was an excellent business move. Speaking of smart business moves, Sales Boomerang shares the keys to filling your pipeline with high-quality leads in The Mortgage Advisor's Diet. The eBook breaks down how business intelligence solutions like Sales Boomerang help mortgage advisors convert more loans right from their own database. Oh, and did I mention it's free to download? Now that's a sweet deal! [Download The Mortgage Advisor's Diet today.](#)

Throughout 2021, Black Knight has been committed to helping lenders learn more about the benefits of a securitization delivery model. Securitization gurus from Black Knight and Freddie Mac recently presented the finale to three preliminary sessions on [securitization basics](#), [advanced assumptions](#), and [pool formation](#). If you missed this informative presentation Getting Down to Business: Step-by-Step Execution When Making the Leap to Securitization, we invite you to [review the recording and presentation materials](#) at your convenience. Topics covered include automated pooling, pricing & funding, trading allocation, managing risk position and more. Additionally, the presenters provide an overview of process optimization with Black Knight's CompassPointSM risk management solution, as well as required data and processes within Freddie Mac's Loan Selling AdvisorSM.

As lenders compete on far more than price alone, it's the [customer experience](#) that is making all the difference and setting one lender apart from the next. To deliver an experience that leaves customers feeling valued and confident in their decision to navigate life's biggest financial decisions, Intercap Lending turned to Total Expert's CRM and customer engagement platform. [Hear more](#) from Intercap Lending as they share their experience with a purpose-built solution, the impact on their loan officers, and how it led them to generate over \$95 million in loan volume in six months.

Are you painfully aware of what you need to automate, but just not sure where to start? Say hello to RMAutomate, powered by Zoral. Exclusive to Richey May, our expertise in mortgage banking sets a new standard in intelligent automation. An end-to-end solution from lead generation to post-closing, our platform streamlines and optimizes your entire operation by automating manual, repetitive work so your team can focus on more high-value tasks. Reduce errors and cycle times. Boost capacity without adding staff. And give your borrowers the seamless customer experience they deserve with RMAutomate, powered by Zoral. [Schedule a demo today.](#)

Do you know how many leads your loan officers will get next week? What about the next few weeks and months? John Kresevic, the president of JFQ Lending does. He even said, "We've been able to transform and scale this thing out very easily because I know what's certain every week." If you're nervous about where your leads will come from in 2022 or you just want more high-quality leads, then [talk to the team at Monster](#). Or, [learn how they can help](#) if you want to get some more information.

What's everyone asking Santa for this year? More time? More money? A 150-bps increase? We can all dream, can't we? But on a serious note, the team at LenderLogix is gifting lenders and Realtors across the country with more time and more money as we head into the new year. How? By giving them QuickQual in place of their standard PDF pre-approval/pre-qual letter. QuickQual gives Borrowers real-time

access to payment and closing cost scenarios based on the houses they're looking at and gives Realtors the ability to update the letters when a new offer needs to be made. If you'd like to see how much time you could save by eliminating the back and forth associated with updating letters, check out their [ROI calculator](#). If you'd like to learn more about how it works, [get a sample QuickQual texted right to your phone](#), then talk to the team about how to get started in time for Q1.

You want to become Mavericks of mortgage buying! To do that, your top loan officers need to close deals faster. But "boilerplate content + endless email links" slow you down in modern mortgage ecosystems. Your presentations should enhance the lending experience, and Digidock's presentation platform makes it easy. Step 1: Build a branded, professionally designed Master Deck of slides. Any Master Deck-based custom proposal takes 1/10 the time to build. Step 2: [Speed up your sales cycles](#) with personalized, interactive presentations utilizing CRM integrations like [OptifiNow](#) for effortlessly agile content from prospecting to close. Step 3: Engage, present, & close like never before. Our 400+ partners create seamless customer experiences, auto-populated with only the content clients want to see. Re-think how you stand out from the pack. Watch a [sneak-peek](#) of Digidock in action & modernize the mortgage buying process today.

[Model Match](#) is quickly becoming the "go-to" solution to help organizations elevate their talent acquisition efforts in the mortgage industry and for good reason. Now, more than ever, our search for talent is flooded with data points such as production, markets, products, and pipelines but there are very few ways to efficiently and effectively take action and nurture recruiting candidates. [John Hudson at Mortgage Financial Services](#) had this to say: "The team at Model Match have built a platform which is optimizing our growth efforts of Mortgage Financial Services...their prospecting tool ([Market Insights](#)) is easy to use with accurate data, it delivers results faster than other recruiting efforts..." A scripted message and a single call won't bring you the talent you need to onboard in 2022. You need to ensure that your recruiting team is targeted, task oriented and collaborative. Let Model Match demonstrate the value and visibility we can bring to your growth plans for 2022! [Demo](#).

[Just like cooking spray makes it easier to shovel snow](#), FormFree makes it easier for lenders to help renters become homeowners with Fannie Mae's rent payment history underwriting guidelines. As an authorized report supplier for the Desktop Underwriter® (DU®) validation service, FormFree automatically submits available 12-month rent payment history to Fannie Mae on behalf of every lender using its [AccountChek](#) verification of asset (VOA) service with no additional fees and no system changes required. What's more, FormFree's dozens of integrations improve borrower experience and streamline origination for lenders. It's a win for everyone. To learn more about how FormFree can help you serve borrowers with a limited credit history while expediting time-to-close, reducing production costs and mitigating the risk of fraud, contact Christy Moss.

Did you know that only 30% of loan officers operate with a business plan? Well, here's another fact for you. 100% of loan officers who complete a [XINNIX Sales Performance Programs](#) operate with a business plan because they help develop this tool and all the others that guarantee the right start for new loan officers, a 40% lift in productivity for experienced sales and the development of the best leaders in the industry. Having and flawlessly executing a well thought out business plan is essential to reaching both your short and long-term goals regardless of what kind of market we may be facing. With only 25 days left until the new year, now is the time to build your plan for 2022. [Schedule a call](#) with a XINNIX Account Executive today to take advantage of our year-end pricing on all [XINNIX Performance Programs](#).

CFPB and Regulatory News

This is a common refrain among established lenders. "Rob, we don't mind competing on price, service levels, or products. But if the competition is trying to skirt the ATR (ability to repay) rules with borrowers, or is out there recruiting loan officers with offers that stretch LO comp rules, then that is a real problem for our industry."

Although there are dozens of regulatory bodies tasked with overseeing residential lending and servicing, the one that stands out is the Consumer Finance Protection Bureau. The nation has seen three (and a half) CFPB directors, all with a totally different sense of how best to accomplish "protecting consumers from unfair, deceptive, or abusive practices and take action against companies that break the law."

Richard Cordray did his best to leave his mark on the CFPB, and was best remembered for making up rules through enforcement rather than rule making or seeing public/industry input. Mitch Mulvaney... some say there were no rules. Kathy Kraninger arguably did the best job in that role. Clear violations were prosecuted, and the word of the day during her tenure was "education." The term "abusive" was defined, and the CFPB moved toward eliminating ambiguous regulations.

Now we have Rohit Chopra. "Bad faith" and "harm" are once again subjective. Enforcement actions appear to be making a comeback, leading some to say that the CFPB is returning to its "shoot first and ask questions later" mentality from ten years ago. (Yes, the CFPB is ten years old.) Will Chopra want "trophies" where well-known lenders and servicers are in the headlines? Consent orders are back, as are lawsuits and complaints. "Fair and equitable" lending is a priority, but now the Bureau has turned accusatory. Servicing in this era of forbearance is in the crosshairs: is every foreclosure avoidable? The CFPB has moved to incorporate redlining into its jurisdiction through the use of statistical analysis. Where are you lending in proportion to your peers? Should independent mortgage bankers (IMBs) be

compared to depository banks, or credit unions? HMDA data may be sliced and diced anyway imaginable to prove the CFPB's point. Is your staff as diverse as the local population? What is your loss mitigation policy? Are you reaching out to borrowers currently in forbearance? How much will we hear about UDAAP, and will it encompass everything... like [bank overdraft fees](#)? Should we expect people making their monthly payments to be able to pick their own servicer? The list goes on and on.

The CFPB issued a request for Information (RFI) to seek input on rules implementing the Home Mortgage Disclosure Act (HMDA). [CAMP](#) shared [the Request for Information release](#) from the CFPB explaining plans to review recent changes to the rules and evaluate the effectiveness. This evaluation will strengthen the CFPB's ability to maintain a fair, competitive, and non-discriminatory mortgage market. [Learn about complying with HMDA](#)

[NMMLA](#) shared a message from [the State of New Mexico Regulation and Licensing Department](#) regarding an attempted fraud scheme aimed at licensees. In the scheme, scam artists identify themselves as New Mexico Regulation and Licensing Department staff or investigators and notify the licensee that they are under investigation, that their license may be suspended, or that an arrest warrant has been issued in the licensee's name, and then they will demand money. In some instances, scam artists identify themselves as other entities including local police, the Drug Enforcement Agency (DEA) or the Federal Bureau of Investigation (FBI).

If you receive a call, contact the New Mexico Regulation and Licensing Department directly at (505) 476-4500 to inquire if an official investigation is being conducted.

[OMBA](#) is asking its' Members to help spread the message that rental assistance is available for the benefit of renters, and landlords, to prevent evictions. Every state and territory have rental assistance programs in place, and many counties, cities, and local governments also have separate rental assistance programs. The Consumer Financial Protection Bureau (CFPB) has debuted a new [rental assistance tool](#) that allows renters and landlords to find detailed information on rental assistance programs in their area.

Several companies have reported recent S.A.F.E. Act violations in their online groups, aka online loan officers, who take an application and those who just answer phones and direct the applicants to loan officers. There is a strict definition of "taking an application" in conjunction with state licensing requirements. With proper responses like installing a call recording service, monitoring all calls, additional training, quarterly reviews of all loan officer licenses, complete description of the "hand-off" procedures, and compliance with the S.A.F.E. Act's definition of originating mortgage loans, it brings into question just what are "mortgage loan originator activities" according to the S.A.F.E. Act? There are three main parts: taking an application, offering or negotiating terms of a loan, and compensation or gain. For a much more in-depth explanation, Jonathan Fox, Ph.D., Chairman & Managing Director of Lenders Compliance Group, wrote a [Mortgage FAQ](#) on the topic.

Capital Markets

Volatility is back in the bond market. The week opened with investors taking comfort in reports that cases of the omicron variant have been relatively mild, with South Africa reporting the surge in Covid-19 cases hasn't overwhelmed hospitals so far. The emergence of omicron has caused forecasts for GDP this year to be lowered to 3.8 percent from 4.2 percent, and 2022 estimate to be cut to 2.9 percent from 3.3 percent. Additionally, a National Association for Business Economics survey **showed that inflation may exceed the Fed target for at least two more years.**

Although it doesn't set mortgage rates more clarity from the Fed can't come soon enough. There is **no Fed-speak this week as we are in the quiet period ahead of the December FOMC meeting.** "Transitory" has been phased out and we won't receive upcoming meeting minutes until the middle of next week. If the Fed does move forward with an accelerated pace of taper, it will certainly provide for more near-term volatility. Treasury yields were up yesterday, and the MBS basis ended tighter for the first time in a week.

While the most important releases on the calendar this week are the Consumer Price index on Friday and job openings tomorrow, we still have several data points before then. The October trade deficit and Q3 productivity and unit labor costs are in today's calendar, along with Redbook same store sales, October consumer credit, the first leg of this week's mini-Refunding when \$54 billion 3-year notes are sold. The U.S. Treasury will also conduct a buyback when it purchases up to \$1.6 billion 22.5-year to 30-year coupons. **Today's schedule sees the Desk targeting up to \$5.3 billion 30-year MBS,** with the first operation including GNII 3 percent coupons in 15 months. It's early, but the day is starting with the fixed-income markets, which include mortgage-backed securities, unchanged from Monday night and the risk-free 10-year Treasury yielding 1.44 percent.

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