



YOUR VOICE - BY STEVE HEWINS & LINDA NAYLOR

Make A Difference

The financial industry is constantly undergoing changes with the increase in government regulations and the advanced use of technology. Mortgage professionals encounter numerous issues and challenges on a recurrent basis, but, in our experience, there are four critical challenges the industry faces that are the most significant, namely compliance, licensing, loan quality and experienced resources. While there are many different ways to address these issues, the industry should expand the use of technology to help resolve them.

COMPLIANCE

Regulatory oversight is an issue we address on a daily basis, and the amount of legislation we encounter is astounding. There is an alphabet soup of regulatory requirements, such as TILA, MDIA, HMDA, RESPA and HOPA that result in mortgage professionals constantly trying to remain up-to-date and in compliance.

There is no end-all solution to address the volume and rapid pace of regulatory reform, because it is constantly being redefined and reinterpreted.

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However, the need to comply with regulatory changes is a very clear, black and white situation. In the future, the cost of making mistakes on regulatory issues will include both monetary risks as well as reputation risks.

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While there is no all-inclusive solution, the best way to remain in compliance is through the better utilization of technology and expansion of the industry's rules-based engines. Technology that automatically facilitates audits and validations takes the requirements and risks off of the frontline staff, and essentially reduces the potential for mistakes.

Unfortunately, many organizations do not have a fleet of compliance experts and IT programmers readily available to program and monitor these engines. However, there are several companies that offer this capability. In order to make the best decision of a business partner, banks need to look for companies that are not only knowledgeable about the industry and compliance, but also understand true integration. This will eliminate the need to add additional processes, headcount and costs on existing systems.

Companies also need to consider the use of standardized protocols, such as MISMO, when reviewing systems integrations. Use of those tools will make the process of internal and external updates that much easier.

LICENSING

As the industry rebuilds, it should be prepared for more stringent licensing requirements that delve further into the mortgage process. These are likely to go far beyond the SAFE Act and the mortgage loan officer licensing requirements. And since licensing is a relatively new dimen-

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sion for mortgage professionals, technology can be used as a tool to help monitor licensing dates, renewals and continuing education, which is definitely more of a challenge when done manually.

As licensing requirements become more complex, mortgage professionals conducting business in multiple jurisdictions must be knowledgeable of the requirements that pertain to each area. Once again—technology will play an important role in the operational workflow to ensure that the appropriate licensed individuals are assigned to the process from point-of-origination through to loan closing. When you have any type of scale or size, it is going to be very difficult to manage that individually, and for those large shops it is going to be paramount to have a workflow tool that takes licensing into consideration.

LOAN QUALITY

Loan quality is a vital element to everyone in the industry. Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, have created entire programs focused on loan quality initiatives. These programs were introduced in an attempt to reduce the number of errors that have historically been present on loan transactions at the time of loan delivery. Fannie Mae has introduced an EarlyCheck feature allowing you access to data quality edits prior to delivery. These edits determine the accuracy of the data against the loan data and characteristics submitted in the automated underwriting engine. As loan delivery standards become more stringent, the use of advanced technology tools to edit the data will help streamline the process.

PEOPLE

Lastly, one of the most critical challenges the industry faces, is the loss of professionals who have experience with handling the rapid pace of change that we know is taking place in the marketplace. This is a result of many professionals

leaving the industry due to the economic challenges. This is creating a new workforce that is not experienced in all facets of change management. While they are well versed in the use of technology, they don't have the depth of knowledge required to handle the volume of changes that we are seeing in the mortgage industry.

The industry needs to expand its use of technology both in the overall business processes as well as for maintaining skilled personnel. Technology, in the form of learning management systems and training tools can help support the need to keep Industry professionals informed of current guidelines and market trends. In fact, many companies are already using their technology resources and expanding online training efforts. It is crucial that everyone connected to the mortgage industry stay informed and educated on the changes occurring in the marketplace as well as the reasons the changes are taking place.

The better we are at creating a more informed workforce that can adapt to change, the faster we can implement these changes and make a difference in the process. The bottom line is any company can have the best technology in the world, but if the people sitting there who facilitate the technology are uninformed, the cost and quality of the technology is irrelevant. Without the right people behind the scenes, we will not realize the efficiencies the technology can create.

As the mortgage industry continues to change, mortgage professionals should embrace the advances that the right technology can provide in helping to streamline the way they do business. From expanded rules based engines, to automated licensing and learning management software the tools that are available today will allow businesses to operate more efficiently.

Coupling the use of better technology with experienced, informed resources will provide businesses the competitive edge needed to be successful. ❖

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