



# COMPLIANCE

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## *New Technology Eases Compliance and Regulatory Concerns* by JOSH FRIEND

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The right technology can help you simplify the complexity of compliance and regulatory requirements, from disclosure and fee accuracy, timelines, and marketing to improved customer communications for increased satisfaction and decreased complaints. These emerging automated solutions can minimize your risk and exposure.

### **FEES AND DISCLOSURES**

One of the biggest challenges in the new regulatory environment is accuracy in fees, including credit report, title, recording, and appraisal fees. Fees must be correct when you disclose. Ensuring your fees are correct and compliant may seem like an impossible task because there are additional fees that may be required along the process such as a credit supplement, additional appraisal work, or even a disaster certification. Or the program changes and fees need to be updated to reflect the new program and loan amounts. The need to be fee compliant is impacting the lending industry in a real way, resulting in decreased revenue due to refunds, investment in management systems, and employee costs needed to be able to comply with the new rules.

Here are a few ways technology can help manage and mitigate your risk and exposure:

1. Make sure all of the vendors you use are compliant themselves and have completed necessary certification or audits such as SSAE 16 Type II audit that ensure the company's services and controls have been tested and their data is securely maintained and controlled. Also make sure your vendors are committed to developing their technology to further improve operational efficiencies.
2. Select vendors who are committed to improving their technology and internal systems, such as Nations Title and Valuation who uses technology to automate fees and changes to the loan file. These vendors can help you take a manual process that is prone to error and automate it to increase accuracy.



3. Understand your workflow and set your LOS for automation when possible. For example, can you set alerts for loan amount changes, or program changes? Does your LOS allow you to run daily reports to manage any change of circumstance and alert when re-disclosures are needed? Having an effective LOS set up correctly and your staff trained can be critical to this process.

4. Standardize the way you charge fees. For example, in most cases a credit report fee is \$18. But, if you end up needing a credit supplement or credit update, unless you had disclosed the cost,



you will end up pay the incremental cost. To standardize, you may want to disclose a higher credit report fee to include contingencies.

### **Unfair, Deceptive, Abusive Acts or Practices in Marketing (UDAPP)**

As regulators seek to provide consumers with clarity, the risk of exposing your company through marketing messaging has increased because of new interpretation of compliance. Your marketing is now being judged on what you say, how you say it and even what you don't say. The litmus test is not what the customer is told, it's what the customer understands. Today, great customer communication is not only good for your revenue, it also protects you from risk of lawsuit.

It's not customer kudos that grab the attention of the CFPB, it's customer complaints. The damage of non-compliance can cost your company thousands, millions of dollars, like the National Mortgage Servicing Company \$63 million dollar settlement.

To be in compliance, you must provide consumers with all the necessary information in order for them to make an educated decision regarding whether a financial product or service is right for their needs. For example, if you offer a lower rate on a certain type of loan and you market to the general audience you must clearly inform people of the requirements - not in small font on the back of a letter. This type of clarity must now be integrated into your primary marketing message. There are two ways technology can help manage and mitigate your risk and exposure:

1. Use an automated CRM that can manage and track your communication methods such as text, email, chat, direct mail and phone calls and ensure the right message is being sent to the right people.
2. Use a CRM that allows you to build pre-defined marketing pieces, including email, direct mail, or out-bound call campaigns that have already been approved by your compliance department. This helps insure you don't have any rouge agents sending out their own marketing pieces.

In today's compliance environment it truly pays to be diligent with internal process and utilize existing and emerging technologies to ensure accuracy and protect your company from potential loss. Lenders have the opportunity to partner with vendors who can give them the confidence they are able to meet the high demands of compliance.





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**InSellerate** is a specialized CRM that delivers incremental sales and revenue by optimizing consumer direct lead channels, increasing prospect conversion and maximizing sales opportunities through an automated lead nurture program. With InSellerate, companies can immediately connect to leads while the prospects are actively in their decision-making process, manage their sales team real-time for maximum efficiency and ROI and build strong customer relationships through trigger-automated nurture marketing campaigns. InSellerate is SSAE16 certified. For more information on InSellerate, call 855-973-1646.

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