



## RECOVERY TIPS - By DAVID WIND

# Stay Ahead of the Market

**R**egulatory and investor compliance represents one of the biggest challenges in the mortgage industry due to continually changing rules and regulations, new lending requirements and shifting investor guidelines. The proliferation of tighter standards and increased enforcement, in addition to the wave of new state and federal laws, make it extremely difficult for lenders to maintain compliance without the assistance of key strategic partnerships.

Lenders can take steps to embrace automation solutions to realize new opportunities; gain a competitive edge in recruiting; compress the dreaded “disclosure period;” improve communication between sales, processing, third parties and vendors; and streamline the settlement preparation process. At Guaranteed Home Mortgage, we pride ourselves on providing superior service and creating satisfied customers by working hard to satisfy their mortgage needs and exceeding their expectations.

We rapidly respond to new opportunities in today’s dynamic mortgage markets with underwriting flexibility and the delivery of unique niche mortgage programs essential to satisfying individual

needs. How? For example, we offer single-click loan disclosure ordering and delivery. When it’s time to prepare and deliver pre-disclosures, the following happens with one mouse click: all LOS data is audited to ensure that all data is entered; all fee data is audited to avoid under-disclosure by the loan officer; six different high-cost tests are run in the specific state and city to ensure compliance with high-cost laws; all

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state-specific, loan-specific, fully warranted disclosures are indexed, named and loaded for the lender; a personalized Web portal is automatically created for the applicant; an e-mail is delivered to the applicant providing single click entry into the portal; all pre-disclosures are segmented into two groups to be e-signed or ink-signed (e.g., an IRS form 4506T); and a bar-coded cover sheet is created for the ink-signed forms to let the consumer sign and fax them to digitize the documents into the loan file. This procedure transforms a training-intensive, time-consuming process into a consistent event without any errors.

We also do Regulation Z and Regulation B compliance without human effort. Our solution completely enforces Reg B and Reg Z, significantly reducing the occurrence of human error, thus eliminating the potential of costly legal liability associated with compliance violations. Compliance is enforced comprehensively, and every file contains a complete audit log and archives all activities taken to do so. Automated compliance highlights include: files are automatically withdrawn if compliance timelines are exceeded; proper disclosure notice is automatically sent to the client (without human involvement); and loan officers are reminded about files to assist them in meeting compliance guidelines.

In addition, we have one-click RESPA disclosure compliance. This innovation alone will save thousands of dollars each month in needless closing costs by protecting lenders from inadvertently

under-disclosing RESPA-related fees. This one-click test can be added to any status. When run, the following occurs:

System examines the data contained in the RESPA-regulated sections of the most recently disclosed GFE,

System compares this data with the data in the LOS for the closing GFE,

If any fees exceed RESPA thresholds, an electronic flag is raised showing the aggregated total along with detailed service provider and associated fees causing the violation,

When a test fails, the system automatically offers three options: modify the LOS and re-run the test, do nothing and simply reimburse the applicant at closing, redisclose a new GFE (delivered automatically) — and the system monitors the file to prevent closing before the RESPA-defined wait period.

Our technology also enables us to move files person to person as they move through the pipeline. This feature transforms our existing workflow. The solution's ability to address the following questions illustrates the significance of what we've accomplished:

When an employee has completed work on a file, who should get it next?

What if a lender has 20 processors, but three only work for specific loan officers?

What if an employee who received a file wanted to send it to someone else?

What if the loan program changed mid-stream - who gets the file now?

What if an underwriter is unable to work for an extended period of time? How is the work distributed?

What if a processor completes the required steps to move the file but still needs to complete less pressing tasks before closing?

Auto distribution of loan files within a linked network of smart desktops represents a significant enhancement to automated workflow by eliminating the need to track down files or notify others when files require their attention.

We can also invite business partners to participate in the portal. A mortgage loan depends on a variety of third-party

business partners to facilitate completion. The Web portal allows any number of business partners to be invited into a specific portal, and gives them tools to digitize documents to the file, participate in discussions and even stay current on the loan status.

Yet it's more than access to one portal because if a real estate agent, for example, is invited to multiple portals, they create their own private desktop to easily jump into any of the portals in progress with that lender. This both simplifies their work and eliminates their worst fear when referring clients to a mortgage lender: being left in the dark about the closing status.

We also do one-click distribution of underwriting conditions. With all the advancements in LOS technology, underwriters still struggle with the manually intensive burden of communicating and tracking completion of underwriting conditions. This technology solves the problem, again with "one click" methodology. Here's what happens: underwriter selects underwriting conditions; underwriter can add comments or notes to specific conditions; conditions are broken up and individually routed to those responsible for clearing the condition; users see all loans with outstanding conditions they must address; users can attach documents to the condition, as well as add / view notes; condition moves back to underwriter for approval; and underwriter can see real-time status of every condition on every loan.

By embracing technology and strategically partnering with Cogent Road and their Roohmz Mortgage Solution, we can more effectively respond to today's market conditions and do everything I described. Roohmz brings new levels of automation, scalability and quality control to loan production.

Wherever possible, we have combined numerous functions into a single process triggered by a mouse click. For the "assembly-line" theory to be effective, Roohmz must perform real work on the file whenever possible in order to deliver the same, error-free result every time—and to do it fast. Eliminating human involvement where possible significantly reduces the training and management burden lenders face while greatly improving throughput and loan quality. ❖

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