igniting ideas for the mortgage industry.

matchbox

IGNITE
BECAUSE DATA MATTERS

Today is December 4th and the start of the final month of the year. As rumblings of lower volume continue to persist, forecasts point to compressed new revenue /profit for 2018. Conversations around how to do more with less are starting to increase as year end projections start to firm up. In times like this, lenders need to look internally and assess how to capitalize on systems already at their fingertips that are not maximizing functionality. If you are on the Encompass system, and feeling like you are not getting the most out of it, this is a perfect example of a system that can be utilized to do more with less. **We have a number of toolkits and packages that have been developed to help lenders better utilize the system**. As an example, we have developed a **HMDA 2018 toolkit** for Encompass clients that can, and will, reduce HMDA preparation turn times, reduce data integrity exposure, and inevitably increase yield heading into 2018. As you start looking to the 2018 budget, you need options for how to do more with less. We have those options for you.

The matchbox & Ignite teams are comprised of mortgage bankers who take pride in understanding the industry changes and being proactive in how these changes can be supported within your workflow and technology.

By the way, check out our new website
www.matchboxllc.com
and let us know what you think!

matchb**o**x....we speak mortgage

Deceptive Pricing Practices? Do you or don't you?

Not sure if you caught this, but news broke this week regarding a lender having to pay reimbursement and restitution due to findings related to "deceptive practices" tied to interest rates and discount points. While we may only come across these headlines about once a year, pricing policies and the methods of which they are carried out and monitored continues to be a great source of exposure for many lenders. Whether practices are found to be "deceptive", point banks, net branch P&Ls, Loan Officer Compensation violations or Fair Lending, there are many terms and regulations a supervising body can reference when auditing a lenders pricing policies and procedures. With over 100 Operational and Secondary Reviews under our belt, pricing policies and how they are embedded into any particular LOS and PPE has continued to be a focal point.

Although you would think this is simple math when a rate is provided under par to charge a discount, lenders have various interpretations, approaches, and enforcement of their policies. It all starts with a well-written pricing policy (which for many is lacking) and then continues with how the policy is actually implemented into the rate sheet, PPE, LOS integration, and ultimately onto the initial LE. Continuing on down the normal course of operations, we then have a revised LE upon Lock, re-disclosures for a CIC, and CD - not to mention a well-documented and compliant pricing exception process that doesn't expose a lender to violations related to Fair Lending, LO comp, etc.

Although incidents like a large enforcement notice will force lenders to examine their practices, are they really asking the tough questions?

- Do I have a well written pricing policy that clearly identifies how discounts, lender credits, par pricing, and pricing exceptions are determined?

- Do I have strong workflows and business rules to ensure this policy is followed?

- What access do employees have in updating loan level details, including points, rate and credits?

- Is someone policing and auditing the policy and practices to ensure it is adhered to?

- Who determines discounts and credits? Who is responsible for entering this data and disclosing property? What controls are in place?

- Does my LOS / PPE integration allow for documented

par/undiscounted rates?

- Do these undiscounted rates adjust when the loan scenario or lock is updated?

- Can I report and document 'the story' behind every exception or file that does not meet my policy? Can I even run a report for these details?

Ensuring all of these pieces come together is no small feat and requires leveraging technology integrations, business rules within the PPEs and LOS, rate sheet structuring, and then some. Even the best processes have challenges in recording data changes, change requests, and loan and lock history. This is where many lender practices for seemingly simple policies start to diverge and implementation practices are inconsistent from lender to lender. Some try their best but due to gaps in technology pricing exposure creeps in. Others have what we'll refer to as 'sales friendly' practices with little oversight, aside from monitoring the bottom line. Whatever the case, every LOS, PPE and their associated integration points will vary so consistency among lenders is rare and exposure gaps exist. Any lender without a clearly written pricing policy and tightly wound business rules to enforce them is at risk.

Nobody is too big or too small; who would have imagined Wells Fargo having a multi-million dollar settlement due to their practices on charging extension fees. Are there lenders who still think 'I won't be audited'? This feeling can only perpetuate with the shift in management over at the CFPB. We actually feel that many in Senior Management roles may not be aware of how the policies are written, and more importantly enforced and internally tracked. ***Hopefully you're still reading this and taking our commentary to heart.*** This is a serious topic and having assisted clients in fair lending audits that dissected these practices was no fun as they required regression analysis from 2-4 years' worth of locks, pricing, exceptions etc. Nobody wants to explain why a lock from 2015 at 99.5 was charged 1 discount point or another lock at 99.75 had no points.

For some this is a question of compliant policies and procedure. For others it is the challenge of implementing the proper technology, workflow controls, and oversight. We're not saying it's easy or simple; especially with loans and locks changing multiple times over, the need to properly re-disclose, plus the pricing exceptions and associated documentation controls. We're actually a bit surprised that these headlines aren't more frequent. We hope it doesn't take "headlines" to trigger this as a significant issue facing our industry. We're always happy to further discuss if you are so inclined, all discussions will be confidential so don't be shy!

Ignite Tools - What is in your toolbox?

Capital One has a slogan, "What's in your wallet?" and Ignite is starting a new campaign, "What's in your toolbox?" Over the past few years, we have built a number of Encompass based tools that have been created with one thought in mind- How do we make the user experience better or easier. Each tool is developed with that premise and any tool we offer is built to dramatically reduce cost, improve efficiency, and/or reduce exposure. All of our tools are customizable and able to be updated to meet your business model requirements. With volumes dropping and industry contraction/acquisitions ahead, lenders are looking to do more with less effort. Our tools do exactly that. Whether it is updating a series of loans with a click of a button, seeing who did what on a file within seconds, seeing what task(s) are open on a file without opening a loan, or referencing a custom data set without jumping to different forms, our tools make a difference in your user experience. Not only do these tools present a cleaner, more efficient user experience, but we know that every lender is looking for an edge in hiring talent and bring on branches / top producers. It's time to give them something unique in 2018. I have attached flyers for your review of a sample of our tools.

Ignite Data Import Tool - Update loans in bulk/batch via csv or txt with custom templates while maintaining business rules, triggers & error log functionality.

Ignite Audit Explorer- A real end-to-end loan history log- with or without leveraging the RDB or audit-able fields

Ignite Task Tracker - Customized task list accessible from the pipeline

view i.e. see what items are outstanding without entering a file!

Ignite Loan Information Panel - A customized Encompass header panel - customized by persona to show users all critical fields in clean format.

Last by not least, in an effort to have a tool under everyone's Encompass tree this year, we are offering multiple package discounts for December. Getting an Ignite Tool may be a much better grab bag gift for someone this year as it is the gift that keeps on giving.

**The Ignite team is in the development lab creating exciting new tools for holidays.
Get on our gift list and you may get one for free.
More to come in the next newsletter**

matchbox LLC | Ignite Integration Solutions | ffiore@matchboxllc.com | www.matchboxllc.com

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