



[LENDERS COMPLIANCE GROUP](#) and its affiliates, [BROKERS COMPLIANCE GROUP](#) and [SERVICERS COMPLIANCE GROUP](#), [VENDORS COMPLIANCE GROUP](#), are the country's first full-service, mortgage risk management firms in the United States devoted to offering a full suite of services in residential mortgage banking, respectively, to banks and nonbanks, independent mortgage professionals, and mortgage servicers. We also offer state-of-the-art mortgage quality control auditing and loan analytics through [LCG QUALITY CONTROL](#). These are national firms, specializing exclusively in legal and regulatory mortgage compliance guidance and mortgage banking services.

We provide complete or partial outsourcing of risk management with respect to the regulatory compliance function and its requirements. We are the first risk management firm in the country devoted exclusively to mortgage compliance that also provides a full complement of products and services in all areas of mortgage banking.

Our professionals have an average of 25 years in the residential mortgage origination industry, consisting of compliance executives, legal counsel, and former regulators who have created and implemented successful compliance programs. We are actively engaged in monitoring ever-changing laws and regulations that affect the industry.

Typically, our clients are Mortgage Bankers, Mortgage Brokers, Wholesale Lenders, Correspondent Lenders, Warehouse Banks, HUD/DE Mortgagees, FHA Loan Correspondents, Servicers, Credit Unions, State and Federally regulated Banks, and their mortgage company subsidiaries.

For many clients, we provide a complete regulatory compliance program that includes risk assessments, as well as program development, implementation, and administration. For other clients, we supplement internal resources to find, address and provide Best Practices solutions to specific regulatory compliance issues. In either case, we serve as an objective and independent evaluator of current and proposed mortgage compliance procedures, to spot potential problems, and, when necessary, to suggest alternatives.

Our range of services includes federal and state mortgage compliance; legal reviews and remedies; HUD-FHA, VA, USDA, CFPB, federal prudential regulators and state pre-examination preparation and post-examination implementation; Fannie, Freddie, Ginnie applications and due diligence; representation to the GSEs, federal and state regulators, HUD and the VA; mortgage quality control; forensic loan audits; mortgage servicing compliance; loss mitigation compliance; business development; information technology and security; anti-money laundering audits; identity theft prevention and Red Flags compliance; statutory licensing; policies and procedures guidance; HMDA/CRA reviews; and even strategies to increase sales through RESPA-compatible ABAs.

Each institution we serve is unique with respect to size, and also with respect to products, complexity, and business strategy. Our professionals work closely with management to tailor our services to meet these requirements.

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## **MORTGAGE RISK MANAGEMENT**

- Review appropriate consumer disclosures and forms to comply with federal, state, GSEs, conventional, conforming and nonconforming, FHA, VA, USDA, and investor guidelines.
- Review and provide certain policies and procedures to assure compliance with federal law and state law on a 24/7 basis.
- Review and provide due diligence procedures for mortgage loan originator approvals.
- Conduct policies and procedures reviews to determine quality assurance and compliance.
- Conduct risk assessments, where needed, to detect strengths and weaknesses in the loan origination process.
- Provide checklists, charts, and forms, where needed, to comply with federal and state law.
- Periodically conduct and/or participate in Compliance Committee meetings.
- Off-site and/or periodic on-site meetings to assess regulatory guidance.
- Review compliance requirements for strategic alliances.
- Review retail, wholesale, and correspondent compliance.
- Informal representation to federal and state banking authorities.

## **AUDITS AND DUE DILIGENCE REVIEWS**

The following audits and due diligence reviews comply with federal, state, and Interagency guidelines. Our reviews satisfy an external auditor function. Each audit and due diligence may be conducted throughout the year in accordance with an agreed-to compliance calendar. Each audit and due diligence review provides both preliminary findings and a final report. Due diligence reviews include:

ADVERTISING, MARKETING, TELEMARKETING, SOCIAL MEDIA  
ANTI-MONEY LAUNDERING PROGRAM AND SAR COMPLIANCE  
BANKING EXAMINATIONS: HUD, GSES, GINNIE, FEDERAL, STATE  
CASH MANAGEMENT  
COMPLIANCE MANAGEMENT SYSTEM  
CONSUMER COMPLAINTS  
CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) – EXAM COMPONENTS  
CUSTOMER IDENTIFICATION PROGRAM (CIP)  
EQUAL CREDIT OPPORTUNITY ACT  
FAIR LENDING  
HMDA DATA COLLECTION & REPORTING  
HUMAN RESOURCES  
IDENTITY THEFT PREVENTION PROGRAM – RED FLAGS  
INFORMATION SECURITY  
INFORMATION TECHNOLOGY  
LICENSING AND REGISTRATION COMPLIANCE  
LOAN ANALYTICS (FORENSIC, PORTFOLIO, SECURITIZATION)  
LOAN ANALYTICS (HUD, VA, CONVENTIONAL, USDA)  
LOAN ORIGINATOR COMPENSATION (TILA) MORTGAGE OPERATIONS

MORTGAGE SERVICING AND SUBSERVICING  
OPERATIONS: CLOSING AND SHIPPING  
OPERATIONS: DISCLOSURE AND PROCESSING  
OPERATIONS: UNDERWRITING AND CREDIT POLICIES  
ORIGINATION PLATFORM CONFIGURATION & DEVELOPMENT  
POINT OF SALE: PROCESS AND DISCLOSURES  
PORTFOLIO RISK ASSESSMENT  
PRIVACY AND GRAMM-LEACH-BLILEY ACT  
QUALITY ASSURANCE PROCESS: ADVERSE ACTION, REPURCHASE, EPD REVIEWS  
QUALITY ASSURANCE PROCESS: FRAUD, LICENSING, RECORD RETENTION  
QUALITY CONTROL: PLANS & PROCEDURES  
RATE LOCK AND SALES RATE LOCK  
REAL ESTATE LOANS – CLOSED-END (RESIDENTIAL)  
REAL ESTATE LOANS – REVERSE MORTGAGES  
REAL ESTATE SETTLEMENT PROCEDURES ACT  
RECORD RETENTION  
REGULATION O: LOANS TO COMPANY EXECUTIVES, DIRECTORS, PRINCIPALS  
SAFE ACT (NMLSR)  
SECONDARY MARKETING AND CAPITAL MARKETS  
SHIPPING AND DELIVERY  
TRAINING AND EDUCATION  
WEBSITE COMPLIANCE  
VENDOR MANAGEMENT

## **DUE DILIGENCE**

Capable of scaling up to sizable transactional projects on behalf of investors, mortgage bankers, warehouse lines, REITs, PPIPs, portfolio lenders, servicers, and commercial banks. Services include Customized ratings for client specific product guidelines, daily updates and continual access to report findings, automated file review with statistical risk ratings, and file review online or at client's offices.

## **LOAN LEVEL ANALYTICS**

Whether you purchase loans from several originators or originate loans for further sale to investors, we can help you on your pre-close and post-close audits, due diligence, quality control and assurance needs.

In addition to keeping our clients informed throughout the audit process, our findings are provided in a written report and presented to executive management in a manner that facilitates quick but well informed decisions. We provide independent expertise and have the capacity to be both flexible and responsive in accordance with your due diligence needs.

Our staff consists of professionals experienced in underwriting, servicing and loan originations. All reviews are conducted to validate compliance with federal, state, and local regulations, and include a evaluations of the guidelines of Fannie Mae, Freddie Mac, Ginnie Mae, FHA, VA, and various private investors.

We can receive all your information electronically as well as through physical files. Our advanced work-flow methodologies enable a cost effective and expeditious solution to all loan analytics requirements.

## **SECURITIZATION AND MORTGAGE FRAUD AUDIT**

Mortgage fraud, loan level reviews detect mortgage fraud. Violations uncovered of federal and/or state banking regulations. Fully automated and manual methodologies and research engines produce a comprehensive report.

## **CFPB SUPERVISION AND EXAMINATION**

Preparation for the CFPB Examination includes the CFPB's own procedures.

Comprehensive audit and due diligence review in accordance with the CFPB's bank and nonbank Supervision and Examination Manual, a basic tool in the CFPB's supervision program.

### **Examination Preparation**

Part I - Supervision and Examination Process

Part II - Examinations Procedures

- Unfair, Deceptive or Abusive Acts or Practices (UDAAP)
- Equal Credit Opportunity Act (ECOA)
- Home Mortgage Disclosure Act (HMDA)
- Truth in Lending Act (TILA)
- Real Estate Settlement Procedures Act (RESPA)
- Homeowners Protection Act (HPA)
- Consumer Leasing Act (CLA)
- Fair Credit Reporting Act (FCRA)
- Fair Debt Collection Practices Act (FDCPA)
- Electronic Fund Transfer Act (EFTA)
- Truth in Savings Act (TISA)
- Privacy of Consumer Financial Information (GLBA)
- Mortgage Servicing Examination Procedures

Part III – Examination Process Templates

#### Templates

- Entity Profile
- Risk Assessment
- Supervision Plan

- Examination Scope Summary
- Examination Report

## **ANTI-MONEY LAUNDERING PROGRAM – NONBANK RMLOS**

We review, monitor, audit, test, and provide policies, procedures, and forms, in accordance with the “Anti-Money Laundering Program and Suspicious Activity Report Filing Requirements for Residential Mortgage Lenders and Originators.” [Financial Crimes Enforcement Network, Department of the Treasury, 31 CFR Parts 1010 and 1029, Final Rule, Federal Register, Vol. 77, No. 30, 2/14/2012.]

### **Risk Factors**

- Anticipated account activity subject to Anti-Money Laundering (AML).
- Types of products and services offered by the RMLO.
- Locations and markets served by the RMLO.
- Purpose of the account.

### **Risk Mitigation**

- Identifying RMLO relationships.
- Assessing the potential risks posed by the RMLO relationships.
- Conducting ongoing due diligence on the RMLO relationships when necessary.
- Ensuring RMLO relationships are appropriately considered within the required monitoring and reporting systems.
- Registration with FinCEN and compliance requirements.
- Procedures for the RMLO to file a SAR if it becomes aware that a customer is operating in violation of Bank Secrecy Act (BSA) compliance requirements.
- Review the RMLO’s due diligence beyond the minimum due diligence obligations dictated by the level of risk posed by the individual RMLO customer.

### **Risk Assessment**

- Purpose of the account.
- Locations and markets served by the RMLO.
- Anticipated account activity (type and volume).
- Types of products and services offered by the RMLO.

### **Independent Testing**

- Apply the RMLO’s policies, procedures, forms.
- Determine level of implementation of the Customer Information Protection (CIP) program.
- Confirm FinCEN registration, if required.
- Confirm compliance with state, federal and GSE requirements, if applicable.
- Confirm agent status, if applicable.
- Conduct a basic BSA/AML risk assessment to determine the level of risk associated with the account and whether further due diligence is necessary.
- Review the BSA/AML program.
- Review results of the RMLO’s independent testing of its AML Program.
- Review written procedures for AML Program.
- Conduct off-site and, where applicable, on-site visits.

- Review list of agents, including locations, within or outside the United States, which will be receiving services directly or indirectly through the RMLO account.
- Review written agent management and termination practices.
- Review written employee screening practices.

## **AGENCIES AND GINNIE APPLICATIONS**

Our professionals have the unique expertise to provide comprehensive compilation of an application to become a Fannie Mae, Freddie Mac Seller/Servicer or Ginnie Mae Issuer. Our due diligence procedures include:

- Review eligibility requirements to submit an application to become a Fannie Mae, Freddie Mac Seller/Servicer or Ginnie Mae Issuer.
- Compile, review, and complete Fannie Mae, Freddie Mac, and Ginnie Mae application documentation in accordance with GSE's and Ginnie Mae guidelines.
- Implementation of specific due diligence tasks that need to be completed for submitting the application.
- Completion of checklists and questionnaires in each due diligence area required to complete the Fannie Mae, Freddie Mac and Ginnie Mae application.
- Review implementation of GSE's and Ginnie Mae's terms and conditions required to be implemented, in accordance with the application processing.
- Assist in identifying and forging relationships with certain parties, such as Servicers, Document Custodians, and compliance support entities for Fannie Mae, Freddie Mac Seller/Servicer or Ginnie Mae Issuer eligibility.
- Policies and Procedures – Secondary Marketing and Servicing, as required by the GSE's and Ginnie Mae.
- Quality Control Plan – Underwriting, Originating, Secondary Marketing, and Servicing, as required by the GSE's and Ginnie Mae.
- Training employees involved in Fannie Mae, Freddie Mac Seller/Servicer or Ginnie Mae Issuer loan originations.
- Monitor process implementation, including assistance with periodic reporting and updating requirements to maintain active status as a Fannie Mae, Freddie Mac Seller/Servicer or Ginnie Mae Issuer.

## **SERVICER QUALITY ASSURANCE**

Our Quality Assurance Review is an independent audit and due diligence procedure that concentrates on various functional aspects of the servicer or subservicer. Furthermore, we can customize the review to conform to specific compliance needs.

Quality Assurance Reviews include, but may not be limited to:

### STRUCTURAL REVIEW

Ascertain that the servicer or subservicer has legal authority to operate in the client's market, is a servicer or subservicer in good standing, and has adequate corporate structure and capacity to enter into a servicer or subservicer agreement.

#### FINANCIAL REVIEW

Determines the servicer's or subservicer's financial stability, financial controls, and capacity to enter into and continue a servicer or subservicer agreement.

#### OPERATIONAL REVIEW

Verifies the servicer's or subservicer's operational compliance with investors' requirements, loan performance metrics, and demonstrates the capability to provide quality service to both mortgagors and investors.

#### DEFAULT MANAGEMENT

Evaluates default procedures and loss mitigation strategies, including default valuations, REO asset management and disposition, REO title, foreclosure title, short sales, and default workflow.

#### TECHNOLOGY

Assesses origination workflow platform and integrity analyses of the loan origination system, technology licensing, appraisal reporting, collateral valuations, title insurance, insured and non-insured title reports, closing and escrow accounts, interim servicing, user interface, and normative report functions.

### **SERVICER COMPLIANCE**

We provide guidance, audits, due diligence reviews, and examination preparation, for transactional matters involving residential mortgage servicing.

We also assist clients with proactive and remedial efforts to enhance servicing compliance policies, procedures, practices and internal controls, including risk assessments and preparation and review of policies and procedures.

#### COMPREHENSIVE REVIEWS

- Compliance with CFPB requirements
- Default management and foreclosure alternative
- Compliance with HAMP and other federal or state loan modification programs
- Compliance with state default requirements including foreclosure law
- Compliance with bankruptcy rules
- Compliance with state and federal fair debt collection requirements
- Compliance with state and federal privacy requirements
- Compliance with FHA loss mitigation and other default requirements
- Compliance with Fannie Mae, Freddie Mac and private label securities investor requirements



- Review of collection and default correspondence and scripts
- Default fees, services and default arrangements such as lender-placed insurance requirements, field services and valuations
- Advice regarding non-default servicing operations, including billing statements, payment application, customer service, servicing fees, escrows, payoffs and releases
- Advice and assistance in obtaining required state licenses to engage in mortgage servicing operations or to hold MSRs
- Purchase and sale of mortgage servicing and negotiation of subservicing and special servicing arrangements
- State licensing requirements, including impact of SAFE Act loan originator licensing on mortgage servicers

We provide guidance on the operational impacts servicers face integrating compliance with each new statutory provision, federal or state, into their servicing operations.

## **MORTGAGE DEFAULTS**

We collaborate with a lender to bring down high defaults and claims experience with the goal of implementing procedures to avoid these problems in the future. Our “task force” approach provides a complete review and action analysis, from the point of initiation of procedures to secondary market transactions and follow-up with servicers or investors.

Our audit and due diligence includes loan analytics, reviews of policies and procedures, evaluation of operations and systems. Our engagement team provides subject matter experts in all applicable areas of regulatory compliance regarding mortgage defaults and loan performance.

## **LICENSING**

We offer full service, whether single state, multiple states, or HUD-FHA approval. Our licensing group is trained to handle all licensing involved in initial licensure, renewals, mergers, acquisitions, address and principal ownership changes. For those lenders or brokers who find it difficult to maintain their licensing, we offer a licensing management program that keeps all loan officer and company licenses up to date. We coordinate the process of qualifying to do business in each state, obtaining name or assumed name approval, appointing Resident Agents, and obtaining the necessary Surety Bonds for licensing.

## **THIRD PARTY ORIGINATOR APPROVALS**

Auditors review the TPO application and publicly available data in order to give lenders a richer, multi-faceted and detailed view of their TPOs. All data is made available in a report.

- Third Party Originator Application – Completeness Review
- Lender Specifications: customized to lender requirements
- Document Repository Online (24/7/365)
- Auditors Review: status of all supporting documents

- Analysis: Supporting documents (where required)
- Minimal Software Configuration
- Connectivity: both Extranet and Auditor Contact
- Approval Parameters: TPO's main office and branches
- License Tracking and NMLS Analysis
- Legal Review (where required)
- Civil Background Checks \*
- Criminal Background Checks \*
- Credit Monitoring: derogatory details \*
- Business Report (where required) \*
- Negative Items Report
- Record Retention: historical and legacy documents
- Auditor Contact: directly with Company or directly with TPOs
- Updates for Lender Personnel or TPO Personnel
- Preliminary and Missing Items Report
- Final Report
- Fraud Alerts
- Ongoing Compliance Surveillance
- MARI/MIDEX Inquiries \*
- Written and Verbal Connectivity (i.e., emails, telephone calls)

Our analytics offer lenders the ability to understand, validate, and verify their TPO relationships in order to comply with federal and state regulatory compliance guidelines.

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\* Pass-Through Fee

## **VENDOR MANAGEMENT COMPLIANCE**

Recent bulletins issued by the Consumer Financial Protection Bureau (CFPB) raise the bar on effective Third-Party Management. We provide a comprehensive due diligence to financial institutions in conformance with CFPB guidelines and the following six criteria:

1. Review arrangements, agreements, or contracts exist with vendors and third parties related to mortgage products or servicing.
2. Determine changes have been made or need to be made to the above arrangements, agreements, or contracts to ensure that service providers comply with new regulations and all legal obligations.
3. Audit complaints reviewed regarding vendor activity for compliance and process concerns.
4. Evaluate training procedures received and reviewed for third parties related to regulatory requirements.
5. Determine training provided by any third party service providers.
6. Assess contracts with any third parties related to mortgage activities.

## TRAINING

We deliver our training through webinars, online, or live classroom engagements on regulations that impact mortgage compliance implementation. We offer a comprehensive suite of educational programs and services that give professionals nationwide the tools they need excel in the mortgage industry.

Designed, developed and delivered by industry experts who have extensive experience in the mortgage industry, our courses are tailored to fit all career levels and completed by thousands of mortgage professionals each year. We can also customize training to suite your needs!

Our programs help ensure mortgage professionals have the knowledge and capabilities necessary to understand and recognize current business trends and changing industry regulations.

### DELIVERY

- PowerPoint, Webinar, Lecture Outlines, Attendance, and FAQs
- Conducted by Subject Matter Experts
- One Hour Modules
- Any Size Group
- On-Site or Off-Site

### TOPICS INCLUDE

- Ability to Repay/Qualified Mortgage Rule – A Guide
- Advertising and Marketing (RESPA, TILA, FTC)
- Anti-Money Laundering Program
- Borrower's Right to Privacy in a Mortgage Transaction
- CFPB Exam Preparation
- Collecting Government Monitoring Information (HMDA)
- Compliance Management System
- Consumer Complaints and Resolution
- Consumer Financial Protection Bureau: Structure and Scope
- Do Not Call Implementation Act
- Dodd-Frank Act: Structure and Scope
- Electronic Funds Transfer Act
- Equal Credit Opportunity Act
- Essentials of Mortgage Loan Origination- Federal and State Regulations
- Ethical Dilemmas and the Fight against Mortgage Fraud
- Ethics and Fair Lending — HOEPA and Predatory Lending
- Ethics and Fair Lending — Mortgage Fraud and Consumer Protection
- Ethics and Fair Lending (ECOA)
- Examination Preparation (Federally Regulated)
- Examination Preparation (State)
- Fair Credit Reporting Act (FCRA) & Fair and Accurate Credit Transactions Act (FACTA)
- Fair Debt Collection Practices Act – Overview
- Federal Foreclosure Laws and Regulations
- FHA Fundamentals
- Flood Disaster Protection Act
- Fundamentals of Originating and Processing Conventional Loans
- Fundamentals of Originating and Processing FHA Loan
- Home Mortgage Disclosure Act - Data Collection and Reporting (HMDA)

- Home Ownership and Equity Protection Act (HOEPA)
- Identity Theft Prevention Program and Red Flag Rule
- Interest Only and Negative Amortization Mortgages
- Introduction to Mortgage Loan Fundamentals
- Key Components of Credit Reports
- Loan Origination Systems – Overview
- Loan Originator Compensation (TILA) – A Guide
- Management Guidelines pursuant to the CFPB
- Managing Daily In-House Compliance
- Mortgage Acts and Practices
- Mortgage Loan Fundamentals — Basic Loan Products
- Mortgage Loan Fundamentals — Full Document Loans
- Mortgage Loan Fundamentals — Limited and No-Income Verification Loans
- Mortgage Loan Originating under the CFPB Guidelines
- Mortgage Loan Servicing: New Regulations for Consumer Protection
- New Rules Training (CE): MLO Requirements of the CFPB - Year of Implementation (2014)
- Nontraditional Adjustable Rate Mortgages
- Nontraditional Fixed Rate Mortgages
- Policies and Procedures for Mortgage Brokers
- Policies and Procedures for Investors
- Policies and Procedures for Lenders (Mortgage Bankers)
- Policies and Procedures for Mini-Correspondents
- Policies and Procedures for Mortgage Servicers
- Policies and Procedures for Vendors
- Privacy and Gramm-Leach-Bliley
- Protecting Consumers through the Fair Credit Reporting Act
- Quality Control Requirements
- Real Estate Settlement Procedures Act (RESPA) and the Good Faith Estimate
- Reporting Requirements under the Home Mortgage Disclosure Act – for MLOs
- Reporting Requirements under the Home Mortgage Disclosure Act – for Staff
- RESPA/TILA Disclosure Integration
- Reverse Mortgages – A Guide
- Right of Rescission (TILA)
- Secure and Fair Enforcement for Mortgage Licensing Act (Safe Act)
- Servicing Standards and Guidelines
- Subprime Mortgages
- Telemarketing Sales Rule
- Third Party Providers and Vendor Management
- TILA/RESPA Integration Disclosure (TRID)
- Truth-in-Lending Act (TILA) and the TILA Disclosure
- Understanding the Property Appraisal Process
- Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)
- Vendor Management Compliance

### **THIRD PARTY ORIGINATOR APPROVAL - DUE DILIGENCE**

In accordance with a lender’s pre-set standards and requirements, our staff of trained auditors reviews the entire Correspondent Application Package’s information and documentation to ensure accuracy and verification. Reviews include: closing agents, settlement agents, and third-party vendors.

#### Quick Processing

- Hands-On
- Civil and Criminal Background Checks
- Finding Report
- Database

- NMLS Licensing Linked to Quality Control
- Records Returned for Renewals
- Renewal Notifications
- Online Access to Secure Extranet

## **DISASTER RECOVERY PLAN**

Comprehensive review of existing disaster recovery architecture: reviews that highlight an institution's regulatory strengths and weaknesses. Documented solution that assures compliance with the regulations, rules, and laws governing the safeguarding of regulations, rules, and laws governing the safeguarding of personal information contained in both paper and electronic records.

## **QUALITY CONTROL AUDITS**

LCG meets the needs of loan quality control review through a comprehensive approach. LCG's scope is consistent with agency servicer/seller standards. Detailed reports are provided with reviews addressing federal and state compliance requirements.

Our staff of conventional and FHA-DE & VA-LAPP underwriters and reviewers specialize in fast turnaround on recurring QC or special projects.

### QC Service Options

- Pre-Funding File Review
- Pre-Funding Investigative Services
- Delinquent Loans & EPDs
- Fraud Detection
- Post Funding QC
- Discretionary Compliance

Post-Funding reports provide clients with state-of-the-art graphs, executive summaries, and a full range of trend reports.

## **QUALITY CONTROL PLANS**

Our quality control plan is the most comprehensive available in the mortgage industry. Continually updated, it consists of all required audit requirements mandated by FHA, VA, the GSEs, and most investors.

- QUALITY ASSURANCE GUIDELINES
- AUDIT REQUIREMENTS: FHA | VA | GSEs | USDA
- SYSTEM INTEGRITY AND DATA SECURITY
- SELECTION PROCEDURES
- PRE-FUNDING REQUIREMENTS
- AUDITING PROCEDURES: INTERNAL & EXTERNAL

- REPORTS AND FINDINGS
- NOTIFICATIONS TO HUD, BUSINESS UNITS, GSEs
- MAINTENANCE AND OBLIGATIONS
- NUMEROUS REGULATORY ADDENDA
- ADDENDUM: FANNIE MAE LOAN QUALITY INITIATIVE
- THIRD PARTY AUDITOR COMPLIANCE
- MONITORING OF IMPLEMENTATION

## LOAN ORIGATION SYSTEMS AND PLATFORM DEVELOPMENT

Guidance in building retail, wholesale and correspondent platforms, including all regulatory support to established new departments and divisions within the existing company structure. Through our guidance, both management and compliance personnel can be assured that they comply with the regulations, rules, and laws governing the origination of mortgage loan products.

## LOAN LEVEL ANALYTICS AND AUDITS

The following reviews are performed at the loan level:

- New Loan Quality Assurance: Screen all new loans to include independent verification of borrower, collateral, compliance, fraud and related origination data, and risk score each loan with regard to future performance.
- Quality Analysis: Loan-level exception reporting with accumulation by exception type, lender, broker, correspondent, loan type, geographies and trend analysis.
- Loss Mitigation Data Analytics/Triage: Automated collection of current borrower and collateral data, (i.e., income, employment, credit, collateral, fraud, etc.), via web-services and scoring each loan with regard to recovery potential.
- Risk-Scored Modification Calculation: Calculation of a monthly payment amount that will result in a high likelihood of success, based on new data. Adjustment of term, interest rate and principal, to generate the new monthly payment within specified limits.
- Government Program Eligibility: Automated comparison of modified loan terms to available government modification and refinance programs; eligibility determination and calculation of qualifying payment and new loan terms.
- Loan by Loan Reactive or Bulk Loan Proactive Process: Individual loans may be submitted by the borrower through the website/IVR, or the Service Agent can submit with real-time response, or processing of pools of loans with proactive outreach to borrowers.
- Calculation of Other Available Resolution Alternatives: Calculation of short sale value, forbearance agreement, note sale to investor, and net foreclosure recovery value.

## PREFUNDING REVIEWS

Our suite of prefunding risk evaluation complies with all Fannie Mae requirements. Fannie Mae requires that a lender's Quality Control (QC) plan must include a prefunding mortgage audit process.

These audits are expected to provide information that should prevent closing mortgage loans with significant defects such as misrepresentation, inaccurate data, or inadequate documentation.

- Same Day Response coordinated with lenders process flow
- Findings Report, per loan file, with full set of analyses
- Secure Digital Upload/Download or Direct Link to LOS

#### Verification, Validation, and Audit Investigation

Automated Underwriting System (AUS) Review

Borrower Identity Verification

Verification of Employment

Validation of Social Security or Tax Identification Numbers

DU "Potential Red Flag" Messages

Validation of Qualified Parties to the Transaction

Qualifying Ratios

Borrower Credit - Undisclosed Liabilities

Appraisal Validation

Property Unit Number Validation

Calculation of the LTV Ratio

Manual Underwriting of DU Refer with Caution/IV

#### **LOAN ORIGINATOR COMPENSATION – AUDIT AND EXAMINATION**

Independent review of loan originator compensation using the State Non-depository Examiner Guidelines for Regulation Z - Loan Originator Compensation Rule instituted by the Multi-State Mortgage Committee (MMC), a ten-state representative body created by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR). These are the examiner guidelines that are used as a tool for consistent implementation of the Federal Reserve Board's final rules for closed-end credit under Regulation Z.

#### SCOPE

1. Full Scope: Pre-exam completion of Modules 2 and 3 followed by completion of Module 1 through documentation review, onsite transaction testing, and interviews of institution staff or other parties.
2. Limited Scope: Completion of Module 1, excluding transaction testing and interviews, based on the institution's responses to Modules 2 and 3.
3. Limited Scope with offsite testing: Combine the Limited Scope approach with an offsite sampling of transaction documents and/or telephone interviews of institution staff or other

parties.

Module 1 consists of questions intended to guide the examiner for specific review.

Much of the checklist can be completed from a thorough, off-site review of the institution's responses to Modules 2 and 3.

Other sections require transaction-level interviews of institution staff and others.

## **BUSINESS DEVELOPMENT**

Our professionals have the unique expertise to developing business plans and financial models for mortgage loan originators. We provide all required documentation and regulatory compliance guidance to establish retail, wholesale and correspondent origination platforms.

### Procedures and Documentation: Retail, Wholesale, Correspondent Platforms

- Procedures and Documentation: New Departments and Divisions
- Regulatory compliance guidance to effectively scale up or down
- Business Plans designed to respond to market and regulatory requirements
- Financial Models to attract new capital, warehouse lenders, and investors
- Competitive intelligence gathering and analysis
- Internal efficacy evaluation to determine structural growth support
- Business process analysis to reveal gaps, risk, and liabilities
- Business process development to properly integrate new processes
- Feasibility Studies to predict effects of growth or change in market conditions
- Forecasting Models to exploit industry trends
- Sales and Marketing to clarify company brand and attract new customers
- Corporate strategy updates and on-going review of progress and new goals

## **INFORMATION SECURITY PLAN AND RISK ASSESSMENT**

Pursuant to federal guidelines, all aspects of maintaining a secure environment at the Company as it relates to the protection of Personal Information. The purpose is to establish administrative, technical and physical safeguards for Personal Information that are appropriate to: (a) the size, scope and type of business of the Company; (b) the resources available to the Company; (c) the amount of Personal Information stored by the Company; and (d) the need to ensure that the Company's Personal Information is secure and maintained in confidence. A primary goal of this Policy is to cause everyone with access to Personal Information to continually assess the security and confidentiality of information at the Company and apply reasonable safeguards to protect that information from unauthorized access.

## **FORENSIC MORTGAGE AUDIT®**

Creating awareness and preventing mortgage fraud one transaction at a time. Our industry is in need of new processes in training; lack of new processes in training leads to old mistakes. In this unprecedented



age of mortgage fraud, Lenders Compliance Group provides support services to create awareness, prevention, and detection.

## **POLICIES AND PROCEDURES**

Our Policy and Procedures are comprehensive in scope and conform to all federal, state, Agency, and HUD/VA/UDFS requirements. We also offer unique manuals that provide self-assessments to be used as part of an on-going compliance program. All policy documents are customized to the client's business model.

## **IDENTITY THEFT PREVENTION PROGRAM**

### **RED FLAGS RULE AND ADDRESS DISCREPANCIES**

Our Identity Theft Prevention Program is the most comprehensive policy and procedure manual available. It is a 36-page, fully enumerated, indexed, and tabulated document! PLUS, the Program includes dynamic forms that permit us to customize your Identity Theft Prevention Program. Off-site, due diligence review is included.

#### TABULATED SECTIONS

- POLICIES AND PROCEDURES: 36-pages, enumerated and indexed
- APPENDICES: 2 appendices for Red Flags and Alien Identification
- FORMS: 16 forms used to implement the Program
- FLOW CHARTS: for individuals and businesses
- INCIDENTS REPORT
- OVERRIDES
- UPDATES
- REVISION HISTORY
- APPROVALS

## **REGULATORY COMPLIANCE - RESEARCH**

- State and Federal Banking Statutes
- State and Federal Banking Agency Materials and Decisions
- Office of Financial Institution Adjudication Decisions
- Relevant Banking Case Law Dockets
- Mortgage Banking News and Issues
- Latest Updates for Mortgage Banking
- Banking Forms
- HUD Mortgagee Letters
- GSE Lender and Service Letters
- Federal Finance & Banking – News Releases
- Issuances of all Federal Regulatory Agencies