

National Mortgage News

MONDAY, MARCH 03, 2014 • Volume 38, No. 23

The Newsweekly for America's Mortgage Industry

Six Strategies to Cope with Reg Crisis

EDITORIAL
By Mark Fogarty



"WE'VE GONE FROM A DEFAULT CRISIS TO A compliance one."

That quote, from Steve Horne, Steve Horne, CEO of Dallas-area special servicer Wingspan Portfolio Advisors, nicely sums up the mood at the recent Mortgage Bankers Association servicing conference in Orlando. From the Consumer Financial Protection Bureau's admonitions against noncompliance to MBA officials' complaints about conflicting rules, it's clear that regulation has replaced credit risk as the industry's top worry.

So how to cope with the compliance crisis? Here are some suggestions I got from attendees at the conference:

Crunch the numbers. Use data and analytics to prevent fraud, manage risk and service

loans. "It's all about the data," says Phil Huff, CEO of vendor Platinum Data, based in Aliso Viejo, Calif., articulating the majority view at an industry roundtable *National Mortgage News* ran at the show.

Get big or get a partner. "The biggest challenge will be with smaller institutions which are going through a rapid change, both on the originations side and the servicing side," says Rick Seehausen, CEO of LenderLive, in Glendale, Colo. "Unless you have a considerable amount of scale, frankly, it will be hard to keep up-and compete." These lenders and servicers are facing a tough choice, he feels: stay, exit, or turn to service providers.

Check yourself. "Everybody's auditing now!" says Monica Orluk, a senior product manager at Fiserv in South Bend, Ind. Her prescription: "Look at your own house. Make sure everything is in order. Then you can grow from there."

Find opportunities. There still are niches where there is opportunity for growth, says

Brent Taggart, a senior vice president at Green River Capital, a manager of foreclosed properties based in West Valley, Utah. For example, "REO is slowing down nationwide, but there's an uptick in my shop," he says. "It's also possible to carve out a niche market in REO to rental."

Keep an eye on originations. "Compliance is on everybody's mind, but also volume," says Phillip Mancuso, the chief investment officer at Equity Loans in Atlanta. "Volume is starting to get so low it's a matter of concern to us. We'd love to see a little pop in volume." But he also sees lender opportunities, including expanding geographically and casting a larger net.

Mind the big picture. "The greatest challenge servicing faces is keeping it in perspective," says be Barry Hays, co-founder and senior vice president at TeleVoice, of Houston. His advice on how to do this? "Make a checklist."

My advice would be when lenders and servicers make a list for 2014, they had better check it twice. ♦