

A man with dark hair and a mustache, wearing a dark suit, white shirt, and blue tie, is sitting on a red brick wall. He is looking directly at the camera with a serious expression. To his left is a dark, ornate door with multiple panels. The background is a red brick wall.

GET READY TO Duck & Cover

By **TYNA-MINET ANDERSON**

MORTGAGE WOMEN MAGAZINE Contributing Writer

AFTER YEARS OF HANDS-OFF ATTITUDE BY REGULATORS, A NEW WAVE OF MORTGAGE ENFORCEMENT IS BUILDING. **EXPECT A TSUNAMI.**

A more “aggressive” CFPB is not just something that compliance professionals are warning about -- it is a term that the Consumer Financial Protection Bureau has started to use on a regular basis to describe its own actions. If that wasn’t enough of a red flag that regulators are ramping up, states are creating their own mini-CFPBs to become the enforcers for local consumers’ rights.

Without question, it’s time for mortgage professionals to step up their compliance game again.

The record-low rates over the last year, combined with a world-wide pandemic, led many mortgage loan originators to put some portions of compliance on the back burner as they struggled to keep up with the daily grind. Taking time for extra training on fraud or fair lending just didn’t seem feasible for someone who could barely respond to urgent borrower emails. The writing is on the wall; it’s time to make it a priority again.

FITS AND STARTS

In 2012, thanks to the Dodd-Frank Act and the formation of the CFPB, I was able to leave billable hours behind and I started spending my days

focusing on mortgage compliance. During those early days, everyone was anxious to learn more about what they could do to prepare themselves and their companies for audits.

After a few years of running to keep up with the CFPB, regulations and enforcements came to a screeching halt after the appointment of acting director Mick Mulvaney. Mulvaney was appointed, despite (or perhaps because of) his previous comments stating his desire to get rid of the agency. Once he was in charge, he effectively shut it down for several months by cancelling investigations and enforcement actions.

To be precise, there were exactly zero mortgage-related enforcement actions during his tenure. In fact, that number held steady for all of 2018. His successor, apparently, saw little reason to change anything.

In 2019, under Kathy Kraninger, we saw a whopping two mortgage-related enforcement actions that year. Even as the enforcement actions continued to increase (up 200 percent!), the punishments lacked the strength the early agency had.

ACTION EXPECTED

But the sense of ease many mortgage pros felt was somewhat short-lived, as change is now in the air. Since taking over as acting director in January, Dave Uejio announced plans for the CFPB to expedite enforcement investigations; he also announced that the agency will be expanding existing exams and adding new ones.

It seems Uejio is being especially active for someone who is just acting director; as a career government employee who is likely to be replaced soon, it is unlikely he is making such drastic changes without guidance. It is more likely that Uejio is talking regularly with Rohit Chopra, President Joseph Biden's appointee awaiting confirmation, to start moving the CFPB in the direction Chopra would like it to go.

On February 10, Uejio stated that the Division of Consumer Education and External Affairs should "redouble efforts" to assist struggling consumers. He also stated that the Division should "aggressively rebuild and repair our relationships with consumer, civil rights, racial justice, and tribal and Indigenous rights groups." In a March 1

blog post, Uejio stated that there was a need for "aggressive action" to address the housing insecurity crisis that was caused, in part, by the Covid-19 pandemic.

This is quite a tall order for an agency that was recently reduced to a shell of itself. Perhaps that is why there is also a call for more attorneys to join the ranks at the CFPB. That is right; not only are they talking about more enforcement, they are actively putting plans in place to make sure it happens. We are going to be hearing a lot more from the CFPB and it is likely to happen a lot sooner than some might have hoped.

Last year, the California Department of Business Oversight was officially changed to the Department of Financial Protection and Innovation, in a move that created the second largest CFPB in the country. It is led by Manuel P. Alvarez, a former CFPB enforcement attorney. California's updated agency is self-described as the "premier financial regulator and national model for consumer protection."

The mini-CFPB trend may not have hit your state yet, but California's statement signals to state regulators that it may just be a matter of time. In the last couple of months, we have

Rohit Chopra is waiting to be confirmed as the new head of the Consumer Financial Protection Bureau. He is expected to be much tougher on the mortgage industry than his predecessors were.

STRONGER STATES

As if a stronger, more aggressive CFPB was not enough to keep you up at night, states have also started working double time to increase their enforcement power, by way of creating their own mini-CFPBs.

The mini-CFPB idea started when Virginia created a predatory lending enforcement unit to investigate violations of consumer lending statutes. By the end of 2018, Pennsylvania, Maryland, and New Jersey had all created a similar state level CFPB.

In May 2019, New York joined the mix and elevated the mini-CFPB game by bringing in Leandra English, former CFPB Deputy Director, to work in the Department of Financial Services' new "Consumer Protection and Financial Enforcement Division." They have fined multiple settlement service providers in the last year and a half. Most recently, in March, they fined a mortgage company \$1.5 million for failing to adequately respond to a data security breach.

heard from many more Washington state brokers upset by their state audits, as well as clients reporting stricter guidelines in Alaska, Hawaii, and Oregon.

BE PREPARED

In preparation for the stricter guidelines and enforcement, you will want to ensure that all areas of your Compliance Management System are operating smoothly. Take any suggestions or guidance received from state auditors and go one step further than they ask to proactively protect yourself. Go back through old audit questionnaires and double check to ensure that you are still in compliance with your responses. Double-check your processes against your policies and procedures to make sure they line up. Review and stay up to date with your company's training schedule.

With more than 11 million people in forbearance, it is my prediction that it will not be long before the mortgage industry becomes a big target for the CFPB. Based on Chopra's experience

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Stop Talking

FOUR SIMPLE QUESTIONS TO IGNITE ACTION

By **TINA ASHER**, Special to *MORTGAGE WOMEN MAGAZINE*

A while back, I had a heated conversation with my adult son around something he had a timeframe to complete and didn't get it done, costing us both time and money to fix. He firmly stated his facts and I volleyed mine right back at him. We hung up both irritated and nothing solved. What should have been an efficient process took twice the work and energy. If I would have known then this process, I could have saved us both a lot of time and headaches.

I've seen managers do something similar. They set up a meeting, hammer out their agenda and leave without much input, feedback or next steps.

Here's the irony.

If you do all the talking in a meeting or conversation, then you should just send an email and save your breath. You don't gain any concepts, solutions, feedback or new ideas if you don't allow time for dialogue.

What I've learned from both managing



and coaching others, is there's an effective way to have meetings or conversations where you get buy-in, accountability, and both walk away rejuvenated. The best thing is it doesn't take a lot of time.

Here are four simple questions to ignite personal accountability and empower people to take action.

QUESTION 1:

What's going well? Notice it's not "How's it going," or "How are you?" You want to know what they like to do or what they've accomplished. Give them time to brag a bit. It requires more than a one-word answer.

QUESTION 2:

What's one thing you'd like to see improve? Then be quiet and listen. This gives the person an opportunity to have their voice heard, but with limitations. It shows you're interested in what disturbs them, or what things could work better. You give them an opportunity to

vent or let off steam and they feel valued. The crucial pivot.

QUESTION 3:

What's one thing you could do to improve that? Again, just listen, this might take them off guard a bit, but don't let them off the hook. This is where they take personal accountability to help create a solution rather than just complain. If it truly hinders their progress, they'll find a way to fix it. It's easy to complain, it takes thought and creativity to take action.

QUESTION 4:

What support do you need from me? Here's where you let them know you're here for them and want them to succeed and be happy. Your support conveys they're not in it alone.

When you set consistent meetings and use the same formula, it trains the other person to come prepared with a solution and to take action. You become a great listener, boss, mentor, spouse, parent, and eliminate additional stress.

Tina Asher is a coach and founder of Build U Up Consulting.

REGULATORS RAMPING UP

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with student loan and payday lenders, it may not be his first target, but it will not be far behind, especially as he looks to protect consumers who were affected by the COVID-19 pandemic and requested forbearance. In fact, as this issue was going to press, the CFPB did indeed make a really big initial move.

"Emergency protections for homeowners will start to expire later this year and by the fall, a flood of borrowers will need assistance from their servicers," CFPB Acting Director Dave Uejio said. "The CFPB is proposing changes to the mortgage servicing rules that will ensure servicers and borrowers have the tools and time to work together to prevent avoidable foreclosures, which disrupt lives, uproot children and inflict further costs on those least able to bear them."

To help homeowners who are behind on

their mortgages, the CFPB is proposing a new rule that would establish a "temporary Covid-19 emergency pre-foreclosure review period" that would essentially block mortgage servicers from starting the foreclosure process until after December 31, 2021.

It is likely that the 2008 mortgage meltdown is indelibly imprinted on President Biden's mind, so he will probably pull out all the stops to ensure that consumers' homes are protected during his term. The last thing he needs is for nearly a tenth of American households to lose their homes to foreclosure or eviction. You better believe he will be leaning heavily on the CFPB to ensure that consumers are protected.

That means it is time to refocus your compliance efforts... or get ready to duck and cover.



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