

OVERVIEW

Comprehensive support to the compliance department, reviews that highlight an institution's regulatory strengths and weaknesses.

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.

LENDERS COMPLIANCE GROUP is the first full-service, mortgage risk management firm in the country, specializing exclusively in outsourced mortgage compliance and offering a full suite of services in mortgage banking.



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LOAN ORIGINATOR COMPENSATION

Audit and Examination

Our professionals have the unique expertise to provide safe, sound, and comprehensive compliance administration services and auditing programs. The Loan Originator Compensation audit consists of:

Independent review of loan originator compensation using the **State Nondepository 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.

The MMC State Nondepository Examiner Guidelines for Regulation Z - Loan Originator Compensation Rule constitute the most explicit and comprehensive analysis of the Loan Compensation Rule, which places restrictions to protect consumers against the unfairness, deception, and abuse that can arise with certain loan origination compensation practices, generally prohibits payments to loan originators based on loan terms and conditions, eliminates dual compensation to originators by consumers and any other person, and prohibits "steering" consumers to loans to receive greater compensation.

The **Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council (FFIEC)** has approved interagency examination procedures for Regulation Z - Truth in Lending, including the Loan Originator Compensation rule.

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.