Top of Mind E-Book

CRMs with built-in compliance controls provide a happy medium to lenders stuck between a rock and a hard place

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Contents

Introduction

Devising A Smart Compliance Plan for your Business

California's Consumer Privacy Act (CCPA) took effect January 1, adding a new layer of compliance for anyone marketing to customers residing in that state. For the mortgage industry, the law's requirements overlap the Gramm-Leach-Bliley Act (GLBA) for certain types of personal information, but other data not covered by GLBA — for instance, information harvested via lead-capture forms — is still subject to CCPA. The new law joins an alphabet soup of regulations impacting mortgage marketers, from the CFPB's Regulations N and Z to the Real Estate Settlement Procedures Act (RESPA) and the Telephone Consumer Protection Act (TCPA).

With so much at stake, lenders find themselves wondering what's worse: risking penalties for regulatory non-compliance, or leaving money on the table? Customer relationship management (CRM) tools can help by providing a framework that supports the level of oversight appropriate for each organization. We've seen lenders address compliance in a range of forms, from a high level of corporate governance and comprehensive rules to more open arrangements where originators are given latitude to be innovative in how they pursue customers. Wherever your organization falls on that spectrum, devising smart compliance policies and supporting them with a tool that can help automate some of the controls goes a long way toward reducing the drag on productivity created by regulation.

Humans Will Be Human

Lenders usually respond to regulation by ratcheting down what they'll allow loan originators to do, but that approach has been known to backfire. Rules intended to reign in employees can exacerbate the same risks they are intended to prevent.

For example, a number of mortgage companies have responded to TCPA's prohibition on sending unsolicited outbound text messages by enforcing blanket bans on all text messages to borrowers. Some loan originators follow those rules, but others bend or break them. To put food on the table, loan originators, like all salespeople, must go where their customers are — and that's their phones.

When corporate controls limit originators' ability to do their jobs, it's only natural that some will begin exploring other marketing channels, like Facebook ads and online webinars. If there's no pathway to innovation within the organization, originators will find another way, often buying a solution outside the organization's enterprise technology.

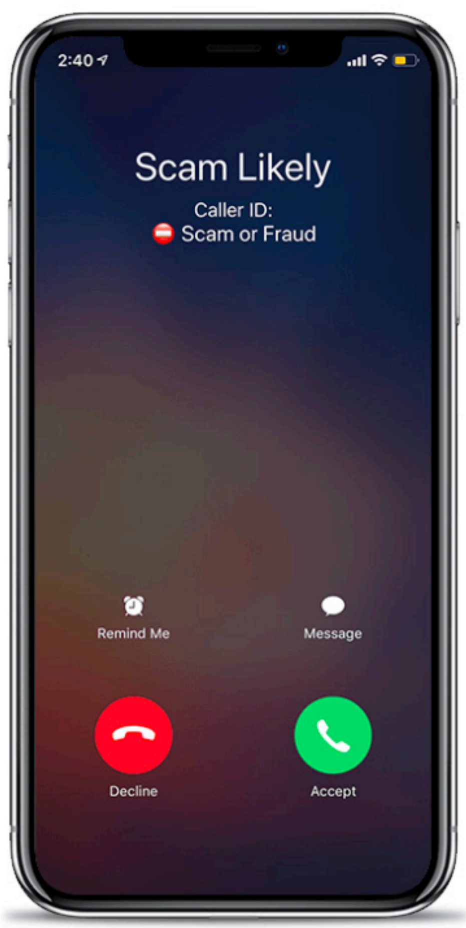
Enabling Innovation Without Inviting Risk

Originators who aren't comfortable bending the rules or finding an outside solution may simply walk away. High performers in particular are quick to leave organizations that make it hard to do their jobs. When a top producer does leave, there's a very real risk that she'll take her book of business with her — and nuke the company's customer database on the way out.

In all cases, lenders are vulnerable. Sending unsolicited outbound text messages or messages that don't include opt-out controls is both a compliance liability and a breach of consumer trust. When originators help themselves to unapproved technology solutions, the employer could end up in hot water over the lack of vendor oversight, particularly if the originator's unapproved communications involve co-marketing that violates RESPA. And when originators delete customer records, lenders don't just lose business — they also become incapable of complying with regulations that require lenders to retain records of all customer marketing communications.

We all know maintaining an innovative edge and supporting a forward-thinking culture is key to remaining competitive, but how do lenders balance that need with the demands of marketing compliance? A CRM with a well-designed approval management function allows organizations to assert control where necessary while offering leeway to the qualified, trustworthy individuals who deserve it.

Granting different individuals different permissions based on their job role, compliance history or level of experience avoids hobbling innovation while also preventing the release of marketing content that may be too creative. For instance, an individual with admin rights usually has full control over marketing collateral and the ability to approve workflows. This individual — or team, depending on the lender's structure — must sign off on all content. Other people, like graphic designers or marketing coordinators, can be granted the freedom and flexibility to create content, but will need to secure admin sign-off before it can be deployed.



With this process, lenders can enable anyone from a marketing coordinator to an individual originator to create within safe parameters. An innovative originator who's passionate about marketing and wants to create her own pieces can express her specific style or brand to better engage with her customers. On the other hand, an originator who's had multiple social media violations can be subjected to more stringent controls.

Controls can also be employed based on content types. Some content carries less regulatory risk and therefore requires less scrutiny from lenders. For example, the TCPA distinguishes between a person who is a lead and a person with whom a company already has an established relationship. For lenders, that means a rate table is riskier than a holiday card from a compliance perspective, prompting different requirements and approval levels around signoff for these two content pieces.

Maintaining an Audit Trail

A mortgage-specific CRM is an invaluable tool for helping lenders document marketing activities. To demonstrate compliance in the event of an audit, lenders must keep track of what materials were sent to whom, when they were sent and who reviewed and approved them. For materials co-branded with a referral partner, lenders must demonstrate that each co-marketing party has shared fair market value in accordance with RESPA. And in some instances, such as text message marketing, lenders must document that consumers expressly opted in to receiving communications.

A CRM that understands salesperson behavior and the importance of an audit trail will also advise customers to disable the delete function for customer records. Some CRM platforms are able to recover this information for you, but there's usually a fee for doing so.

Keeping Up with Compliance Trends

Ultimately, effective compliance is a collection of technology, policies, procedures and human actions that all work together to minimize risk and maximize opportunity. Your technology partners should be able to help you stay abreast of changes in the legislative landscape and proactively make recommendations before it's too late. Tap them for information on how to achieve compliance without creating undue strain on originators and other staff.

Mortgage companies that are not using CRM systems with industry expertise built in risk being non-compliant or leaving money on the table. Both extremes put businesses in jeopardy. Balancing the imperatives of regulatory compliance and sales growth is a tough job, but the right tools make it possible to succeed.

About the Author

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As lead product manager, Mae is responsible for building and enhancing the capabilities of Top of Mind's market-leading Surefire CRM. Mae's first major project upon joining the firm was to evolve Surefire's flyer system and single-property website capabilities to eliminate the need for administrators to create collateral manually.

Last year, Mae helped Top of Mind expand its multiple listing service (MLS) coverage to over 650 boards across all 50 U.S. states, making its database the industry's most extensive and making it easier than ever for loan officers to automate the creation of detailed, property-specific collateral for their customers and real estate partners.

Mae's work has helped the platform become the de facto industry standard for mortgage lenders nationwide. Independent mortgage advisory firm STRATMOR Group has identified Surefire by Top of Mind as the mortgage industry's #1 CRM for the last two years based on market share.

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