

# Tick, Tock, Time Is Running Out

by John Liston - May 1, 2015



For mortgage lenders, time is speeding by at a rapid rate as the August 1st deadline to comply with the CFPB's new disclosure requirements swiftly approaches. When asked this question: 'Is your organization prepared for the CFPB requirements deadline?' lenders have generally answered in one of two ways. One is: 'We think we're going to be fine.' The second is: 'We have no idea.' While the former answer appears to be considerably better than the latter, the truth is that neither answer is very good, especially with the clock running.

Lenders appear to be ambiguous on the matters of what is required of them and what their options are toward a solution. What most lenders are very clear on are the consequences that would result from non-compliance. No one wants to face costly fines, penalties or suspension of mortgage lending and no one wants to think of the impact these might have on their business reputation.

The lenders who think they are on the right track to compliance should already have seen what their disclosure documents are going to look like. They should know exactly what data is required on the docs and how it is going to get there. They should already have full understanding of what the impact of delivering the new disclosures is going to have on their lending operation. If they are employing a document delivery entity or a web service to generate the docs, they need to know exactly what the preparation, implementation and testing costs will be in both hours and dollars. They need to know if and how these solutions will impact the processing time and the cost of their mortgage loans. By now, lenders should have done at least some preparation toward compliance.

However, all is not lost, even to those lenders who not certain as to their status on the CFPB. How many games have we witnessed teams revealing their winning fortitude in the last two minutes or during their last at-bat? Much information is available as to the requirements of the CFPB and the differing approaches that are available to delivering the disclosures. A concentrated effort coupled with a measured approach in finding the right solution for August 1st and beyond can be the key to success. Lenders who look can look beyond the deadline and understand that other regulatory requirements are looming may be in a better position to choose a solution that can better prepare them for the changes that may come along.

While it is most definitely 'go time,' lenders should fully understand the impact that these new regulations will have on their operation and should apply clear thinking in their approach to finding a solution that allows them to continue their mortgage lending operation and avoid penalties, all while being cost-effective and allow them to embrace future regulations with little additional effort. Time may be running short, but it is not too late.

## About The Author

*John Liston is a part owner of ASC, and directs the development of the PowerLender LOS. He joined ASC in 1979, after working as a journalist. He has been a vital part of the development and maintenance of ASC's Loan Origination Systems for more than 35 years. John is a strong advocate of open source software and standards-based software architecture. He is ASC's primary representative to MISMO, and chairs MISMO's Business Rules Exchange Workgroup. John holds a BA in Economics from Northwestern University, and an MS in Journalism from The Ohio State University.*

