

# Ncontracts Compliance EAGLE

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The Ncontracts Compliance Management Software (aka Compliance EAGLE) is designed to perform automated compliance management. Relevant data from loan applications are processed in accordance with Ncontracts standard rule sets. These rule sets assess compliance with the applicable federal, state and local laws, rules and regulations related to Ncontracts Services.

Use of Ncontracts Compliance EAGLE platform protects lenders from compliance risk, prepares lenders for regulator exams and aligns lenders with Secondary Market investors by giving access to the same compliance engine currently used by the GSE's and the nation's top banks and secondary market investors comprising over 50% of all transactions originated or purchased.

## What is Compliance EAGLE?

**Converting the myriad of lending laws and regulations into automatically applied rules sets** - Over 10,000 pages of laws and rules at the federal, state and local levels. Violate any and your loan could:

- be rejected by an investor (as a buyback),
- be referred to a regulatory agency,
- become a case for a community protection group,
- create a Pulitzer Prize nominated newspaper story, or
- be invalidated in a court.

**Using information supplied by the borrower to check databases for mandated compliance.**

- OFAC
- Know Your Customer
- HMDA/Fair Lending
- Fraud/Risk Scoring
- Ethical/Lawful Brokers
- Exclusionary List
- RESPA Closing Fees

## Benefits of Compliance EAGLE

**Reduced Buybacks** - Investors are looking for EVERY opportunity to have a buyback in the event of a default. Documented compliance with laws reduces your exposure.

**Active Training of Users in New Laws/Regulations** - Reasons for violations are clearly displayed. Corrects the problems before the loan funds. Trains the processor/rep/underwriter in the practical application of new laws and regulations. Interactive education reduces pressure to ignore good business practices and increases training retention.

**Institutional Stability** - 100% pre-funding compliance shows investors and regulators that you care about the quality of loans you are originating and intend to be in business for the long term. You substantially reduce the likelihood that something unexpected will slip through.

**Consistent Application of Rules** - Underwriter or departmental inconsistencies are reduced. Reports notify management of problem loans.

Ncontracts **Customer Support** - 99.2% of our annual customer satisfaction survey responses rated satisfied or higher.

## **Ncontracts Services Offered**

### **Instant HMDA Review**

- **HMDA Review with Rate Spread Calculations** – Determination of validity and quality error edits. Validity and quality error codes and explanations are returned to the user. The calculated Rate Spread shall also be returned using the APR, lock date, loan term and corresponding yield based upon the published Average Prime Offer Rate (APOR) table published by the FFIEC.
- **CRA (Low/Moderate Income) Determination** – Determination of eligibility for Community Reinvestment Act (CRA) credits based on geographic, income and demographic factors. This review is especially valuable for the identification of low and moderate-income lending opportunities and potential additional revenue that may be available.
- **Census and Demographic Data Return (Instant Geocoder & Instant Geocoder PLUS XML)** – Geocode combinations which are returned to the user include: State, MSA/MD, census tract and geographic income level. Demographic data can also be returned based upon user defined loan characteristics. Data available are HUD median-family income, demographic data as provided in the published FFIEC data tables (i.e. minority-mix, household income, racial characteristics, housing stock, year built, etc.).

### **Instant MCR Review**

- **NMLS Mortgage Call Report (NMLS MCR)** – The NMLS MCR is an aggregated report submitted quarterly by mostly non-depository brokers and mortgage lenders (although state chartered financial institutions sometimes are required to prepare the report). The NMLS MCR contains no individual loan file errors. However, in order to produce an accurate NMLS MCR report that will withstand scrutiny in an examination, you need accurate loan files. Ncontracts has developed its own list of data errors that affect the accuracy of the report and are all applied as appropriate in this review.

### **Mavent Reviews (Performed by Mavent, Inc. through the Mavent Expert System)**

**Ability to Repay Calculations /Qualified Mortgage Rule (ATR/QM)** – Reviews loans for compliance with Ability to Repay requirements under Regulation Z, which include making a standard ATR compliant loan - for which the system checks whether the eight relevant underwriting factors are considered and verified, refinancing a non-standard loan to standard loan - for which the system ensures that the non-standard loan qualifies for a standard loan refinance, or making a Qualified Mortgage. If a Qualified Mortgage is made, review checks whether the loan terms are appropriate for the type of QM being made, whether the points and fees do not exceed the threshold, whether the relevant underwriting factors have been considered and verified, whether the debt-to-income and/or residual income amounts meet the required thresholds (when applicable), whether the loan is eligible for sale or guarantee to a GSE or government agency (when applicable), and the whether the loan is a higher-priced covered transaction. The review also considers whether a lender or loan is exempt from ATR requirements.

**Real Estate Settlement Procedures (GFE/HUD-1 Comparison)** – Compares the fees disclosed in the GFE to the fees disclosed in the HUD-1. Returns an exception message if the fees exceed the applicable tolerance and returns messaging if the loan review is performed within the time period in which the lender can cure the tolerance violation.

**Real Estate Settlement Procedures (Disclosure Timing)** - Verifies that the Real Estate Settlement Procedures home ownership counseling disclosure has been provided to the borrower(s) within the appropriate time period.

**Home Ownership and Equity Protection Act (HOEPA) Calculations** – Determination if loan meets the tolerance threshold for HOEPA disclosure and reporting. These thresholds are calculated both to the federal HOEPA requirements AND to all applicable state and local jurisdictions to determine if a loan violates these

laws or is at risk of becoming a predatory loan. Rather than rely on just zip code or postal city tables which often cross multiple boundaries, all loans are geocoded prior to this determination to ensure identification of the proper local jurisdiction.

TILA\_RESPA Review ("TRID"/"Know Before You Owe") – Re-calculates and verifies various disclosures that are required in the Loan Estimate and Closing Disclosure documents, and verifies that the delivery and timing rules related to those documents are met.

Truth in Lending Act (TILA) Calculations – Reviews proper classification of loans fees finance charge determination and tolerance tests and recalculates the APR. Special attention is given to the payee of the fee and affiliate relationships. The TILA review includes Finance Charge Tolerance Tests, APR Tolerance Tests, and variance warnings for APR and Finance Charge. The TILA review also verifies proper execution of the mortgage in terms of notices such as the Borrower Right to Cancel along with validation of the existence of important dates depending on the status of the loan.

**Predatory Lending** – Determination of predatory loans by applying high-cost and TILA reviews. Loans identified are passed through jurisdiction specific, anti-predatory lending rule sets. Again, these determinations are made on a census tract level in the service ensuring a very high degree of accuracy.

**State and Local Consumer Credit Law** – Review covers all state and local jurisdictions in the United States. Consumer credit laws are reviewed as they relate to loan fee limits and restriction, prepayment penalties, late fee provisions, grace periods, day counts and state specific finance charges. Historical rules, indices and information are archived to enable retrospective quality control auditing.

**Licensing Review** – Maintains on a daily basis an exhaustive nationwide database of licensed mortgage entities, including lenders and brokers. This ensures that all licenses appropriate for the relevant loan type and jurisdiction are verified and active. The system accesses the Mavent Expert system which improves broker due diligence and management by providing licensing information on a real time basis. Effective with the release of data from the Conference of State Bank Supervisors regarding the Nationwide Mortgage Licensee System Data, Ncontracts shall through a separate Mavent option provide the ability to verify licenses and registrations.

**Office of Foreign Asset Control (OFAC)** – Review compares borrower names and aliases against the applicable government "watch lists" and lender defined "blocked" list (borrowers, brokers and appraisers). Provides borrower and co-borrower social security number validation and government's Death Master File.

**Theory of Lending** – Loans reviewed by the various services also consider the regulatory body that regulates the lender and lender practices in certain pre-defined areas. This includes whether the lender is subject to a Federal Preemption of a law or regulation, Interest Exportation, Most Favored Lender and Parity, DIDMCA: Depository Institutions Deregulation and Monetary Control Act of 1980, AMPTA: Alternate Mortgage Parity Transaction Act and other regulators or applicable methods to conduct business.

**NMLS Registration Review** -- NMLS (Nationwide Mortgage Licensing System) Registration Review will verify an individual loan originator's information against the NMLS data and provide the results in the review summary. Mavent receives the NMLS registration data directly from NMLS B2B Access. The NMLS Registration Review provides review results based on the current NMLS registration data. In addition, the NMLS Registration Review may be used to test for the applicable individual loan originator's NMLS registration information on seasoned loans, with the applicable data and information at the time the loans were closed.

## **Additional Services**

**Guaranteed County Recording Fees & Transfer Taxes** - The Ncontracts System calculates guaranteed recording fees, transfer taxes and provides recording requirements associated with a loan transaction, in any recording jurisdiction throughout the United States.

**Flood PreCert** – This review provides an instant, simple, inexpensive, non-guaranteed determination of the likelihood that a property will require flood insurance. This service is normally performed upon origination of the loan for processing.

**Exclusionary List** -- The Exclusionary List is a service provided to Compliance EAGLE Users to give access to a central search repository for HUD's Limited Denial of Participation (LDP) and Government Services Administration's (GSA) Excluded Parties List System (EPLS). The user will provide all loan participants and the service will search each list and will return a warning if there is a match along with the detailed information provided by each list.

**Licensing Examination File (LEF)** – All non-depository institutions and some state licensed banks and credit unions are required to comply with state exam requirements as established by the American Association of Residential Mortgage Regulators (AARMR) as currently administered by the Conference of State Bank Supervisors (CSBS) through the Regulator Connect web site. This file includes about 200 data elements. Compliance EAGLE is certified as Regulator Connect compliant. In addition to the ability to upload an encrypted file to the site, Compliance EAGLE can also perform a review of each loan record for syntactical and quality errors to ensure that the record will not be rejected due to missing or incomplete data.

**Flood Zone Determination/Certification (*Separate Addendum Required*)** – Compliance EAGLE offers automated flood certifications through several prominent providers including CoreLogic, Lereta, and ServiceLink. Customers have the option is using one or all vendors based on their individual and investor needs which can be automated in most of our integrations. One or more separate flood addendums are required to be executed based on vendor requirements.

**TRID Compliant Loan Estimate Service-ClosingCorp (*Separate Addendum Required*)** – Provides mortgage lenders instant online access to transfer taxes, recording fees and closing cost data from more than 12,000 service providers nationwide. Data covers 30 service categories that are quoted during the disclosure process, including title insurance, settlement services, pest inspection and more. To protect lenders, the data is backed by a guarantee, which virtually eliminates any TRID or RESPA tolerance violations (subject to ClosingCorp Terms & Conditions), while providing extremely competitive LEs and GFEs.

**LoanScoreCard™ QM Findings and ATR Review** - Reviews loans for compliance with the federal Consumer Financial Protection Bureau (CFPB) rules regarding Qualified Mortgages and associated Ability to Repay guidelines.

**LoanScorecard™ Portfolio Underwriter** - Enforces rules regarding any aspect of the 1003 or credit report, outlines the documentation requirements specific to the current loan, and establishes standard practices for manual underwriting, compensating factors and exception approval.

**RELAR AVM Review** – Gives real estate owners and investors a quick, clear and accurate vision of when and at what price their property will sell. RELAR uses sophisticated mathematical methods to derive liquidity, and calculate the time it will take to reach that number. This is different than just valuing a piece of property because it specifically focuses on price and the time to reach that price. The RELAR Report, unlike other AVM models, can do evaluations on properties in the \$800,000 to \$5,000,000 range, mostly because of its ability to examine map topography details.

**ALTA Registration Review** – This review will validate that the title company is on the ALTA Registry and will return key location details.

## **4506-T Services**

- Personal review by a Ncontracts 4506-T expert to ensure that data is properly provided before the expense of the service is initiated.
- Faster turnaround through reduction in resubmissions to the IRS.
- Rush service to the IRS included at no additional charge.
- Orders processed same day up to 8:00 PM Eastern Time (5:00 Pacific Time).

- No charge for resubmissions caused by Ncontracts error.
- Web Verify ordering and tracking service.
- Complimentary customer support and IRS dispute resolution services.
- Automated distribution of completed transcripts within 10 minutes of Ncontracts receipt from IRS.

### **SSA-89 Services**

- Personal review by a Ncontracts SSA-89 expert to ensure that data is properly provided before the expense of the service is initiated.
- Instantaneous turnaround once pre-review is completed.
- Rush service included at no additional charge.
- Orders processed same day up to 8:00 PM Eastern Time (5:00 Pacific Time).
- Web Verify ordering and tracking service.
- Complimentary customer support.
- Automated distribution of completed verifications and free certificate for borrower loan file and documentation purposes.

### **Employment and Income Verification Services**

- Standard Service
  - Independent validation of employer
  - Request verification from authorized representative
  - Maximum # of attempts: Four (4)
  - Prompt delivery of verification results
  - Deliverable:
    - VOE/VOI or Call Log
    - VOE/VOI to include: Verifier's name, position, signature, date
    - Independent validation data
- Plus Service
  - Includes services within 'Standard'
  - Quality Control of each verification by a senior verification processor
  - Errors/omissions immediately remedied with employer
  - Resolve discrepancies with borrower provided data (W-2, paystub, etc.)
  - Maximum # of attempts: Five (5)
  - Deliverable:
    - Completed VOE/VOI or Call Log
    - VOE/VOI to also include: Data in fields 9, 10, 12 or 12A, 12B, D (see appendices D-F)
- Premium Service
  - Includes services within 'Standard' and 'Plus'
  - Customizable forms and reports\* (minimum volume requirements)
  - Clear UW conditions\*
  - Meet investor/funding guidelines
  - # of attempts: Until final verification is obtained or customer cancels order
  - Deliverable:
    - Data in fields as determined by customer

If you'd like to know more about the Ncontracts Compliance EAGLE integration available in PowerLender, please call us at **800-628-4687** or visit us online at **[www.powerlender.com](http://www.powerlender.com)**.