# IT'S THE END OF THE WORLD AS WE KNOW IT

**The industry must brace itself not only for what regulators may do, but what the public is demanding. Change is inevitable.**

BY SUE WOODARD

"It's the end of the world as we know it."
— R.E.M., 1987

How many times has that thought run across the minds of those of us in the mortgage industry since 2008? That line seems to capture how a lot of people feel about the recent presidential election.

Whether you're keeping an open mind or you fear we're headed for disaster, one thing is for sure: change is upon us. We don't know what the coming changes will look like, but whether or not they'll be regarded as positive depends largely on how we handle them. It would be foolish to speculate broadly or too specifically about what the new President will do once in office - just ask the pollsters and pundits who woke up with their heads spinning on November 9th. But both candidates spoke loudly of policies that need to be updated, redesigned or completely dismantled.

The widespread election of Republicans at the national and state levels

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signals that the Dodd-Frank Wall Street Reform and Consumer Protection Act will be a target; it's been on the (now) ruling party's radar practically since the drafting phase. The mortgage industry may be in for changes TO the changes we're still mastering and adjusting for. Lawmakers aren't the only ones the mortgage industry must obey, for the consuming public is our ultimate boss. The industry must brace itself not only for what regulators may do, but what the public is demanding. Change is inevitable in business, but profitability and survival really depend on how those changes evolve.

It took years to enact aspects of Dodd-Frank, like the TILA-RESPA Integrated Disclosure Rule (TRID), and whatever changes may come are likely far in the distance, meaning that widespread lender relaxation of compliance policy and procedure is not advised for obvious reasons. Companies and originators have been experimenting with all sorts of technology for marketing and compliance with varying degrees of success. The fear of Consumer Finance Protection Bureau wrath has mellowed of late and doesn't dominate the industry dialogue as it once did. But canvass the nation and you'll find a veritable mélange of systems and tools in use at different companies and branches to manage compliance and marketing. Companies must take a realistic approach to compliance and the diverse needs, attitudes and willingness of MLOs to adopt mandated technologies. Communication and leadership is as important as the technology choice itself, and implementation won't be successful without buy-in from those affected

The need for new technology to manage business is well understood, however the entrepreneurial nature of the humans who originate loans must be understood as well. Management can't assume that change – even if necessary – will be embraced. One size doesn›t fit all for top, mid and lower-range producers, and neither does one announcement or approach to getting the rank and file in line with what needs to be done. Dodd-Frank is still on the books for now and regulators have been nipping at our heels for years, but another key to our success and survival is also hard for lawmakers to keep up with: the digital age.

"The digital mortgage" has displaced "compliance" as the top of mind concern in virtually every area of the mortgage industry – and the public is clearly ready for it:

>> 89% used some form of online technology to help them with the homebuying process

>> 76% feel technology made them a smarter homebuyer

>> 69% said technology made them feel more confident

These figures were compiled by Versta Research in a survey of homebuyers commissioned by Discover Home Loans, and the Federal Reserve Bank recently released its 2016 Consumer and Mobile Financial Services report showing that 87% of adults are using mobile technology and 43% are using their devices for banking services. The public is comfortable managing day-to-day household finances on mobile devices, and those transactions and records tie directly to the larger, more occasional act of getting a home loan. Since big and small lenders alike can execute digital mortgages, the fears that jobs will disappear and that the need for loan officer expertise will diminish are real. But there's consolation in the Discover survey for the humans working in mortgage:

>> 67% of homebuyers said after using apps and the internet to explore real estate and financing, they still preferred to work with a professional

>> 33% of respondents found the financing process difficult

>> 31% of respondents found the financing process confusing

Feelings of panic over the rise of the digital mortgage are really the result of thinking that it's "all about us" in the industry versus the borrowers we serve. As bosses go, consumers are tough:

>> Have you ever applied for a job where you were abundantly qualified, aced all the interviews, jumped through every hoop and still didn't get it - like when you incubate a prospect through credit repair, mortgage planning and pre-approval, but they close with another lender?

>> Have you ever worked for someone who's tough to please - like a borrower who took personal offense at

what’s required to get a mortgage and was convinced their experience would have been different with another lender?

>> Have you ever completed a difficult task only to have the way you approached it dissected and criticized - like getting a loan closed against all odds and getting attitude instead of gratitude from the client?

Consumers don’t always know what they want, but they easily and eagerly opine about what they don’t. And unfortunately, we usually find out what those things are after a transaction is closed. Being the best has always been a challenge, but how do companies and MLOs win in a supercharged regulatory and increasingly digital environment? The Federal Reserve Bank and Discover reports reveal an attachment to the human element in addition to a growing appetite and demand for digital services and 24/7 access. Success in the next era of lending will require an understanding of how to deliver what consumers want - and deploying technology to deliver it when and how they want it. As professionals, companies and MLOs need to self-examine:

Automate. What's your process from contact to close? What tasks can be handled by automation - or digitized - keeping in mind that quality still counts? For example, a lot of marketing can be set on autopilot, but the messages must be current, relevant and motivate prospects to action

After taking a thorough, honest inventory, update your process - and your thinking. Next, figure out how much time and manpower you will save by deploying technology when it makes sense. There's a bright side beyond surviving in this increasingly digital world: we can generate analytics and derive crucial insight on the things consumers need and find important that we previously never dreamed of. Around the clock access to their transaction and the metrics on usage will reveal how often borrowers feel the need to check in on their loan›s progress…they'll log in a lot more than they would otherwise call. Digital access also means answers will be delivered without MLOs having to take calls or answer emails. Decide how you›ll use your freed-up time to elevate your service

Elevate. Decide what's important and be there for it live. Whether it's a call or face-to-face meeting, MLOs can spend the time to do what online mortgage calculators and websites can't. Things like offering specific, expert advice on what a borrower can afford - not just qualify for, calming nerves over credit dings, reassurance about the benefits of homeownership, and counseling on reserves, household finances and how to manage the massive, multi-year commitment of a mortgage.

Change brings opportunity. We don't know if a new presidential administration will declaw or dismantle Dodd-Frank, but we do know that innovation and technology are juggernauts that don't care who the President of the United States is - or what political party is in control. The mortgage industry must never lose touch with the borrowing public, even if it feels like the digital trend is depersonalizing the service we provide or diminishing our importance. Companies and MLOs who embrace this progress will evolve and thrive in the next era of lending. When we acknowledge the things we can't control, and carefully consider and respond to the signals and needs of the consumers we serve, the concept of "making it up as we go along" manifests as real, positive evolution.

There’s a lot going on in the mortgage industry and our country. With open minds and a connection to why we got into and stay in this business, we just might reach the conclusion that R.E.M. did in the last line of their '87 hit "I feel fine." ❖


**About The Author**

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