

More Documents?

Many people get frustrated at the amount of documentation required to secure a home loan. We in the industry wish it wasn't necessary but, unfortunately, it has become necessary for the good of all...

As you are probably aware, the United States suffered a collapse in their Real Estate markets starting in 2008. Many argue the collapse in the US Real Estate market was the catalyst that caused the "worst financial crisis since the Great Depression" (Richard Cordray, Consumer Financial Protection Bureau). Large investment companies and Banks suffered severe losses in their Real Estate investment pools. Some like Lehman Brothers, which at the time was the 4th largest US investment bank, filed for bankruptcy protection as a direct result of the collapse in the US economy. The US Government also suffered tremendous losses as it attempted to ease the effects of the collapse. These losses fell onto the shoulders of the US Tax Payers.

The US Congress, along with the Executive Branch of the US Government sought to reform the financial services industry and reduce the likelihood of a reoccurrence. The Wall Street Reform Act and Consumer Protection Act (commonly called the Dodd-Frank Act) signed into law on July 21, 2010 brought the single biggest regulatory reform since the Great Depression.

While there were many issues addressed in Dodd-Frank, one item of particular note was mortgage fraud. During the run-up of the Real Estate markets from 2003-2007, bad actors were falsifying documents and laundering monies through the Real Estate market. These bad actors included lenders, title companies, and Real Estate investors who could profit by exploiting loop holes in the lending industry without ever intending to repay the loans to their investors.

The stories are too numerous to expose in this short article, but suffice it to say that fraud, intimidation, and deceptive lending practices were being exploited by a few bad actors seeking to profit from the lack of controls and the lack of enforcement of financial regulation in the US.

To understand what is going on in today's lending environments, we can look back to an analogous event in US history that brought about tremendous Congressional reform. That event occurred on September 11, 2001 when 19 bad actors flew large commercial airliners into major US landmarks. On September 11, 2001, the 19 bad actors were a very small percentage of airline travelers for that day. However, their actions were devastating to thousands of people that lost their lives that horrific day, to their friends and family members who suffer from their loss, and indeed to the entire American public who felt a loss of innocence from that terrorist attack. Since that day airline travel security has evolved to be tighter than ever before. To ensure safety to all, Americans are giving up some of their freedom and, frankly, be treated as if they are a potential terrorist to ensure safer passage for all. Generally, we are OK with this to protect the greater good of everyone.

Similarly, lenders today must perform extraordinary due diligence checks on all documents delivered as part of a mortgage application. These due diligence checks will often sound offensive to the consumer and without explanation can seem like your lender is calling you a liar. Just as the Transportation & Safety Administration isn't calling you a terrorist (as they search for what terrorists might carry), lenders are not calling you liars or perpetrators of fraud (as they search for what perpetrators of fraud might do). We are trying to help the US Government minimize the possibility of a future collapse in the Real Estate industry that caused the "worst financial crisis since the Great Depression" by reducing the possibility of fraud being perpetrated on America's financial institutions.

With the rules and regulations that have come out recently, it is even more important to have a strong, solid working relationship with your loan officer who will explain why lenders are requesting information and will help you navigate these regulations with as minimal impact as possible. Sometimes knowing the "why's" and knowing that you are helping keep America safe from financial terrorists will evoke a willingness to help us help you. Your professional loan officer is there to assist you to get into a loan, not punish you for trying to get into a loan. With proper explanation and careful planning, your professional loan officer can keep your tasks to a minimum and keep you from having you go back and forth to gain the information needed to secure your home loan.

The Mortgage Bankers and Brokers Association of NH (MBBA-NH.org) offers assistance in finding a highly qualified, local, competent loan officer through their Certified Mortgage Professional (CMP) designation. CMP's from the MBBA-NH have demonstrated their dedication to their profession and to the clients they serve.

For a complete list of CMP's from the MBBA-NH, please go to www.cmpnh.org.

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