



# Taking Tedious Out of Training

## 2006 National Residential Underwriting Conference

Jeanne DeLormier, Rachel Dollar, Don Effertz &  
Mike Stuckey

# Thank you for the opportunity..



- Norm Edwards, Senior Director of the MBA, for providing the venue
- Interthinx for producing FSI and providing copies to lenders at no charge
- Fellow panelists for their time and dedication
- And all of YOU!



**When to use (or not use) the**

# “F” Word\*

(\*Hint: Don't - unless you are  
a trained professional!)

**Jeanne DeLormier**

Vice President & Chief Credit Officer  
Liberty Home Lending

# Do's & don'ts when “Something just doesn't seem right...”



- **DON'T** accuse anyone
- **DON'T** Discuss with everyone
- **DON'T** Label it as “Fraud”
  - Remember, innocent until proven guilty
- **DO** call it one of the acceptable names
  - ‘APPARENT’ or ‘POTENTIAL’ MISREPRESENTATION
  - DISCREPANCY
  - INCONSISTENCY
- **DO** Refer it to the proper area = Quality Control Investigators
- **DO IDENTIFY IT PROMPTLY**

# If you suspect something... have established steps to take



What do they do? Who do they go to?  
**MAKE SURE THEY KNOW!!**

Have a **SEPARATE** identified group  
to handle investigations

Make sure everyone in your organization  
knows how to refer a **SUSPICIOUS**  
item or event!

*An ounce of prevention is worth a pound of cure....*

# What about Pressure?



- **Sales**
  - Volume
  - Promises
  - Relationships
- **Production & Management**
  - Volume
  - Goals
  - Growth
  - Staffing



# Dealing with Sales Pressure

## Strike the Right Balance:

- Stress Quality
- Training
- Understanding of Laws & Restrictions
- Continued Gainful Employment
- Repeat Business

**I don't look good in stripes.....**



# Dealing with Management Pressure

- **Profitability**
- **Repurchase Risk**
- **Reputation**
- **Licensing**
- **MARI, etc.**
- **Regular Reports & Meetings**
- **Prove how much you SAVE**





# **Education** - It's Not Just for Lenders Anymore

**Rachel Dollar**  
The Dollar Law Firm

## Ameriquest - \$325 Million Settlement

### L. Appraisals.

1. *Conducting Appraisals.* The Ameriquest Parties shall take reasonable steps to ensure all Appraisals are accurate, that appraisers do not inflate property values and that no employee of an Ameriquest Party attempts to influence the development, reporting, result or review of any Appraisal or otherwise interferes with an appraiser's professional duty to perform the Appraisal impartially, objectively and independently.

- **Consent order with Pennsylvania**

WHEREAS, instances of fraud occurred in the Eastern District of Pennsylvania in connection with certain mortgage loans originated by Option One. An investigation by the U.S. Attorney's Office discovered that independent mortgage brokers had, through several schemes, committed significant fraud in loans they submitted to Option One. The fraud included inflated appraisals, fictitious charitable grants for borrowers to apply toward down payments, misrepresentations concerning cash brought to closing, and excessive real estate broker's commissions which were used to recoup the funds that mortgage brokers had provided to borrowers for such down payments.

WHEREAS, in response to the U.S. Attorney's Office initial inquiry, Option One began an immediate and comprehensive review of its policies and procedures related to fraud detection and prevention. The review led Option One to revise and enhance many of its then current fraud-related policies and procedures, as well as to create significant new policies and procedures.




- **Cease and Desist Order in Georgia**

**Specifically, Argent was ordered by the Department to:**

1. Develop and implement policies, procedures, and practices which will ensure compliance with all applicable Georgia Laws and Regulations.
2. Ensure the licensed broker/lender with which they are doing business has a valid license.
3. Report to the Department if a Georgia licensed broker/lender is involved in suspected mortgage fraud.
4. Adopt best practices on fraud prevention and detection.

# What happens?...

- 
- **...when Law Enforcement or Regulatory Agencies receive reports of Mortgage Fraud?**
    - Who is reporting?
    - Who are they blaming?
    - What are we doing to change it?


# Education of Law Enforcement & Agencies is Paramount

- 
- **Why is it in the industry's best interests to educate law enforcement and regulatory agencies?**
    - Lender's perspective
    - It's all in the documents if you know what to look for
    - Educated Law Enforcement is effective law enforcement!

# What they typically don't understand...



# Employing Novel Techniques

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- **Mortgage Lending can be confusing and dry – ESPECIALLY to those outside of the industry**
    - Hands on training
    - Explanation of roles of parties and industry procedures as well as fraud schemes
    - Utilize fun techniques and engaging materials



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The information contained in this presentation is for general informational purposes only and is not intended and should not be construed as legal advice. Please consult an attorney for advice and assistance with your specific legal questions and situations.



## Training and Technology

# Getting the Right Mix to Equip Your Team

**Don Effertz**

**Vice President of Industry Relations**



# Potential Solution Life Cycle

- Product testing
- Selection process
- Integration
- Implementation
- Roll out
- Frustration
- Results ignored
- Use is diminished
  - Then ceased
- Solution removed
- Fraud reestablishes foothold

- **Technology AND Training**
- **Tool should be intuitive but....**
  - **May seem so to some**
  - **Will NOT seem so to most**

- **Detailed automated training on the selected prevention solution**
  - **How to deposit information into the solution**
  - **How to generate scores the correct way**
  - **How does it work**
  - **How to interpret and research scoring results**

- **Detailed manual training on procedural issues**
  - **What is fraud?**
  - **FSI**
  - **Escalation procedures**
  - **Procedural steps if fraud is detected**
  - **Audit protocols**

- **Enterprise-wide education on fraud prevention**
  - What
  - Why
  - How
  - When
- **Potential impact if prevention steps are not taken**
  - Lower or no annual pay increases
  - Lower or no bonuses
  - Adverse impact on health of the enterprise

- **Any training efforts must be broad-based**
  - **Production/originations**
  - **Servicing**
  - **Risk**
  - **Secondary marketing**

**The first line of  
defense is a  
well-trained and  
well-informed  
workforce!**



fraud protection you can bank on

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# Best Practices for FSI

**Mike Stuckey**  
Director, American General Finance



- **Have a “Train the Trainer” session**
  - a trainer for all locations
- **Use a trainer/moderator to show the film**
  - a trainer can make it fun and memorable
- **Make fraud training a part of your formal training program**
  - ongoing and continuous

- **One lender is adopting FSI for their 2007 training plan.**
- **ALL employees will be required to watch the film.**
  - **screenings offered during 1 week**
- **The individual red-flag chapters will be placed on their intranet.**
- **Employees will have a certain period of time to watch all of the chapters and take the online test.**
- **Results will be sent to appropriate supervisors**
- **This will be a requirement for all new hires going forward.**

- **Use the pause button to call out certain “clues”**
  - a trainer can lead the trainees to where we want them to go
- **Use the Red-Flag Chapters for ongoing periodic training**
  - monthly or quarterly updates to refresh memories
- **Utilize the online test**
  - reinforces the learning experience
  - measures learning retention
    - ◆ trainers, supervisors, etc can be copied on the results

- **No trainers available?**
  - **Get a copy for all branches or locations**
    - have a copy of DVD in each location for individual use
  - **Have them take the online test**
    - documents they understand the material
  - **Track the online test performance**
    - you get what you inspect not what you expect
  - **Training can serve as a deterrent**
    - quote of the day-

*“Show to all newly hired AEs. From day-one they will know that we are watching, and we are serious”*

- Use the “F” (Fraud) word judiciously in the workplace
- Foster “proper” team work between underwriting/production staff
  - we are all on the same team
- Use FSI to work with your local authorities.
  - Everyone needs “education” and effective tools
- Balance training and technology
  - as Marty Masters from FSI would say:  
*“There is no replacing the well trained underwriter and good automated tools. We need both!”*

**Last and Most importantly...**

**BE COMMITTED**  
and *HAVE FUN*

Go to [www.FSIMovie.com](http://www.FSIMovie.com) to order  
*additional copies*

# Questions?

# Thank you

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  - The Dollar Law Firm, PC
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