

MARQUIS

2019 Marquis User's Conference Compliance Takeaways

DAY 1

All Day Session – CenTrax NEXT – Making CenTrax NEXT Work for YOU

- Have you scheduled your Institution's Conversion? If not, please contact Madison Smith or Mark Madeira at 800-627-5388 or via email csupport@gomarquis.com.
- Two hands-on Training Classes are still available in 2019 (November 12-14 or December 9-11). You can register for these or any future classes within the Calendar on our Website: www.gomarquis.com. Please continue to check the Calendar for upcoming 2020 Training Classes.
- Within the secure portion of our Website (www.gomarquis.com) under CenTrax NEXT eLearning, there are currently 10 Videos to view at your leisure, with 3 more additions coming very soon.
- Did you know we have a Professional Services Team on staff? We know firsthand what it takes to succeed in the compliance world. Our team of seasoned consultants has real-life banking and exam experience, and you'll work closely with them as they pull, analyze and interpret reports; conduct regulatory assessments; provide regulatory education; scrub/audit your HMDA & CRA data for data integrity purposes; write your Performance Evaluation; work with you to assess your Fair Lending Risk; and much more. Please contact your Relationship Manager to scope out a project like these; OR any other Compliance projects you may have on your to-do list. We're here as your partner!
- Do you have enhancement or report requests for CenTrax NEXT? Please email your Relationship Manager and they will submit your requests into our Idea's Portal.
- CenTrax NEXT enables you to execute best practices for your HMDA and CRA data integrity reviews and be exam ready.
- CenTrax NEXT allows you to take a deeper dive into your data and take action through a formalized fair lending management program.
- CenTrax NEXT offers new reports and dashboards. For example, our Pricing Snapshot identifies potential pricing disparities.
- The mapping feature within CenTrax NEXT will allow you to plot your loan activity and understand how it corresponds with your branch footprint.

DAY 2

Session 1 – Rod Alba – The Four Tentacles of HMDA

- New Data allows regulatory agencies to develop sophisticated and more comprehensive data screening, data mining, and statistical modeling routines that can be applied uniformly across all lenders allowing more effective targeting of institutions with potential elevated levels of fair lending risks.

- It is important to understand your data and story as the public, regulators, and advocacy groups now have access to underwriting and pricing decisions and can easily create and point out disparities.
- Understand the potential for additional protected class groups based on the expanded race and ethnicity categories as well as age groups.
- Regular monitoring of pricing, underwriting, and redlining risk is a must as well as separate assessments to identify possible anomalies from the expanded data fields. Be prepared and understand your data before someone else does.

Session 2 – Austin Brown – Fair Lending - Digital Marketing and HMDA 2018

- With institutions increasingly engaged in digital marketing, such as using social media, online ads, websites and videos, this can cause a digital divide for access. For instance, 10% of American adults don't use the internet. Further broken down, the highest percentage of US Adults not using the internet by Age are 65+ and the highest percentage of US Adults not using the internet by race/ethnicity are Black. While a benefit of digital marketing is cost-effectiveness, both disparate impact and disparate treatment are very real compliance risks of the platform.
- More than ever marketing & ad placements need monitoring and control regarding what the data tells us, especially as alt data from differing platforms is developed to mirror our ideal customer i.e. Big Data.
- "Credit invisible" populations & data deserts are some Compliance Risks.
- Per the CFPB, Aggregate HMDA data released 8-30-19 shows minority borrower lending improvement.
- Non-conventional application borrowing falls across all racial and ethnic groups.
- Remember to understand both the benefits and the risks of digital marketing. These tools allow matching customers to in-market populations.

Session 3 – Rick Freer – Impacts of HMDA on CRA

- Don't forget about Marketing Strategy when it comes to CRA! Are you responsive to the credit needs of economically disadvantaged geographies, low/moderate – income persons, and small businesses?
- Extra, Extra, Read all about it!! Your HMDA LAR is easily obtainable. You no longer know who has gotten it, as it is freely available now for your customers, regulators, general public and advocacy groups.
- How does your strategic plan and objectives compare with your CRA story? Have you considered (1) marketing initiatives and their impact; (2) previous and upcoming merger/acquisition and purchase activity; (3) alternative delivery systems; (4) LPOs; and (5) third-party relationships?
- Can you confidently defend your data and your story? If not, what will you do to improve your data or change to make improvements with your performance?

Session 4 – Michael Wallace – Redlining – Implications of Fair Lending and CRA

- Understand your assessment area and reasonably expected market areas. Use caution when delineating less than a full county and don't forget about LPO activity.
- Where are your branch and LPO locations, and how does that compare to your activity within MMCTs to NMCTs?
- Lending evaluations should include comparisons to similarly-situated peer institutions, as well as volume-based adjusted aggregate lending having origination volume between 50-200% of your lending volume or a volume range tailored to better fit in your analysis.
- Are you accepting deposits and providing loans to MMCTs? Or are you only accepting deposits from MMCTs and providing loans to NMCTs?

Session 5 – Tracy Grooms – Compliance Management Systems and Exam Management

- Understand who your customers are and what types of services you are offering to the communities you serve.
- What are the rules you must abide by, and how do those rules look today compared to yesterday? How are you monitoring regulations, rules, requirements?
- Does your Compliance Management playbook consider all state and federal requirements? Is your playbook complete with policies, procedures, and training, monitoring and self-assessment routines?
- Understand and know your story as well as be proactive with remedies when things don't go as planned rather than focusing on fault.

Session 6 – Curtis Manley – Don't Punt on Fair Servicing

- Fair Lending Laws such as ECOA apply throughout the life of the loan, including servicing.
- Multiple decision points in loss mitigation space make disparate impact analysis more complex than the origination process.
- Demographic analysis and collection can be challenging, however proxy methods such as BISG can aid in obtaining this information so analysis can be conducted.
- Remember that a good Fair Servicing CMS is not just limited to considering loans, loss mitigation, and the lending process. Ancillary products, such as debt cancellation, credit life protection, etc., all pose disparate impact risk as well as UDAP risk.