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# Understand Compliance — Then Promote It

Your loan platform often is key to tying these elements together

Simple-but-effective use of technology can help mortgage brokers turn recent regulation changes into new business. Before you make any platform- or software-related move and use it to market yourself as a broker with high standards, however, you must understand and follow the new rules, including those set forth by the Secure and Fair Enforcement for Mortgage Licensing Act — aka, the S.A.F.E. Act.

## Inside the regulation

Among other things, the S.A.F.E. Act implemented a requirement that loan originators be licensed by their state and register with a national database unless they work for federally regulated depository institutions or subsidiaries. Originators who work for depository institutions don't need a license, but their employers must enter them in the national database. All originators — regardless of where they work — also must obtain a permanent identification code for electronic tracking of all loans they originate.

In light of compliance challenges — and competition from those who don't face the same licensing requirements — brokers must do everything they can to manage and grow their business.

One of the biggest requirements of the S.A.F.E. Act was the mandate that all loan originators be properly licensed, registered or both and that their identifier codes appear on residential loan applications. Fannie Mae has changed its 1003 uniform loan application (form No. 65 for Freddie Mac) with this in mind.

The new 1003 — already available but not required by Fannie Mae until July 1 — contains fields at the bottom of Page 4 to capture identification information, including identifier codes, from the loan originator and loan originator's company.

Part of the S.A.F.E. Act's intent was to reduce fraud and protect consumers' interests. By requiring a single federal database of loan originators, industry offenders will find it harder to shield criminal activities by changing states to escape detection.

Then again, we can't attribute all fraud to intentional acts. Much of it is inadvertent, the result of mistakes made by uneducated industry participants.

To help alleviate those mistakes, the S.A.F.E. Act requires 20 hours of initial education and eight hours of annual continuing education for mortgage brokers and loan originators not working for a federally regulated depository institution or subsidiary.

## S.A.F.E.-related marketing

One way mortgage brokers can use licensing and testing to their advantage is by marketing themselves as top-notch professionals who have met the highest industry standards. You can do this by looking at popular loan platforms and selecting one that best fits your business. Your platform should:

- **Be user-friendly;**
- **Offer customizable security and accessibility;**
- **Provide electronic document storage;**
- **Include mandatory compliance updates; and**
- **Incorporate marketing tools.**

Marketing represents one of the most important aspects of growing your business. Moreover, you often can accomplish your marketing goals easily and inexpensively if you have the right tools. In many cases, that means using your chosen technology platform to let people know about your business.

You also can use your current contact list or purchased lists to send mail or e-mail correspondence. Any technology platform you select should create marketing materials such as letters, postcards, e-mails and brochures promoting you as mortgage broker who upholds the industry's newly minted high standards. ●

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