Mind the Gap - Risk and Compliance in Non-Agency Lending

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Moderator:

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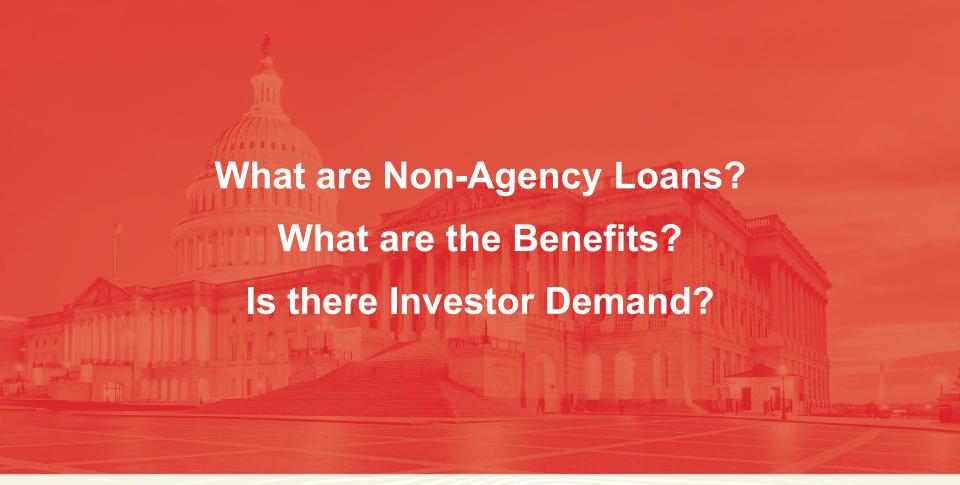
Panelists:

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Many Varieties of Non-Agency Loans

DSCR

Foreign National

Bank
Statement/
Self Employed

Asset Depletion

Interest Only

Non-Conforming Construction

Bridge Loans

Asset Qualifier

Negative Amortization

Fix and Flip

ITIN

Unwarrantable Condo and Coop

Non-FHA Reverse

P&L Qualifier

Home Equity/HELOCs





Federal and State Regulations

- Exemptions for Certain Product Types
- Licensing Considerations
- Consumer Protections
- Specific Examples



Risks in Non-Agency Lending

- Appraisal Fraud: Areas being Targeted and Appraisals being Inflated
- Individuals Obtaining Loans but Closing in LLCs; LLC Bankruptcies Do Not Impact Individual's Credit
- Bad Actors / Straw Buyers
- Fraud: Sophisticated Fraud Networks (e.g. Baltimore, New York, New Jersey etc)
- Occupancy Fraud
- ITIN Challenges
- Foreign National Risk and Visas
- Reverse Lending Risks
- Fair Lending Risks Today
- Other







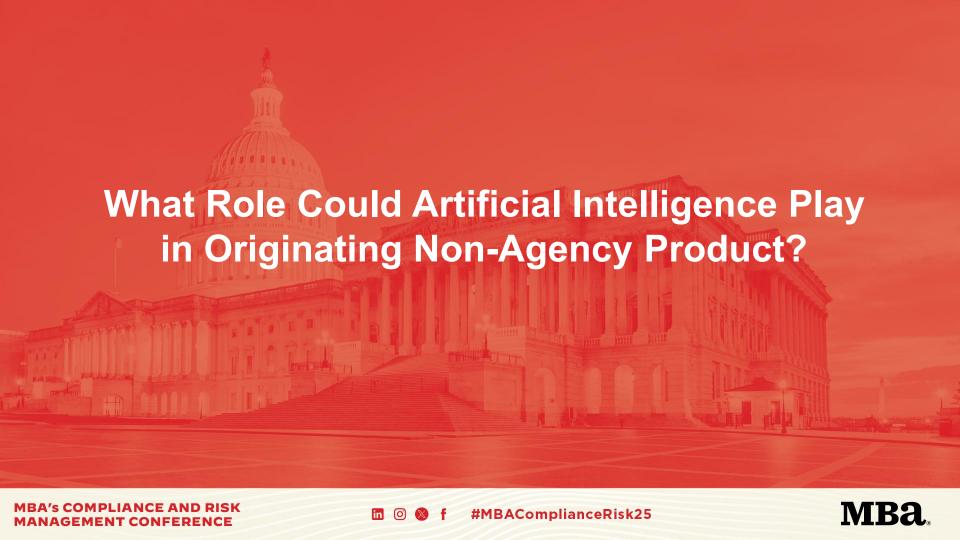


Risk Mitigants and QC Measures in Non-Agency Lending

- Review Any Notifications from Investors on Fraud Trends Identified, Know If You Are Doing **Business With Any Parties Identified**
- Conduct Research on the LLC that is Going to Hold Title
- Utilize Pre-Fund Audits To Conduct Target Reviews for High-Risk Loan Programs or Components of a Loan Program
- Run Searches on Applicant's, Self-employment Businesses
- Use Research Tools to Validate Loan Information
 - Websites, Google, Fraud Tools
- Use Phone Numbers and Emails Obtained Through Research to Conduct Re-Verifications
- Conduct Searches on Proposed Tenants
- Review Loan File Documentation to Support Occupancy
- Role of Partnership. Create a partnership with Credit, Underwriting and Sales Teams
 - Share fraud trends in real time
 - Assist with implementing best practices to reduce the risk
- KNOW YOUR DATA...MONITOR, TEST AND TWEAK







Role of Artificial Intelligence

- Lead Generation
- Underwriting
- Other Fulfillment
- Inherent Bias Claims
- Quality Control Capabilities
- Compliance Checks





Other Considerations in Non-Agency Lending

- Production Channels for Originating this Product
 - Retail
 - Broker Wholesale
 - Consumer Direct
 - Correspondent
- Effects of Trigger Leads Legislation
- CFPB / State Examinations







Contact Information and Resources

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Interested in Participating in the 2026 Non-Agency Lending Peer Group Survey and Roundtable?

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