

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

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## Panelists:

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# What are Non-Agency Loans?

## What are the Benefits?

### Is there Investor Demand?

# 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



# What are the Federal and State Regulations for Non-Agency Product?



# Federal and State Regulations

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



# Risks and Fraud: What to Watch Out for?

# 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



# Mitigants: How Can Lender Reduce Risks? Perform Quality Control?



# 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



# What Role Could Artificial Intelligence Play in Originating Non-Agency Product?

# Role of Artificial Intelligence

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



# Other Considerations



# 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



# Audience Q&A

# 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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