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QuestSoft Survey: CFPB Regulations Rank as Lenders' Top Compliance Concern for Third Straight Year

LAGUNA HILLS, CALIF., May 15, 2014 – The Consumer Financial Protection Bureau's (CFPB) mandates and deadlines still dominate lenders' top compliance concerns, according to QuestSoft's eighth annual compliance survey.

More than 500 lenders responded to the 2014 survey, with 62.2 percent ranking the Qualified Mortgage (QM) rule as a high concern. Lenders also cited other CFPB rulings including Ability-to-Repay (ATR) violations (57.2 percent high concern) and the combined Truth in Lending (TIL) and Good Faith Estimate (GFE) disclosure forms (54.8 percent high concern) as top concerns.

CFPB-related rulemaking has captured the top spot in the survey every year since 2012, the first survey year available following the creation of the regulatory body. Interestingly, survey respondents also expressed concern for CFPB rules that have yet to be finalized or publicized. Recently introduced discussion points for proposed Home Mortgage Disclosure Act (HMDA) changes (57.5 percent high concern), and other CFPB-related rulemakings (47.7 percent high concern), both outscored any non-CFPB category.

"Compared to last year's survey, lenders appear more weary than ever of the CFPB's rules, as non-CFPB issues are seen as increasingly lower priorities," said Leonard Ryan, founder and president of QuestSoft. "It seems the message of the survey is that for many lenders, the mortgage environment has become highly dependent on the box of lending that the CFPB rules are creating."

Ryan noted that survey respondents also cited vendor management as a growing concern. He indicated that his company has experienced a four-fold increase in the cost of simply processing compliance requests, adding: "There is a growing desire to consolidate the

number of vendors. Being a provider who offers multiple compliance services in a single platform has definitely worked to our advantage.”

The survey also highlights RESPA Fee Tolerances (45 percent high concern), Fair Lending exams (40 percent high concern), CRA exam scrutiny (31.4 percent high concern), state consumer lending laws (25.7 percent high concern) and the NMLS Mortgage Call Reports (20.1 percent high concern) as this year’s additional compliance issues.

“The timeframe in between regulatory rule announcements and implementation dates simply doesn’t allow enough leeway for lenders to rework processes and implement new technologies in order to achieve compliance,” said Ryan. “Lenders will continue to seek counsel and integrate with venerable compliance providers, in efforts to prepare for audits and meet industry compliance standards.”

QuestSoft’s flagship software, Compliance EAGLE, provides lenders with automated compliance review tools to evaluate loan files for adherence to the full range of mortgage lending regulations, including QM, ATR, RESPA, HMDA, TILA, CRA, flood determination requirements, NMLS Call Reporting, federal, state, consumer and local lending laws.

Compliance Issue Concerns by Score	High %	Medium %	Low %	Responses
Qualified Mortgage (QM) Rule	62.2%	30.4%	7.4%	444
Recently Proposed HMDA Rules	57.5%	34.1%	8.4%	452
Ability-to-Repay (ATR) Violations	57.2%	31.9%	10.9%	442
New Combined TIL/GFE (July 2015)	54.8%	34.2%	11.0%	438
Other CFPB Rule-making	47.7%	42.6%	9.7%	432
RESPA Fee Tolerances	45.0%	40.4%	14.6%	438
Fair Lending Exams	40.0%	41.6%	18.4%	430
Increased CRA Exam Scrutiny	31.4%	41.0%	27.6%	366
State Consumer Lending Laws	25.7%	39.9%	34.5%	409
NMLS Mortgage Call Reports	20.1%	38.2%	41.7%	369
S.A.F.E. Act- NMLS	18.1%	39.8%	42.1%	425

About QuestSoft’s Survey

The QuestSoft customer satisfaction survey has been conducted using the same methodology after each year’s Home Mortgage Disclosure Act (HMDA) reporting deadline since 2007. The company sends an email survey through Survey Monkey to each person authorized to download the company’s HMDA RELIEF or CRA RELIEF software. In 2014, the HMDA deadline fell on Monday, March 3. Therefore, the survey was conducted between Tuesday, March 4 and Friday, March 13, 2014. A total of 3,512 surveys were distributed and the company received 520 completed surveys (14.8 percent return rate).

About QuestSoft

Laguna Hills, Calif.-based QuestSoft is an established provider of comprehensive and automated compliance software and services to the mortgage, banking and credit union industries. The company's products enable more than 1,800 banks, credit unions and mortgage companies to simplify the collection, analysis, compilation and reporting of key lending regulatory report data. For more information about QuestSoft and its products, visit the company's website at www.questsoft.com.

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