



GeoDataVision

Changing the Way You View Data

Steps to Avoiding the Mistakes of Trident Mortgage

The DOJ and CFPB recently announced a redlining settlement with Trident Mortgage. The settlement has sent shockwaves through the banking industry. This situation should be getting the attention of Management, Fair Lending, and CRA Officers everywhere. Here are some of our key takeaways on how to avoid the mistakes of Trident Mortgage:

- **Document brick and mortar branches in all areas** (distance, drive-time, etc.), or if the creditor has limited facilities, document the outreach - loan officers meeting clients at their homes, contact with brokers in Majority-Minority ("MM") tracts, financial education training classes. Many banks are located in LMI/MM tracts, but some applicants might be hesitant to go to a loan office on an upper floor of a multi-story corporate headquarters building.
- **Ensure your LO's are representative of the community.** Each group has a unique culture, and a LO fitting the culture is generally immersed in the community and trusted more, especially if there is a 2nd language involved. If marketing in another language, e.g., Hispanics, make sure there is a person/number at the bank that can converse with them in their native language about the product they are interested in, and to interpret the application so the underwriter can understand it.
- **Understand the demographics of your communities and market to them.** The fact that a newspaper markets to the entire county is immaterial if the readership is 90% one race/ or ethnicity. Ensure the materials, photos and programs are geared to the audience you are trying to reach.
- **Compare your key data to your competitors, and peers.** Some mega-banks and mortgage companies have an advantage as they can flood the airways with ads. Compare yourself additionally with peers (50% - 200% of your HMDA line count), especially penetration onto the Majority-Minority tracts. Most institutions have similar products and underwriting, so the actions are usually similar.
- **Understand your areas housing.** Not all persons have the same propensity for home ownership. It will be harder to lend in a tract where the renter occupancy exceeds the owner occupancy or multi-family dwellings exceed 1-4 family. Have the documented facts and manage the process, don't wait for the examiners to tell the bank what is right or wrong.
- **Lastly,** don't put anything in an e-mail, note or file that you would be embarrassed to read in front of a jury. Unfortunately, it happens too often. Also, strictly adhere to your retention schedule for applications not closed. Too often a lender will be cited by an older file that was not destroyed (paper and electronic).