

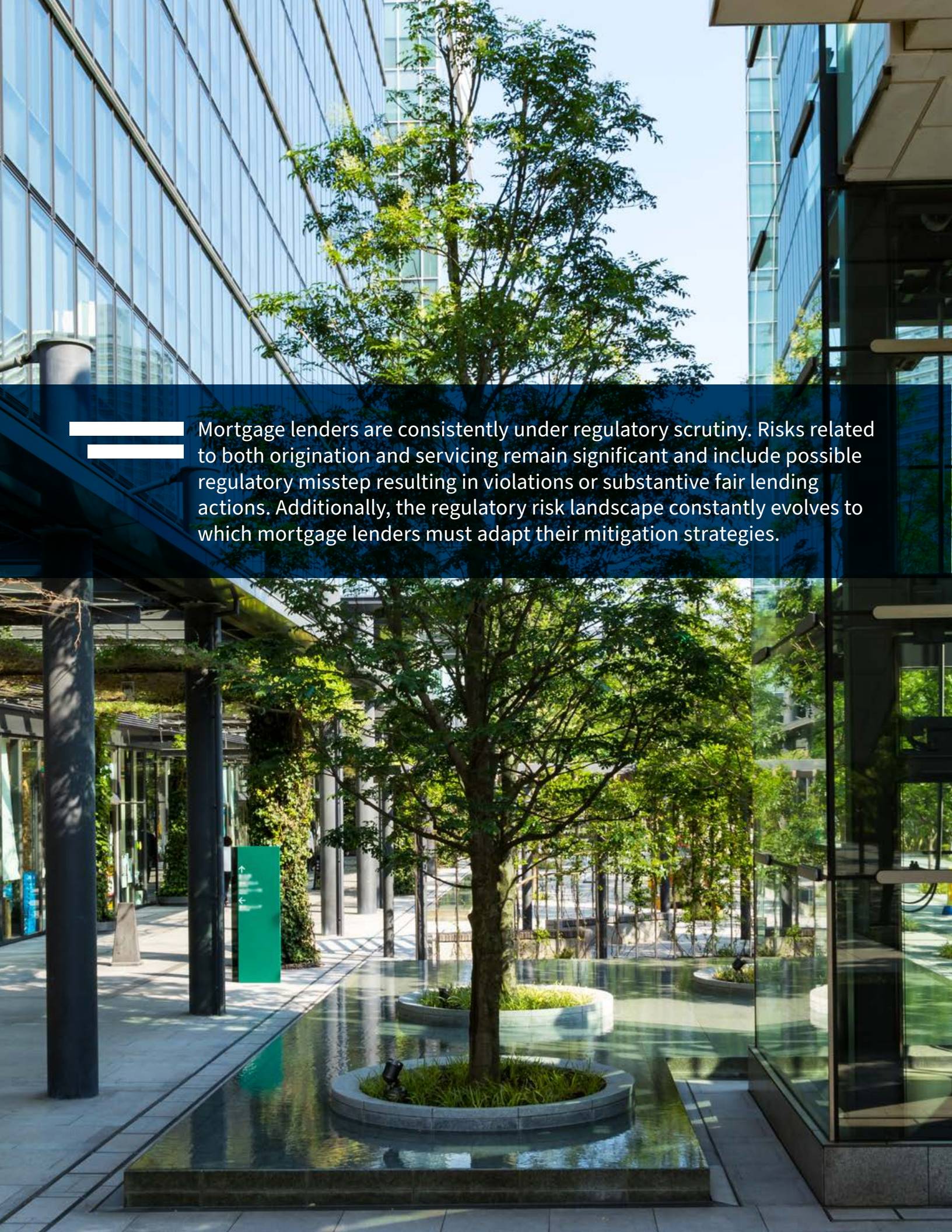


Mortgage Regulatory Solutions

CONSUMER FINANCIAL SOLUTIONS



EXPERTS WITH IMPACT™



██████████ Mortgage lenders are consistently under regulatory scrutiny. Risks related to both origination and servicing remain significant and include possible regulatory misstep resulting in violations or substantive fair lending actions. Additionally, the regulatory risk landscape constantly evolves to which mortgage lenders must adapt their mitigation strategies.



Providing Mortgage Process and Regulatory Solutions

FTI Consulting's Consumer Financial Services ("CFS") experts have the talent and experience to partner with mortgage lenders and servicers to proactively build or enhance processes and compliance programs as well as create and assist with remediation activities, such as look-back reviews.

Today's mortgage lenders face numerous challenges. Regulators' focus on mortgage origination and servicing activities have evolved over the past few years to include bias in appraisals and redlining in digital marketing activities. Additionally, mortgage servicers continue to adjust loss mitigation activities as well as payment solutions to provide the best customer service experience while adapting to regulatory expectations.

The mortgage line of business is responsible for owning these regulatory and operational risks and ensuring controls are in place to mitigate. The compliance team is often tasked with identifying gaps and suggesting solutions to further alleviate these risks. FTI Consulting's professionals provide solutions to assist both the mortgage line of business and the compliance team with addressing these challenges.

Mortgage Regulatory Solutions

We employ our deep industry knowledge to partner with clients to proactively mitigate regulatory risk and scrutiny through the assessment of mortgage product offerings, relevant laws and regulations and fair lending risk.



Mortgage Product and/or Regulatory Assessment

Risk must be measured in order to effectively manage mortgage regulatory and operational risks. We have a team with expertise in reviewing mortgage processes and products under regulations such as TRID, RESPA, TILA and Flood. We also have expertise in reviewing and/or developing controls related to complex operations including loss mitigation, loan officer compensation, market service agreements, among others.

IMPACT

FTI Consulting reviewed mortgage loans to ensure the files contained proper documentation and execution under new regulatory guidelines. Through FTI Consulting's analysis, the client was able to submit a timely and detailed response to regulators regarding the status of the loan portfolio to updated guidelines. The regulator provided exemplary feedback to the client for the inquiry response and work performed by FTI Consulting.



Account and Transaction Testing

Financial institutions regularly find themselves with the need to perform transaction testing across many processes and regulations. These transaction reviews can be complex and time consuming. Manual reviews require a significant time commitment depending on the size and scope of the review. FTI Consulting works with clients to perform comprehensive testing to ensure accurate, efficient and complete results.

IMPACT

FTI Consulting reviewed approximately 4,000 mortgage loans in 90 days as required by a regulatory issued Matter Requiring Attention ("MRA"). A comprehensive test plan and automated model was developed to streamline the identification and quantification of potential borrower remediation. As a result of FTI Consulting's analyses, the client was able to respond to the MRA and remediate all affected borrowers timely.



Fair Lending and Appraisal Bias

FTI Consulting takes a holistic approach when assessing fair lending compliance programs, leveraging a team of PhD statisticians, regulatory compliance experts and former CFPB examiners. We review the fair lending analytics, including regression analysis, redlining analysis, keyword identifiers and comparative file reviews employing the same analysis used by the regulators to identify possible risks.

IMPACT

FTI Consulting conducted mock regulatory exams, including analysis of model bias for fair lending compliance. The reviews included Compliance Management Systems ("CMS") assessments, statistical analyses and file reviews as well as model inputs/outputs including proxy review. Recommendations included specific procedure and model enhancements, allowing the institutions to improve internal fair lending controls in advance of regulatory examination.

FTI Consulting's team consists of former financial institution compliance and operational risk executives, CFPB regulators and highly experienced consultants.

We have the expertise and the ability to assist clients in adapting to new and amended regulations as well as developing strong Compliance Management Systems (“CMS”). We help clients prepare for upcoming regulatory examinations.



HMDA

Implementation of the Home Mortgage Disclosure Act (“HMDA”) can be complicated and challenging. The requirements to gather and report certain information related to mortgages demands collaboration across the institution. Lenders must constantly test processes to ensure the correct information is entered into its system of record as well as collected and mapped appropriately.

IMPACT

FTI Consulting’s experts have performed many reviews to test the accuracy of the information in the client’s HMDA-LAR. As a result of FTI Consulting’s work, mortgage lenders have enhanced their processes to ensure accurate and complete information is gathered for internal and external analysis. FTI Consulting’s Data and Analytics team has assisted institutions in data mapping processes to ensure data and reporting accuracy.



Compliance Management System Assessment

The CMS program assessment is guided by our regulatory insight as well as examination objectives issued by the CFPB, OCC, FRB and FDIC. Our review includes an assessment or build of the key components of an effective CMS including governance, policy and procedure review, change management, complaints management, training, testing and third-party risk management.

IMPACT

FTI Consulting conducted CMS reviews and recommended, as well as implemented, CMS program enhancements including policies and procedures, governance, monitoring, training programs and change management processes. The revised CMS programs provided the institutions with improved internal compliance controls resulting in reduced risk and heightened regulatory preparedness.



CFPB Readiness Evaluations

We are leaders in CFPB compliance solutions. Our team consists of former CFPB examiners who can provide valuable examination insight and guidance. FTI Consulting has developed mock examination processes as well as provided clients with a roadmap to successfully manage compliance responsibilities and self-identify problem scenarios and risk areas for remediation in advance of CFPB examinations.

IMPACT

FTI Consulting professionals worked with financial institutions approaching the \$10 billion threshold as well as larger organizations preparing for CFPB examination. The end-to-end review assessed the CMS and provided for mock examination testing of the highest risk products or processes. FTI delivered gap identification and remediation, interviews and training, and best practice exam readiness.

FTI Consulting offers automated solutions and innovative techniques to mitigate mortgage compliance risk.

FTI Consulting experts regularly assist clients in providing responses to regulators. Our professionals have the experience to act as subject matter expert witnesses. In addition, FTI Consulting supports compliance and/or operational staff as temporary secondments or in management roles such as interim Chief Compliance Officer.



Regulatory Response

Our team of professionals are highly experienced in providing support to time-sensitive post-examination MRAs, Supervisory Recommendations and Consent Orders. We manage or assist with current state assessments, independent reviews, look-back transactional testing, recommendations for remediation and independent investigative reports for presentation to regulators.

IMPACT

FTI Consulting professionals acted as independent consultants conducting large-scale lookback reviews, identification of restitution and validation of remediation. As a result, financial institutions were able to respond timely and accurately to MRAs and Consent Orders.



Compliance Staff Augmentation

We can provide interim or longer-term resources allowing institutions to concentrate on their most pressing needs. Examples include Chief Compliance Officer secondment, first or second line of defense compliance risk support within a line of business, or staff support for compliance departments. Our staff augmentation resources are under the institution's direction providing expert needs on a variable work force basis.

IMPACT

FTI Consulting placed experts in roles reportable to the institutions' Boards or Chief Executives, including placement of interim Chief Compliance Officers. Our professionals have led or provided teams allowing for support or backfill during a time of ramp up or specific regulatory need including remediation efforts. These interim roles allowed executive management to concentrate on strategic priorities.



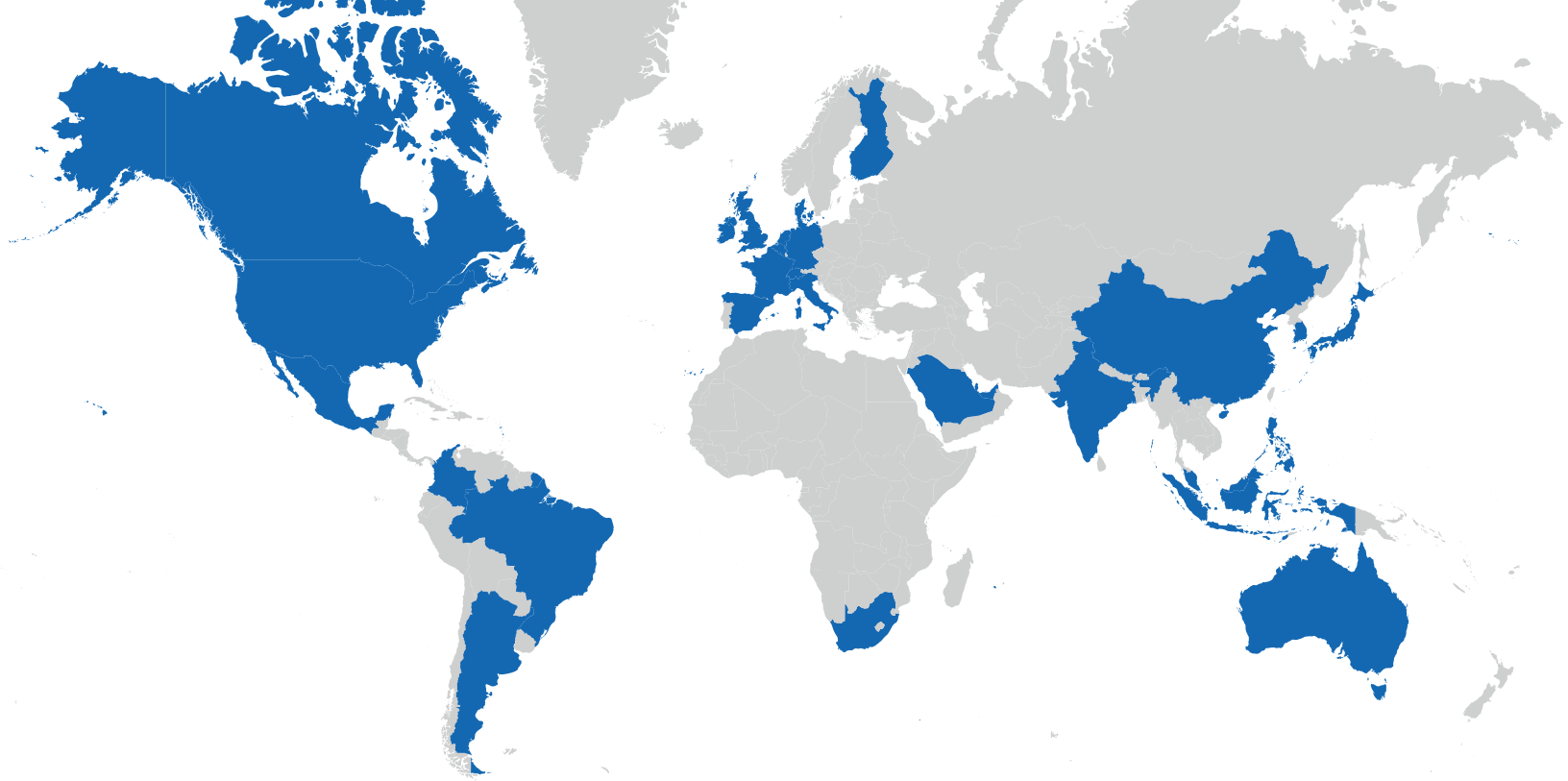
Expert Witness

We deliver valuable insight during every stage of a contested matter. Our senior professionals are highly skilled at communicating findings through expert testimony in various settings including court, arbitration and mediation proceedings. Key services may include documentation and transaction reviews, critiques of opposing expert analyses, regulatory research and report preparation.

IMPACT

FTI Consulting supported private causes of action as well as clients with the defense of government investigations. Based on FTI Consulting's professionals' subject matter expertise and direct industry experience, we effectively provided independent opinions resulting in positive client outcomes in the resolution of adverse matters.

In addition to our services described above, we also offer general compliance advisory services. Examples of these services include advising on first, second and third lines of defense and how they affect compliance with laws and regulations or culture of compliance.



EXPERTS WITH IMPACT™

With offices in every major financial center and every corner of the globe, we successfully serve our clients wherever challenges and opportunities arise.

Our clients include Fortune 500 corporations, FTSE 100 companies, global banks, major and local law firms and state and national governments and agencies in the U.S. and other countries. In addition, major U.S. and international law firms refer us or engage us on behalf of their clients.

31

Countries

1982

Year Founded

8,000+

Employees Worldwide

NYSE:FCN

Publicly traded

Top 50

Advisor to the world's top 50 bank holding companies

99/100

Advisor to 99 of the world's top 100 law firms

\$7.7B

Equity Market Cap*

82/100

82 of Fortune Global 100 corporations are clients

*Number of total shares outstanding as of October 19, 2023, by the closing price per share on October 26, 2023.

For further information, please contact:

DAVID KING

Senior Managing Director
+1 713 294 6025
david.king@fticonsulting.com

JANET HALE

Senior Managing Director
+1 216 403 5961
janet.hale@fticonsulting.com

STEPHANIE WHITE BOOKER

Senior Managing Director
+1 972 814 9060
stephanie.whitebooker@fticonsulting.com

MARGARET SHEA

Managing Director
+1 415 283 4263
margaret.shea@fticonsulting.com

EXPERTS WITH IMPACT™

The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals. FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

12192023 | VN02745-V08

© 2023 FTI Consulting, Inc. All rights reserved. [fticonsulting.com](https://www.fticonsulting.com)

