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Compliance Has Made Foreclosure Process Complicated, Experts Say

Posted By [Brian Honea](#) On September 16, 2014 @ 1:13 am In [Daily Dose, Foreclosure, Headlines, News | No Comments](#)

[1]One resounding theme of the [Foreclosure Lab](#) [2] at the [Five Star Conference](#) [3] on Monday was clear – throwing compliance into the equation has made the foreclosure process way more complicated than it used to be because the industry is so much more regulated than it was as recently as five years ago before the passage of the Dodd-Frank Act.

"Fifteen or 20 years ago, a foreclosure took 110 days to complete," said Roy Diaz of the [SHD Legal Group](#) [4], one of the presenters, speaking to a standing room only crowd. "Now it takes 600 days to complete. Everything gets bigger in negotiations when services become more heavily regulated."

Things get even more complicated, Diaz said, when servicers attempt to balance compliance and processes with trying to keep their businesses profitable, since compliance costs a great deal of both time and money.

"The key is understanding your client's needs and wrapping your hands around what their challenges are," Diaz said.

Another theme the presenters focused on was servicers making sure their employees and associates were knowledgeable regarding what is required of them to comply.

"Having policies and procedures and training your staff to understand what's going on is basically the foundation to make sure you're going to succeed," said [Crosscheck Compliance's](#) [5] Jim Shankle, one of the lab's presenters. "The major issue with servicers is they were never highly regulated. The only regulatory agencies that impacted them were the states where they did business and then the investors, and state regulators just weren't tough. In servicing, it's basically getting your act together. These 10 rules that went out in January, there are issues with all 10. That's why they're there."

Michigan-based foreclosure attorney Neil Sherman of [Schneiderman & Sherman](#) [6], another of the lab's presenters, has a simple formula that will work for all servicers.

"From a compliance standpoint, we can boil this down into small concepts," Sherman said. "Say what we do, do what we say, and we're able to prove it. That's the mantra we can use at the executive level and we can use it at the processing level."

Speaking on "Servicing Standards Meet Bankruptcy Code," bankruptcy attorney Hilary Bonial of [National Bankruptcy Services](#) [7] told the audience, "Bankruptcy is hard."

She said it has long been a misconception that bankruptcy is like magic – that too many people mistakenly believe that one can file a bankruptcy and the debt "magically" disappears. But it is way more complicated than that, she said. And what further complicates the issue is that no two



bankruptcies are like Harley-Davidson motorcycles – no two are alike, she said. There are more than 300 bankruptcy judges in the country and each one of them could have a different interpretation on how to handle the bankruptcy.

The lab concluded with a four-man roundtable discussion that consisted of experts Robert Klein ([Secureview](#) ^[8]), Rick Sharga ([Auction.com](#) ^[9]), Edward Kramer ([Wolters Kluwer](#) ^[10]), and Adam Codilis ([Codilis & Associates](#) ^[11]) speaking on Tomorrow's Elements of High Risk. Sharga said it was hard to even know what the risks are when a servicer executes a foreclosure, citing as an example the fact that Bank of America was sued twice in the same week recently – once for delaying a foreclosure and once for speeding up a foreclosure.

Because of the increased emphasis on compliance, the job of a compliance officer has become much tougher than it used to be. Kramer showed a bumper sticker to the audience to illustrate this point.

"I wish I had 500 of these to give to everyone in this room," Kramer said. "It's a bumper sticker that I found. It says, 'Have you hugged your compliance officer today?'"

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