

The “Law” of the NRMLA Code of Ethics and Professional Responsibility



THREE BASIC POINTS

The “Why, How, What” of the NRMLA Code of Ethics

Why We Have A Code

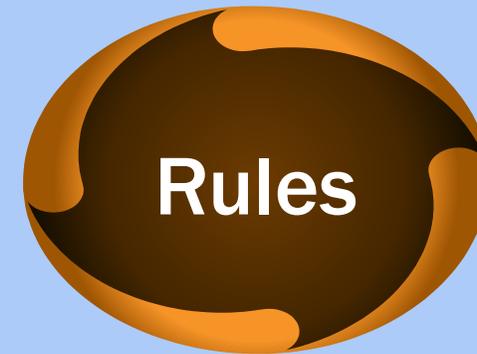
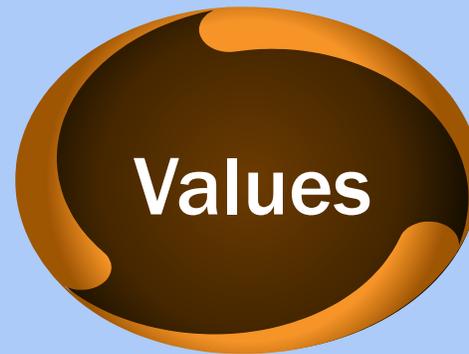
How It Works

What It Says

WHY?

**NRMLA as a voluntary trade association = Membership
(In or Out)**

- **NRMLA membership based on shared:**



- **Aspirational, Inspirational, Meaningful, Understandable, Practical**

WHAT?

What the Code Says and Does Not Say

- 1. Values: Aspirational (6)**
- 2. Rules: Do/Don't**
- 3. Informal Ethics Opinions: Rules Applied**

PROFESSIONAL RESPONSIBILITY

- NRMLA Code of Ethics
- NRMLA Values:



WHAT?

What the Code Says

- 1. Key Values: Including “Golden Rule”**
- 2. Key Rules:**
 - a) Bona Fide Advantage: 107, includes mandatory offering**
 - b) Reasonable compensation: 102**
 - c) Unfair and deceptive advertising: 104**
 - d) Cross-Selling: 103**
 - e) Compliance with Law: 106 (Reciprocal Discipline)**
 - f) Duty to Report: 602**

REVERSE MORTGAGE ADVERTISING

NRMLA Ethics Advisory Opinion 2012-1

The “Dirty Dozen”

1. Advertising a HECM loan as a “government loan” or “benefit,” or the lender’s loan as HUD or AARP “approved.”

2. Stating that a failure to respond may result in the loss of a consumer benefit to which he or she is entitled.

3. Advertising exaggerated or misleading benefits (“We pay off your loan”) without describing risks.

4. Advertising celebrity testimonials or endorsements without describing the paid arrangement.

5. Stating the customer must purchase another product, such as an annuity, to obtain a HECM.

6. Advertising to a business partner a higher than normal compensation from the consumer’s loan proceeds in exchange for its business, even if it is disclosed to the customer in timely fashion.

REVERSE MORTGAGE ADVERTISING

NRMLA Ethics Advisory Opinion 2012-1

The “Dirty Dozen”

7. Using terms without accurate and prominent explanations: “no cost,” “no fee,” “no risk,” “no payments.”

8. Advertising celebrity testimonials or endorsements that do not reflect their honest opinions or experiences.

9. Advertising that consumers are “pre-approved” or “pre-qualified” without disclosing conditions to qualify.

10. Misleading the customer to believe he or she will miss a limited opportunity by not promptly responding.

11. Use of simulated checks or currency in advertising.

12. Use of HUD or FHA logos in names in advertising.

HOW?

Process

- **Universality: Anybody about Anything**
- **Screen, Response, Analysis, Decision (“S.R.A.D.”)**
- **Confidentiality (with Exceptions)**
- **Non-Members - Referral To Government**
- **Members**
 - **Goals**
 - **Values**
 - **Rules**
 - **Withdrawal (3 years)**
 - **Naming (Appeals Committee)**
 - **Inside NRMLA Referral Option: Redaction/Wholesale Lenders**

Limits: NRMLA is not the government



Get to Know (LexisNexis and) MIDEX®



NATIONAL REVERSE MORTGAGE LENDERS ASSOCIATION
2017 Eastern Regional Meeting & Expo
**REVERSE MORTGAGES
IN A TIME OF CHANGE**
April 3-4
InterContinental New York Times Square • New York, NY

April 3, 2017



Agenda

- About LexisNexis Risk Solutions
- Overview of MIDEX and Verification of Occupancy
- Next Steps
- Q&A

LexisNexis Risk Solutions – an Overview

LexisNexis Risk Solutions - What We Do

We leverage four main components to provide end-to-end solutions that help customers assess risk and opportunity associated with industry-specific problems.



Vast Data Resources



Big Data Technology



Linking & Analytics



Industry-Specific Expertise & Delivery



Customer-Focused Solutions

We maintain over two petabytes of content comprising billions of public and proprietary records.

We designed our own proprietary super-computing platform, HPCC Systems®, enabling us to process at very high speeds.

We use our own unique identifier, LexID®, together with a proprietary linking technology. Our patented linking and clustering method is the engine behind many of our products.

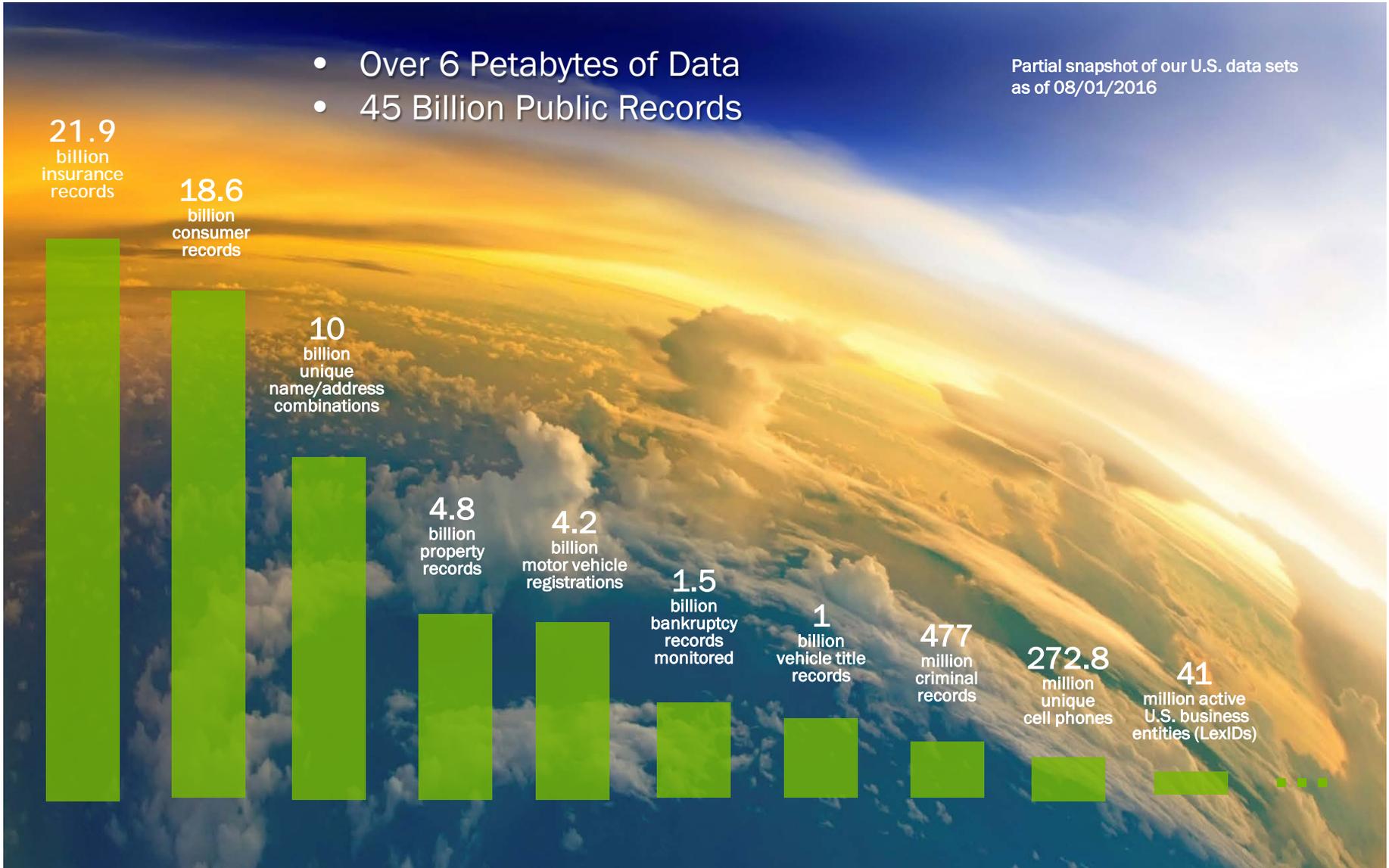
The people in our businesses have deep industry experience and expertise – we employ professionals that worked in the industries we serve, so they have walked in the shoes of our customers.

We connect the dots between billions of public records and transactions, resulting in actionable information our customers use to advance their goals.

LexisNexis Risk Solutions - Vast Data Assets

- Over 6 Petabytes of Data
- 45 Billion Public Records

Partial snapshot of our U.S. data sets
as of 08/01/2016



Our Solutions

Our solutions help our customers across industries to solve their daily business challenges such as identity authentication, fraud defense, streamlining workflows and due diligence, and increased productivity and revenue.



Identity Management

Identity solutions from LexisNexis let you validate and authenticate identities with confidence by quickly leveraging the deepest and most accurate information in the market so you can better understand who you are doing business with.



Fraud Defense

Increase your ability to detect and prevent fraud with data and analytics. By leveraging over 45 billion public records with LexID® linking, access the most reliable and current information about people, businesses and assets to uncover hidden connections or patterns and stop fraud in its tracks.



Compliance

With an ever-changing compliance landscape, compliance solutions from LexisNexis will help you be nimble and adapt so you can reduce financial and reputational risk by complying with evolving regulations and streamlining due diligence.



Investigation

Investigative solutions from LexisNexis help you discover links between people, assets, and locations. So whether you are trying to pinpoint suspects, criminals, debtors, or just suspicious behavior, you have access to the relevant information you need.



Data Management

LexisNexis helps you be proactive with your data management strategy by providing robust data sources and powerful linking technology for the clearest, most complete customer view. For health care organizations, get best-in-class member and provider data management services.

What can LexisNexis do to Help?

- Premier source for concise and accurate consumer, property and business data
 - Over 14,000 data sources, including:
 - All 3 bureaus' credit header data
 - Both national sources of property tax assessment and deed data
 - National coverage of bankruptcy, liens and judgement data
 - Reseller of the most accurate AVM with broadest coverage of MLS data
 - Leveraging our HPCC and LexID technology for timely and linked data
- Provider of powerful and best in class data and risk mitigation tools

We provide customers with the most effective solutions to quickly mitigate risk and improve process automation.

Overview of MIDEX® and Verification of Occupancy

What is MIDEX?

Mortgage Industry Data Exchange (MIDEX) combines a deep perspective of industry-contributed incidents, along with expansive public and proprietary data coverage to deliver insights into mortgage and real estate professionals with whom you do business –all in one search.



Strengthen visibility into public and non-public incidents by leveraging industry-contributed information on alleged incidents of fraud and misrepresentation



Instantly access licensing and credentials information for industry professionals and businesses



Expand your viewpoint with public and proprietary records that help uncover critical information on: bankruptcies, liens, judgments, criminal records and other potential derogatory information



Proactive Alerts using our Continuous Monitoring feature to notify when a new report or a change to an existing report appears, their license status changes or their name changes

How does MIDEX help?

Providing a legally safe, contributory service safeguards our industry by preventing unscrupulous professionals from exploiting company vulnerabilities, and further magnifying fraud-related company risks, including:



Fraud and misrepresentation losses resulting from weaknesses or gaps in risk management processes. Fraudsters target and exploit these



Repurchase demands from investors based upon violations of their purchase requirements



Fines and enforcement actions from regulators, whose attention can be brought by consumer complaints and adverse media reports

Isn't Contributing to MIDEX Risky?

MIDEX was built to protect subscribers and LexisNexis, starting with obtaining a positive review of the service concept from U.S. DoJ in 1994. The processes and procedures around contributing reports and usage of search results are designed with that in mind, including:

Give to get model ensures that subscribers who search and contribute have a financial interest in the loans they handle

Submission process guides subscribers in submitting their reports, coupled with the review by the MIDEX editors prior to posting

Restrictions on results usage to ensure subscribers use MIDEX in accordance of a Non-FCRA service

Subject rights allow access to their own reports, including appending responses

Doesn't My Submissions Expose Me to Lawsuits?

As MIDEX reports do not disclose the source of the report, by design, LexisNexis is the target of legal risk.

We have been sued in the past, but have not lost *any* cases. Two significant challenges, one heard by a United States District Court and a state Supreme Court, both affirmed the conditional privilege status MIDEX and its subscribers enjoy, including protection under the principle of qualified immunity from defamation and malice claims.

Overview of Verification of Occupancy

VOO is designed to allow customers to research the present and past association of a consumer to a property. The service can verify occupancy or misrepresentation, including an occupancy score and the following indicators of ownership status:



Primary Residence indicates the subject owns the property and it is likely lives there



Investment Property indicates the subject owns the property, but is likely renting it out



Owned by Likely Unoccupied indicates the subject owns the property, doesn't appear to live there



Second Home indicates the subject owns the property, but is likely lives there on a seasonal, secondary basis



Property Not Owned indicates the subject does NOT own the property

Next Steps

Any Questions?