

A Culture of Care

Sustainable compliance requires scalable core values and nimble employees

By Rick Toma

When the term compliance comes up in the mortgage industry, experts typically focus on checklists, automated processes and rigid protocols that assure loans are created in strict adherence to government regulations and agency and warehouse-line requirements. While these approaches have a place, less thought is paid to the human psychology and the culture within an organization that assures a mortgage company builds a long-lasting and sustainable culture of compliance.

A culture of care is the foundation upon which long-lasting compliance is built. Without a culture of care, the idea of a culture of compliance is literally hollow. Employees don't buy into compliance as a motivation or a core value, but they are inspired by care — care for their quality of work, care for their clients' successes and care for their team's success.

To build a culture of care that instills a culture of compliance, a company must start with core values. Build a culture that is flexible enough to adjust to your company's growth, and make sure employees are nimble enough to change when regulations change.

Core values

Building a culture of care begins with establishing core values. These values must be constantly reinforced, celebrated and embedded



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into the day-to-day operations of the company. Many companies have core values that are stuffed into some filing cabinet or hung on the wall in a remote corner of the office. Few companies live their core values every day.

If you establish your core values and bring them alive as the driving force of your company culture, you build a culture of compliance that is not based solely on a set of rules or checklists. When employees buy into your core values, they embrace compliance as a part of the cultural fabric of the company.

Establish core values that relate back to service, quality, leadership and the value and respect of the individual. This puts in place the building blocks of strong, sustainable compliance and engages your employees with these values consistently. Gallup found that companies with engaged employees have 28 percent less internal theft, 37 percent less absenteeism and 41 percent fewer quality defects in their products.

To ensure your core values are permanently top-of-mind across the organization, make reward and recognition programs relate back to specific core values. If employees are constantly recognized for how closely they follow the organization's core values, those words on a piece of paper quickly become ingrained in the culture of the company.

Scalable culture

Compliance can deteriorate quickly as an organization scales up in size, however. When a company is confined to a small group of passionate and well-trained employees, compliance can almost be second nature. But as organizations grow, hire and build new divisions, compliance can become diluted among new employees who have differing levels of training and experience.

When a culture of care is deeply embedded in a company, scaling while still retaining compliance becomes much easier. You still

need strong training and good compliance guardrails, but the culture carries much of the weight of ensuring employees are committed to the highest level of quality and service to customers and clients. Tending to a strong culture of care before you begin rapid growth will save you a lot of headaches as you bring in new team members and new clientele.

Build a culture that embraces accountability on compliance issues, without being accusatory or punitive for simple, correctable mistakes. If you create an "if you see something, say something" culture within your company, compliance will become a shared responsibility among all employees, and you will cement sustainable compliance across the organization.

Nimble employees

Compliance is more of a moving target than many people realize. Changing government regulations and agency and warehouse-line requirements in the mortgage industry demand that you have an organization that is nimble enough to pivot and adapt to new compliance standards.

When employees are simply following rules or engaging in a rote task, this can be an issue. But building a team that embraces change and keeps the end goals of customer and client care in sight will create a culture where compliance is maintained even when regulations change rapidly.

The recent overhaul of the TRID consumer-disclosure rules is a perfect example of the widespread changes that mortgage companies must meet head on. Companies that were prepared for change and had a culture that could embrace new regulations delivered far superior levels of service — and valuable compliance solutions — to customers during that period. Companies that had not trained employees to think on their feet, adapt to change or embrace new systems could not rise to the

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challenge and potentially damaged relationships with long-standing clients.

Remember, even for the best of us, change is hard. Even faced with life-or-death situations, humans rarely change easily. Studies show that only about 10 percent of people who undergo heart-bypass surgery or angioplasty actually change their behavior following the procedure. When embarking on widespread organizational change, start small — focusing on the few things that can be effectively changed within the organization. This small change can still make a big difference and will make a much bigger difference than sweeping change initiatives that no one responds to.

Don't be afraid to build on the strengths of your company's existing culture when positioning the company for change. Employees are often more receptive to change when it is framed as a shared commitment that aligns with the company's established culture, as opposed to it coming across as a top-down change edict from upper management.



The mortgage industry will inevitably face new regulations and changing compliance procedures in the future. Make sure your team is agile enough to meet these new challenges and isn't limited to just the ability to check boxes and follow rigid rules. ■
