

Compliance and Monitoring

Can we pay MLOs differently for SPCPs?

The CFPB's Loan Originator Compensation rule forbids varying compensation or payments based on the loan's terms and conditions, including a loan product that is understood to be a "bundle" of terms and conditions. The rule does not contain any exemptions for a loan originated pursuant to a Special Purpose Credit Program.

Lenders should consult with counsel regarding the availability of options for enhancing lending to underserved communities, including considering incentives based on geography or income and increasing the presence of community loan officers.

How can we best monitor the SPCP?

Recent data should not be an impediment, and you can use the most recently available data sets in your analysis and planning. In addition, there are good vendors and platforms with software that can easily update your data for tracking. Ensure your systems are capturing the necessary data to effectively monitor your program.

You will use your real-time loan production and performance data during the monitoring phase to ensure your SPCP is effective and sustainable. Your SPCP plan should include the Key Performance Indicators (KPI) that you will be tracking to ensure your program is effective and reaching the intended

disadvantaged populations.

Sample KPIs that can be helpful in tracking your program's impact include:

- Race and Ethnicity of all borrowers (HMDA)
- Area Median Income levels
- Cash or liquid assets available at time of closing
- Credit score and/or other criteria used in underwriting (**see note below*)
- Area, including income levels (LMI/non) and/or Majority Minority Census Tracts (MMCT)
- Total borrower paid closing costs
- Note rate, including any discounts through the program, and term
- Housing type
- If not specific SPCP product, then which product was used
- Any other specific change or design element that is included in your SPCP

**Tracking how use of alternative data impacts underwriting would be worthwhile.*

Program monitoring should be done frequently with real-time production data related to your SPCP. Consistent monitoring of an SPCP will give you the data feedback required in order to modify the program if needed to achieve your desired SPCP outcomes.

What if an SPCP borrower defaults on their loan?

As a lender, you would work through any loan default as you would any other delinquent loan. A lender of an SPCP should follow all the standard servicing requirements as required by the investor or GSEs, unless otherwise agreed to specific to your SPCP.

In addition, all SPCPs should be QM and ATR-compliant.

Related Resources

Why SPCPs are needed



Background, historical perspective, changing demographics, and current gaps.

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Sample checklist, resources, and case study for SPCP using market and lender data.

Data Analysis Examples



Sample checklist, resources, and case study for SPCP using market and lender data.