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Bill Poe is a Supervisory Compliance Examiner with the Department of Savings and Mortgage Lending. Bill leads the Department's thrift consumer compliance observation program. He joined the Department in 2005, after working in the consumer finance sector for nine years. Bill began his career with the Department as an Investigator and later worked as an Examiner of non-depository mortgage companies and mortgage bankers.

Bill is a graduate of the University of Texas at Austin. He has served as a representative on the Nationwide Mortgage Licensing System (NMLS) Policy Committee and as a member of the American Association of Residential Mortgage Regulators (AARMR) Performance Standards Committee.

Consumer Compliance Updates Virtual Compliance Officers

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Thrift Industry Day - 2023

Compliance Examination Results & Observations

During FY 2023, about half of all Texas SSBs underwent a compliance examination or visitation.

Compliance Examination Ratings- All Texas SSBs currently 1 or 2 rated

CRA Performance Evaluations Ratings- All Texas SSBs currently rated Satisfactory or Outstanding

Examinations continued to be open for extended time periods, but this may be starting to normalize.

Trainees or interns have been involved in most examinations.

The use of Fair Lending specialists has been resulting in significant requests for data & information.

Evolving Compliance Challenges

Uncertainty

- Multiple NSF Representment Fees
- Section 1071 Small Business Data Collection Implementation
- CRA- Modernization or Status Quo?
- UDAP/UDAAP Risks
- Fair Lending/Fair Banking Enforcement Actions
- Reconsideration of Value (ROV)

Pace of Change

- Regulatory changes & guidance
- Artificial Intelligence & Machine Learning

Compliance Staffing

Virtual Compliance Officers (VCO)

What is a VCO? Outsourced compliance staff. Person working from a remote location using technology such as video conferencing and file sharing. Not referring to Artificial Intelligence or Machine Learning compliance tools.

VCO will likely have little to no onsite presence at your institution.

VCO will not likely be dedicated to your institution.

What role will the VCO play at your institution? Will they take the role as the primary Compliance Officer, supplement the activities of the in-house Compliance Officer, or will they assist with a temporary need?

Will they be involved in BSA, CRA, or Fair Lending?

Potential Opportunities with a VCO

VCO can be an instant source of compliance knowledge from the beginning of the relationship.

They likely have access to a team of other VCOs with regulatory knowledge and insight on trends and emerging issues.

VCO can be an additional resource for routine monitoring and testing. They also provide a third-party perspective.

VCO can assist the bank in developing forms, policies & procedures, and risk assessments.

They may be able to provide training and education assistance.

VCO may play a role in business continuity/succession plan for the compliance function.

VCO may have experience in new products or services that the bank has not previously offered.

Know Before You VCO

What role will the VCO have during regulatory compliance examinations? Will they participate onsite? How will travel costs be calculated? Will they have direct communications with the exam team?

What data security measures will be in place? Will the VCO had access to the bank's records through the VPN?

Is the VCO's prior experience compatible with your bank?

How many banks might the VCO have in his/her portfolio?

What are response time expectations? What are availability expectations after regular banking hours?

If the VCO leaves, what are the expectations for a replacement?

Early Decisions

What kind of access will the VCO have to bank management and the board? Will the VCO mainly be siloed with the bank's Compliance Officer?

Will the VCO be on the Compliance Committee or other committees? Is the frequency of the Compliance Committee meetings appropriate?

If the VCO is supplementing the activities of the in-house Compliance Officer, make sure there are clearly defined roles and responsibilities. Potential that individuals could perform overlapping activities or leave gaps.

Make Adjustments Along the Way

Is the VCO over-relying on templates for a one-size-fits-all approach?

Do the VCO activities change your auditing needs?

Does the offsite nature make it challenging to build the relationship? Are they staying in touch? Are they asking questions?

Are they sufficiently incorporating areas of changing or increasing risks?

Watch for buy-in from other bank staff. Does bank staff consider the VCO to be an outsider or even as a threat to their own job security?

Questions?

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