



July 30, 2020

Mr. John Ryan
President and CEO
Conference of State Bank Supervisors
1129 20th Street NW
Washington, DC. 20036

Dear Mr. Ryan

We are writing to suggest changes to the way branch offices are defined and regulated under the SAFE Act, in light of significant operational changes that have taken place in the mortgage industry in response to COVID-19.

As a result of federal guidelines, state mandates, and behavioral changes in response to the significant risks posed by COVID-19, a majority of businesses nationwide, including independent mortgage bankers (IMBs), have required or allowed their employees to work from home. Our members can also confirm that consumers want to work with loan originators electronically, both for convenience and because of the risks of COVID.

For many industries, including the mortgage industry, remote work began to increase even before COVID-19. We expect that even after COVID recedes and disappears, remote workforce practices will continue and accelerate. We believe the experience of COVID-19 demonstrates that sales and operations can work remotely and that the physical location of a loan originator does not undermine their ability to be monitored or supervised, based on technology created since the original SAFE Act branch office regulations were put in place.

Therefore, we ask the CSBS to encourage your state members to use flexibility within their state laws and regulations (or where necessary to amend them) to modernize branch office requirements to reflect the current reality of loan originators working from home. Ideally, this could take the form of a model regulation CSBS might develop to accomplish this objective. Key changes could include:

- The definition of a branch office should be re-defined.
- Loan Officers should not be required to work within a 90-mile location of the office.
- State branch office physical requirements should be lifted.

We support the underlying principles that underlie branch office regulation – that physical distance should not compromise accountability. Therefore, the increased flexibility we propose should be contingent on individual companies demonstrating that they have the proper P&P and technology in place to monitor their employees that don't work in their main office.

As the two major associations most focused on representation of non-bank independent mortgage bankers, this issue is important to us. We would be happy to work with the CSBS to help craft these common-sense changes to update branch office regulation under the SAFE Act, including identifying the required technology systems needed to be put in place to protect consumers in a new remote work economy.

Sincerely,

Community Home Lenders Association

Community Mortgage Lenders of America