



October 28, 2020

Mr. John Ryan
President and CEO
Conference of State Bank Supervisors
1129 20th Street, NW, 9th Floor
Washington, DC 20036

Dear Mr. Ryan,

On behalf of the Community Home Lenders Association, we want to again thank you for taking the time on August 27 to discuss with us issues relating to remote work and branch licensing in the home mortgage industry during both the current pandemic and in the longer term.

CHLA appreciates CSBS and its subsidiary and affiliated organizations' ongoing guidance to state regulatory agencies on suspending enforcement of current laws and regulations that hinder remote work business practices adapted in response to the pandemic. CHLA also appreciates the serious consideration given by CSBS and its member regulatory agencies, as demonstrated in the National Multistate Licensing System Ombudsman's September 9 virtual meeting, to how these laws and regulations should be modified in the long term.

Mortgage industry representatives on the September 9th panel explained that the shift of the home mortgage industry to remote a work model is a long-term, technology-driven transformation which was underway prior to the pandemic. Customer preferences for doing business with lenders were already changing from being historically in-person to increasingly becoming online and digital interactions. Today, driven by ongoing concerns for the health and safety of our employees and customers, this transformation has accelerated. Industry panelists thus contended — and we fully agree — that the way we conduct business has been permanently changed, which the regulation of our industry should reflect and thus be updated.

Regulatory agency representatives acknowledged these points during the panel, but also expressed concern over maintaining the ability to effectively supervise lenders following a remote work model, particularly work performed in employees' homes. Regulators are also considering how to modify branch licensing requirements in recognition of the remote work model.

In our August 27 discussion, we offered to continue a dialogue on these issues. CHLA would like to work with CSBS, its subsidiaries, and its members as they determine how to modify their regulatory and licensing frameworks in the long term. As a first step, we would like to work with you and other stakeholders in developing a set of safe practice guidelines which regulators could adopt to guide their supervisory activities and set clear compliance requirements for lenders.

The objective of these guidelines would be to accommodate the remote work model while providing regulators with assurance that business conducted under this model is safe and sound and fully complies with regulatory requirements and consumer protection laws. Additionally, while states are free to set whatever requirements they choose, we would hope these guidelines, which would be developed with significant input by state regulators, become the recognized regulatory standard that states are strongly encouraged to adopt.

To begin a dialogue, we offer preliminary views of what should be included in such guidelines:

- **Licensed mortgage loan officers and other professional, administrative and managerial employees should be allowed to work remotely (i.e., from home) including conducting activities relating to mortgage origination and servicing.**
- **The homes of remote employees, including mortgage loan officers, should not be required to be licensed as branch locations to be eligible for remote work.**
- **Remote employees, including licensed mortgage loan officers, should not be required to work/reside within a specified physical distance from a licensed branch location.**

In conjunction with these flexibilities, CHLA proposes the following protections to ensure that consumers are fully protected and that activities are conducted in a safe and sound manner:

- **Companies should have in place policies, processes and concerns sufficient to ensure managerial supervision of remote employees.**
- **Remote employees may not advertise their homes as places of business.**
- **Remote employees should have no in-person contact at home with consumers (i.e., contact at home is limited to electronic means including telephone, email, videoconference, and text/chat).**
- **Computers used for conducting mortgage activities which contain customer non=public information should be company owned and issued - with sufficient information security and data protection protections on all such devices.**
- **Remote employees should have a secure workspace with sufficient privacy such that others in the household are not able to observe business conversations or access confidential, non-public information.**
- **No physical records (i.e., anything not in electronic form on a company-owned computer) should be maintained in employees' homes.**
- **All documents and other materials relevant to examination should be maintained in locations fully accessible to regulators (e.g., data servers, centralized physical locations).**

We would appreciate the opportunity to discuss our suggested guidelines and how we might be able to best work with you and your members as you continue to determine how best to regulate our industry going forward. We fully share your desire to ensure that our industry continues to operate in a safe and sound manner and fully complies with consumer protection laws.

Thank you for your consideration of our views.

Sincerely,

Scott Olson
Executive Director
Community Home Lenders Association

Matthew D. VanFossen
Chief Executive Officer
Absolute Home Mortgage Corporation

Taylor Stork
Chief Operating Officer
Developer's Mortgage Company

CC: Ms. Kirsten Anderson, President,
American Association of Residential Mortgage Regulators