State Mortgage Regulators Call for Simplified Data Transfer Process for Loan Origination Software Users

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Washington, DC -- State regulators are encouraging industry to integrate state-developed data standards with mortgage loan origination systems, said the Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR). The purpose is to enhance the quality of loan review and examination processes while reducing regulatory burdens for industry.

Currently, state and federal regulators use the Lending Examination Format (LEF) data standard to provide consistency and uniformity in electronic exams. Regulators use LEF data to test mortgage loans against all federal, state and municipal laws and regulations affecting consumer protection.

The regulators’ call for adoption follows several meetings held with industry this year to better address data transfer in e-exams and understand challenges in delivering cleanly mapped data. Next step: Regulators are assisting vendors that choose to incorporate LEF data export abilities into their individual systems.

State regulators are focused on ways to reengineer nonbank supervision with the goal of more effective supervision while reducing the burden companies experience in traditional onsite reviews.

Quotes:

Charlie Clark, president of AARMR and director of Washington State Department of Financial Institutions: “With this initiative to move toward standardized data, state mortgage regulators will be able to take the next step to significantly improve the
efficiency and effectiveness of examinations. It is an important step in modernizing examination work.”

**Jeremy Windham**, vice chair of Multistate Mortgage Committee at CSBS and AARMR: “Regulators are encouraged by the positive response we have received from loan origination systems and document preparation vendors to enhance the functionality of data transfer, a coordinated effort that benefits lenders at the same time as it benefits all the agencies regulating the industry.”

**Chuck Cross**, senior vice president of nonbank supervision at CSBS: “Developing processes for clean data transfers will streamline the examination process, benefitting industry and regulators alike.”

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