



NMLS Ombudsman Virtual Meeting

Executive Summary

On September 9, 2020, the NMLS Ombudsman, Jim Payne, Director of Examinations/Assistant Deputy, Consumer and Mortgage Lending Division for the Kansas Office of the State Bank Commissioner, hosted the first virtual NMLS Ombudsman meeting. [Click here](#) to view the full meeting recording.

The discussion focused on the meeting theme: What Happens Next? Remote Work and Supervision in a Post-Pandemic World; The COVID-19 Pandemic forced financial service providers to move quickly to remote operations. Regulators responded equally quickly by suspending regulations that prohibited remote work or inhibited operations outside of licensed locations. While the pandemic is far from over, it was not too early to discuss lessons learned from this initial response and to think about how location supervision might "stay different" in a post-pandemic world.

Several individuals submitted topics for discussion during the meeting. These topics led to the meeting theme. [Click here](#) to access the submissions.

- Danielle Arlowe, American Financial Services Association, *Remote Work*
- Robert Niemi, Bradley, *Evolution of Mortgage Branches*
- Charlie Fields, PennyMac, *Branch License Requirements & COVID-19 Work Remote*
- Robert Broeksmit, Mortgage Banker Association, *Remote Work Flexibility for State Licensees*

Mr. Payne invited the following regulatory and industry experts to participate in the meeting:

- Kirsten Anderson, Licensing Manager, Oregon Department of Consumer and Business Services
- Charlie Clark, Director, Washington Department of Financial Institutions
- Rhoshonda Kelly, Interim Commissioner, Mississippi Department of Banking & Consumer Finance
- Danielle Fagre Arlowe, Senior Vice President, American Financial Services Association
- Charlie Fields, Jr., Senior Vice President, Mortgage Regulatory Relations, PennyMac Loan Services
- Melissa Koupal, Senior Vice President, Loan Integrity, Loan Depot
- Pete Mills, Senior Vice President, Residential Policy & Member Engagement, Mortgage Banker Association

There were 613 meeting attendees.

"Kudos to all of you for this beautiful reminder that the regulator-industry relationship is not always fraught with peril. Sometimes just being open to the dialogue can lead to amazing developments!" - Keisha Whitehall-Wolfe (Mayer Brown)



Summary of Main Discussion Points

State Guidance

Charlie Clark (WA) provided an update on the Non-Depository Supervisory Committee (NDSC)¹ work. In March 2020, state agencies began to issue stay at home orders; and the NDSC started looking closely at this issue to make sure state commissioners were aware of the need for licensees, specifically mortgage loan originators, to be able to work from home (WFH). Since then, many states have issued guidance allowing licensees to WFH due to the COVID-19 pandemic. NDSC followed this issue closely and became aware the guidance states issued lacked uniformity. In September 2020, the NDSC issued a notice to all state commissioners with recommendations for WFH orders, encouraging states to extend their guidance, or to issue guidance or no action letters if they had not already done so. The NDSC plans to continue monitoring this issue closely.

Industry panelists thanked Mr. Clark for this update and voiced their appreciation for the state coordination regarding this matter. Industry panelists also voiced their thanks for the consolidated resource made available on the NMLS Resource Center that references all state issued guidance. The industry panelists appreciated the state agencies' focus and attention to industry needs related to the COVID-19 pandemic.

All regulatory panelists updated the group on their state's COVID-19-related guidance. All state agencies represented indicated guidance had been issued and they would continue to monitor the guidance to make sure it matched the needs of their licensees. The regulator panelists also indicated they were looking at how the COVID-19 pandemic may affect their licensing requirements in the future. Danielle Fagre Arlowe (American Financial Services Association or AFSA) encouraged regulators to extend the ability for companies and licensees to WFH if reasonable standards are met.

COVID-19 Changes and Lessons Learned

Mr. Payne asked the panel to discuss how their organization's operations have changed due to the pandemic and the lessons learned as they worked to continue to operate safely and effectively while remaining in compliance. Melissa Koupal (Loan Depot) indicated her organization did not need to implement new technologies to transition to a fully work remote environment, however, some items, like VPN access had to be increased. Industry panelists also recognized the importance of continuing to monitor call reporting and complaints. Charlie Fields (PennyMac Loan Services) noted the needed increase in mortgage servicing staff due to mortgage forbearance and increased refinance transactions.

Mrs. Koupal noted the cultural shift that allowed for remote work and all the benefits of the work style. Many regulatory and industry panelists were overall supportive of allowing remote work. Benefits include companies' ability to recruit top talent and improvements to employee's quality of life. Remote work also allows for increased opportunities for differently abled individuals and for a geographically diverse workforce. Mr. Payne noted that his agency was taking remote work into consideration when hiring new staff.

Mrs. Fagre Arlowe indicated AFSA had not seen any major complaints during the pandemic related to remote work, because the customer experience had largely been the same. Other panelists noted most

¹ Permanent CSBS Board committee providing oversight and support for functional committees established by the Nationwide Cooperative Agreement and for non-depository supervision.



consumers did not want to meet face to face anymore and technological changes supported this development.

All panelists indicated licensees should not be meeting customers at non-commercial locations. Pete Mills (Mortgage Banker Association) stated that over that last six months remote work had proven successful in meeting consumers' needs. He said the challenge now is for regulators and industry to work together to determine what safeguards and constraints should be in place to make sure remote work is a long-term viable approach.

The Present and Future of Branch Licensing

Mr. Mills noted the COVID-19 pandemic puts a spotlight on where work gets done and where they meet customers, and these places are not the same. This challenges a traditional branch-based model, but the pandemic has given this industry a "sandbox" to determine how this structure can change and be improved.

Mr. Payne asked regulator panelists to discuss their main concerns with licensing branch locations currently and relaxing these requirements. Regulator's primary concerns discussed were examinations, state budgets and information security. Mr. Payne indicated there is a lot of revenue generated from licensing branches, but it is also very time consuming, so this would be a good time to reevaluate to see where state laws could be updated, while continuing to address regulatory concerns.

[Click here](#) to view the full meeting.