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#### MEDIA RELEASE

American Association of Residential Mortgage Regulators  
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Conference of State Bank Supervisors  
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#### **Pennsylvania Banking Department Modernizes Mortgage Examination Processes**

The American Association of Residential Mortgage Regulators (AARMR) and the Conference of State Bank Supervisors (CSBS) announce another milestone in the modernization of state mortgage supervision as the Pennsylvania Department of Banking notified all licensed mortgage lenders on October 15 that the agency will be using sophisticated computer software to analyze loan level data as part of Pennsylvania's examination program.

"This is an important step," said Mark Pearce, AARMR President and Deputy Commissioner of Banks in North Carolina. "Several states currently use this software on a case by case basis in their mortgage supervision program including my own state of North Carolina. This is the first time that a state has contacted all of its licensed lenders to begin supervisory use of the software."

"Pennsylvania is leading this phase of examination modernization because we believe that it will improve our regulatory program and improve consumer protection in a way that is cost-effective for industry," said Steven Kaplan, Pennsylvania's Secretary of Banking.

"This software provides state regulators with a summary review and report of possible violations of 100% of a mortgage company's loan files in minutes," said Chuck Cross, Vice President of Mortgage Regulatory Policy at CSBS. "This tool enhances and compliments traditional examination methods making state regulators exponentially more efficient and accurate," he added.

The software, called ComplianceEase® and developed by LogicEase Solutions, Inc. of Burlingame, California, is provided to state mortgage regulators through contracts established with CSBS and AARMR. ComplianceEase® was selected for this project by CSBS and AARMR in 2008 following an eight month testing process. A mortgage lender does not need to be a customer of LogicEase to upload data to the Pennsylvania regulator as explained in the agency's October 15 letter.

The software will also be used by the Multistate Mortgage Committee (MMC), a committee of 10 state mortgage regulators formed by AARMR and CSBS to coordinate state supervision of the largest mortgage companies in the state system. An agreement and related protocol signed by all states plus Washington, D.C. and Puerto Rico allows states to share supervisory information and coordinate uniform supervisory activity through the MMC. Given Pennsylvania's large mortgage market, the MMC believes that Pennsylvania's October 15 letter will reach most major state-licensed mortgage lenders thereby beginning the implementation of modernized examination approaches on a national scale.

Mr. Pearce observed, "This is yet another example of States leading the way to modernize mortgage supervision and improve consumer protection. We built the Nationwide Mortgage Licensing System to screen and track mortgage originators across the country, we initiated over 7,000 mortgage enforcement actions last year, and we are now using advanced software to analyze entire loan portfolios for compliance with state and federal laws. The States continue to innovate in mortgage regulation and to raise standards to protect consumers from abusive loans."

The text of the Pennsylvania letter can be found on the Department's website at [www.banking.state.pa.us](http://www.banking.state.pa.us) or by clicking this link: [PA Letter to Lenders](#)

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AARMR is the national organization representing state residential mortgage regulators. AARMR's mission is to promote the exchange of information between and among the executives and employees of the various states who are charged with the responsibility for the administration and regulation of residential mortgage lending, servicing and brokering. More information about the American Association of Residential Mortgage Regulators can be found at: <http://www.aarmr.org>

The Conference of State Bank Supervisors (CSBS) is the nationwide organization for state banking, representing the bank regulators of the 50 states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands, and approximately 6,000 state-chartered financial institutions. CSBS also is responsible for improving the quality of state bank supervision by providing department performance evaluation and accreditation programs and supervisory education/training programs for state banking department personnel.

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