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Best Practices for Permitting Employees to Work Remotely

The American Association of Residential Mortgage Regulators (AARMR) issues this guidance to set forth best practices that state agencies should consider when permitting employees of state-licensed residential mortgage lenders to work from an unlicensed home or other location.

The mortgage industry has changed dramatically from the days of paper applications and heavy reliance on brick-and-mortar locations. The advancement of technology and the internet have made it possible for consumers to connect with mortgage personnel from virtually any location and to securely transmit information allowing for remote interaction rather than the traditional face-to-face meetings of days past. As a result, the industry was already trending toward a more mobile and remote workforce when the Covid-19 pandemic forced us all to consider remote work options. As a result of the Covid-19 pandemic, many states temporarily allowed loan originators and other mortgage staff to work remotely from their home or other unlicensed locations in an effort to reduce the spread of the virus.

In response to the increasing teleworking numbers, the mortgage lending industry and state regulators began to examine whether continuing the practice of allowing originators and others to work from home or other unlicensed locations should become a permanent option as companies begin to exit the confines of the COVID-19 pandemic. The ability to work from home has become a salient issue for employers and regulators, and the adoption of policies that protect consumers is a key consideration in deciding whether working from home should become a permanent option.

AARMR recognizes that this is a decision that each sovereign jurisdiction must make for itself, but for those states considering changes, AARMR sets forth these best practices that states ought to consider when implementing a permanent remote workforce option:

First, a mortgage loan originator should not be allowed to meet consumers at the originator's home unless the home is licensed as a branch location;

Second, there must be systems in place to ensure that data security and privacy requirements are met regardless of where the company's personnel are working;

Third, the company responsible for sponsoring the loan originator must sufficiently supervise the mortgage loan origination activities being conducted from any locations, whether that be licensed location or unlicensed home or other location; and,

Finally, documents must be available at a licensed location in the United States so that regulators are able to conduct examinations of the mortgage lending activities.

As state agencies and businesses reflect upon pandemic policies, the lack of consumer complaints and the ability to conduct examinations indicate that loan originators and others can work at home safely and effectively if a company is able to provide systems that protect consumer privacy and ensure regulatory compliance.

The American Association of Residential Mortgage Regulators (AARMR) is the national organization representing state residential mortgage regulators. AARMR's mission is to (a) promote the exchange of information between and among the executives and employees of the various states who are charged with the responsibility, pursuant to the laws of the individual states, for the administration and regulation of residential mortgage lending, servicing and brokering; (b) assist in resolving conflicts of jurisdiction in relation to mortgage lending, servicing, and brokering; (c) promote a better understanding of mortgage regulation; (d) develop model legislation applicable to the administration and regulation of mortgage lending, servicing and brokering; (e) increase the knowledge and ability of those engaged in the administration and enforcement of mortgage regulation and those engaged in mortgage lending, servicing or brokering by organizing and sponsoring lectures, seminars, and training programs and by providing a forum for the exchange of information; and (f) do everything necessary, proper, advisable or convenient for the accomplishment of the Corporation's purposes and goals.