

REGULATOR EXAM INSIGHTS



One Rose Consulting, LLC
MORTGAGE LICENSING &
COMPLIANCE MADE EASY!

MELINDA YERKES



WHAT REGULATORS ACTUALLY LOOK FOR DURING MORTGAGE EXAMINATIONS

Author:
Melinda Yerkes

Proprietary & Confidential Disclaimer

This document contains proprietary information of One Rose Consulting, LLC and is provided for informational use only by the intended recipient. No part of this document may be reproduced, distributed, published, or shared in any form without prior written consent from One Rose Consulting, LLC.

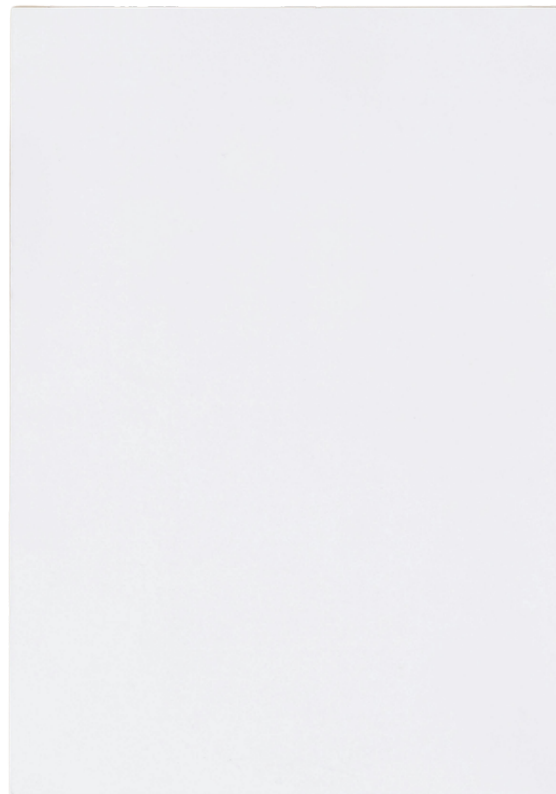
Unauthorized use or disclosure is strictly prohibited and may result in legal action.

WHY UNDERSTANDING THE EXAMINER'S MINDSET CHANGES EVERYTHING



Mortgage regulators are not random in their approach. State and federal examiners follow structured examination programs designed to assess a company's compliance posture, consumer protection efforts, financial stability, and operational integrity.

Understanding what regulators truly prioritize allows mortgage companies to prepare proactively, minimize findings, and significantly reduce regulatory risk.



At One Rose Consulting, LLC we often say:



***Regulators don't
expect perfection —
they expect control.***

THE PURPOSE OF MORTGAGE EXAMINATIONS

Regulatory exams are conducted to ensure that mortgage companies:

- Operate in compliance with state and federal laws
- Protect consumers
- Maintain financial responsibility
- Implement effective internal controls
- Prevent fraud and abuse
- Maintain data security



Examiners are trained to identify weaknesses in systems, controls, and governance — not just isolated errors.



The Five Core Areas Regulators Evaluate

Across nearly all jurisdictions, regulators consistently focus on five critical compliance pillars:

1. Corporate Governance & Management Oversight
2. Licensing & NMLS Compliance
3. Loan File & Operational Compliance
4. Financial Condition & Reporting
5. Information Security & Data Protection



Understanding these five areas allows companies to structure their compliance programs around regulatory expectations.

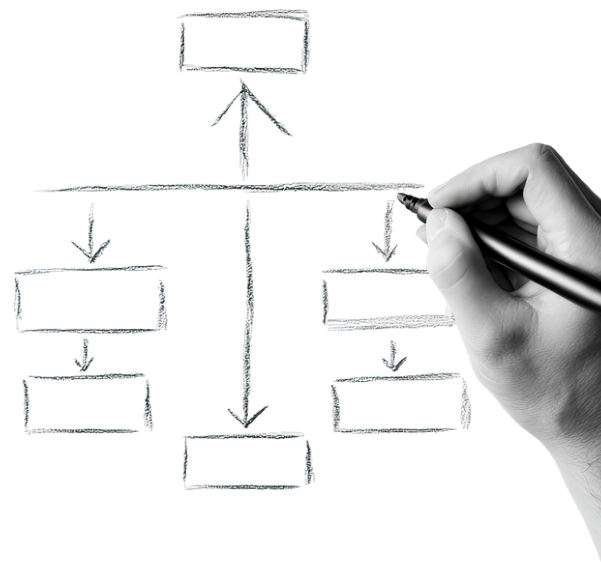
1. CORPORATE GOVERNANCE & MANAGEMENT OVERSIGHT

Regulators expect executive leadership to maintain direct oversight of compliance operations.

Key examination areas include:

- Written policies and procedures
- Management involvement in compliance decisions
- Organizational structure
- Internal reporting lines
- Compliance accountability
- Training oversight

Examiners look for evidence that leadership is actively engaged — not delegating compliance blindly.

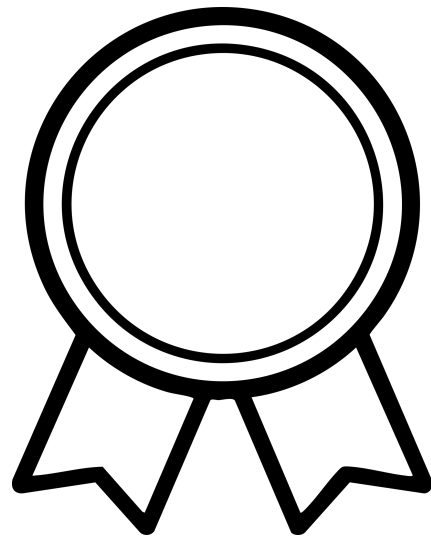


2. LICENSING & NMLS COMPLIANCE

Licensing compliance is often the first area examiners review.

Key focus areas include:

- Active state licenses
- Proper branch licensing
- Accurate NMLS filings
- Timely renewals
- Financial reporting compliance
- Surety bond maintenance



Even minor discrepancies can trigger expanded review.

3. LOAN FILE & OPERATIONAL COMPLIANCE

Loan file reviews form the backbone of every mortgage examination.

Examiners typically evaluate:

- Application disclosures
- Timing requirements
- Fee tolerances
- Advertising compliance
- Fair lending indicators
- Underwriting documentation
- Closing accuracy
- • Post-closing corrections

Patterns of errors often matter more than isolated mistakes.

4. FINANCIAL CONDITION & REPORTING

Regulators carefully review financial stability to ensure companies can meet consumer and operational obligations.

Key review items include:

- Financial statements
- Net worth compliance
- Liquidity requirements
- Mortgage Call Reports (MCR)
- Trust account management
- Escrow account controls



Financial weaknesses frequently trigger enhanced regulatory scrutiny.

5. INFORMATION SECURITY & DATA PROTECTION

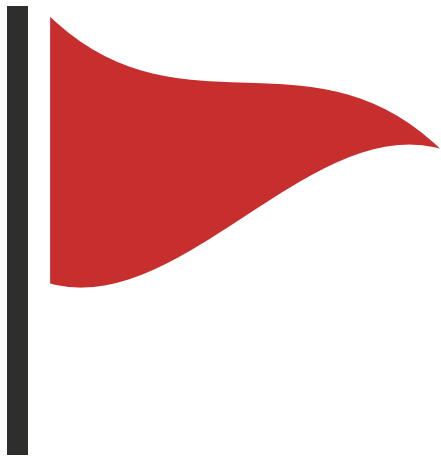
Cybersecurity has become one of the fastest-growing examination priorities.

Examiners review:

- Written Information Security Program
- Risk assessments
- Employee training
- Vendor oversight
- Data encryption
- Incident response planning
- Business continuity procedures



Deficiencies in cybersecurity frequently result in immediate corrective action demands.



THE RED FLAGS THAT TRIGGER DEEPER REVIEWS

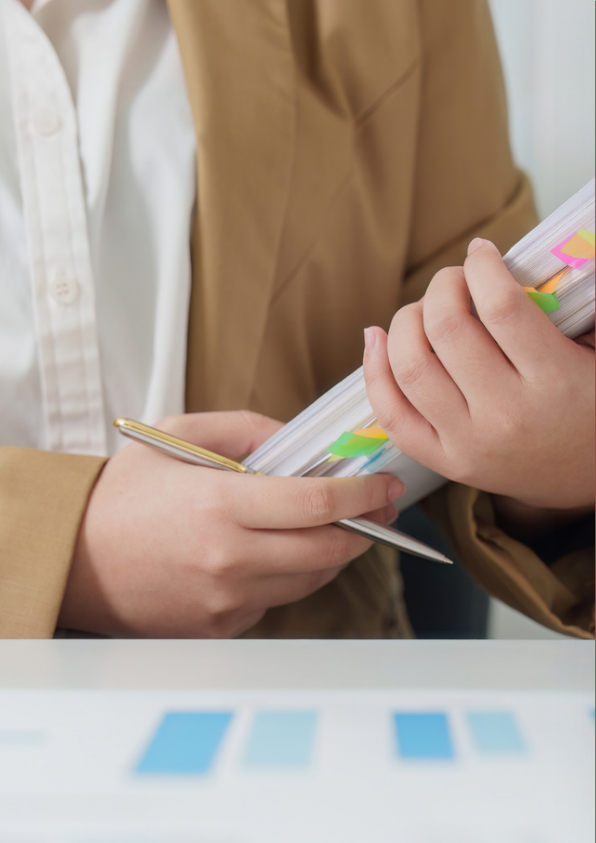
Certain indicators commonly cause examiners to expand the scope of their examinations:

- **Missing policies**
- **Outdated procedures**
- **Poor documentation**
- **Repeated violations**
- **Late regulatory filings**
- **Consumer complaints**
- **Advertising violations**
- **Weak cybersecurity controls**

These red flags can dramatically increase regulatory exposure.

HOW EXAMINERS ASSESS RISK

Regulators apply a risk-based examination methodology that prioritizes:

- 
- **Consumer harm**
 - **Systemic weaknesses**
 - **Repeated errors**
 - **Management oversight failures**
 - **Financial instability**

Companies demonstrating strong internal controls typically receive significantly lighter exam scrutiny.

HOW TO PREPARE USING A REGULATOR-FOCUSED STRATEGY

Companies should prepare for exams by aligning compliance efforts directly with regulator expectations:

Conduct internal audits

Review policies annually

Perform compliance testing

Validate licensing records

Test cybersecurity controls

Document corrective actions

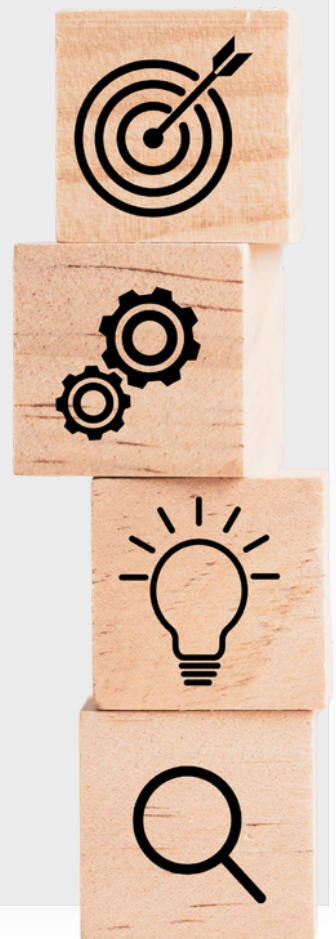
Train staff regularly

THE ORC REGULATOR READINESS FRAMEWORK

One Rose Consulting, LLC prepares clients using a regulator-focused compliance framework designed to mirror examiner methodology.

Our framework includes:

1. Regulator Risk Mapping
2. Pre-Exam Readiness Reviews
3. Policy & Procedure Alignment
4. File Sampling & Testing
5. Compliance Gap Analysis
6. Corrective Action Planning
7. Regulator Response Support



EXAM READINESS CHECKLIST

**USE THIS CHECKLIST TO ASSESS YOUR
REGULATORY PREPAREDNESS:**

-  **Policies current and compliant**
-  **QC audits completed**
-  **Licensing accurate**
-  **Financials current**
-  **MCR filings complete**
-  **Advertising compliant**
-  **Cybersecurity tested**
-  **Vendor oversight documented**
-  **Training records maintained**

Why Regulator Insight Creates Competitive Advantage

Companies that understand regulatory expectations experience:

- **Faster exams**
- **Fewer findings**
- **Lower compliance costs**
- **Reduced business disruption**
- **Stronger investor relationships**

HOW ONE ROSE CONSULTING, LLC SUPPORTS EXAM READINESS



Our regulatory exam support services include:

- Pre-exam readiness audits
- Mock examinations
- Regulator correspondence management
- Corrective action plan development
- Ongoing compliance monitoring



LICENSING & COMPLIANCE MADE EASY!



One Rose Consulting, LLC

**MORTGAGE LICENSING &
COMPLIANCE MADE EASY!**

727-291-0790

WWW.ONEROSECONSULTING.COM