



Texas Department of Savings and Mortgage Lending



From: Caroline C. Jones, Commissioner
To: Texas Mortgage Industry Association Representatives

June 19, 2017

Frequent Exam Findings

Some of the most frequent exam violations we are finding are those that occur when an entity's Loan Origination System (LOS) is changed, or more commonly, has been updated. **This email is to recommend that if you change or update your LOS, a quality control review be done to ensure that an update in one area of the LOS has not negatively impacted another area of the LOS.**

For example – We find the statutorily required banker/company disclosure is missing systemically and for a length of time that ties back to a change or update in the LOS and there was no quality control or due diligence review of the output from the LOS subsequent to the change or update. In this situation, the number of files affected is often large.

Even though management does not know that the disclosure is no longer being given **it is a violation and could result in fines and penalties**

Please disseminate this information as you deem appropriate.

AS ALWAYS, THE INDUSTRY REMAINS RESPONSIBLE FOR KEEPING UP WITH STATUTES, RULES, AND OTHER ITEMS ON THE DEPARTMENT'S WEBSITE.

Caroline C. Jones, Commissioner