

The Mortgage Compliance Dataset: An Industry Brief

Introduction

For nearly 125 years, the Conference of State Bank Supervisors (CSBS) has been the voice of state supervisors in Washington, D.C. While financial markets have evolved dramatically over the last century, the CSBS mission endures: advocacy, training, and technology to support state agencies and to promote state and federal partnerships that advance the U.S. financial system.

CSBS members supervise both bank and nonbank firms, providing a unique vantagepoint over our dynamic financial system. These firms are growing more complex, and state supervision relies on increasingly complex data sets. And, as the financial system transforms – particularly through the introduction of new technologies – the state system must continue to evolve. This is particularly true for mortgage origination and servicing which has seen incredible change over the last decade.

Through training and policy development, CSBS supports state efforts to promote consistent standards for consumer protection and safety and soundness in mortgage markets. For example, state regulators developed Nonbank Mortgage Servicer Prudential Standards – a model law which now provides consistent capital and liquidity standards for 99% of the U.S. mortgage market (by loan count).

Technology is also a critical enabler for a coordinated state framework. The Nationwide Multistate Licensing System (NMLS), and its supervisory component, the State Examination System (SES), help increase consistency across the states, promote coordination of exam activities, and reduce the cost of compliance for supervised firms. Yet, even with these tools, mortgage compliance exams can still be a time-consuming and burdensome process – for examiners and industry.

That is why CSBS partnered with MISMO and industry on the Mortgage Compliance Dataset (MCD). The MCD can help change the technology that supports compliance and reduce complexity and burden in the supervisory process.

With consistent data and common technology platforms, state regulators and industry can build a shared perspective on compliance — reducing cost, duplication, and friction across the system and identifying and mitigating risks sooner.

Our MCD work is part of the broader CSBS Catalyst Initiative: an effort to identify existing technologies that can help make state supervision more efficient and more effective. Just like MCD, the Catalyst Initiative will rely on collaboration and engagement with state supervisors and industry to test and deploy the next generation of supervisory technologies.

I am excited by the possibility that new MCD-based technology will fundamentally change the compliance process for the mortgage industry and state supervisors. We all play a vital role in moving the MCD from adoption to implementation, and I thank you for your commitment to that effort. Your hard work will help reduce compliance costs and improve the availability of responsible mortgage products, putting more American families in their own homes.

Brandon Milhorn

President and CEO

CSBS



Foreword

Mortgage compliance has never been optional, but the way we support it must evolve.

Nonbank mortgage companies operate within a regulatory framework largely administered by the states, which examine and supervise the industry for compliance with their respective state statutes and regulations, as well as applicable federal lending laws and requirements.

For companies that operate nationally, this system presents distinct challenges in managing compliance functions and data, while also creating opportunities for regulators and industry to collaborate on improving efficiency, consistency, and transparency in ways that maintain value for consumers, regulators, and institutions.

The MCD is a response to the system's unique challenges and opportunities, with MISMO the natural place to foster its development and implementation.

What makes the MCD powerful is not just the solution itself, but how it came to life. A leading compliance technology provider and large multistate lender, working with state regulators, through CSBS, initiated the same idea for a standard compliance data set to improve the mortgage origination examination experience. Each party came to a similar conclusion though from unique places and roles in the mortgage ecosystem and touchpoints in the supervisory process. Different perspectives. Same problem. Same need.

As a neutral, industry-led standards organization, MISMO exists to solve problems that no single institution can solve alone. Through disciplined governance, broad participation, and a shared commitment to progress, the MCD was developed to provide something the industry has long needed: a common, trusted framework for transaction-level compliance data exchange.

This Industry Brief is written for executive leaders because the implications of the MCD are strategic, not technical. Standardized compliance data reduces operational friction, strengthens risk management, and improves regulatory engagement. More importantly, it creates infrastructure that can scale, not just for today's exams, but for the future of mortgage oversight.

Standards do not succeed by accident. They succeed when leaders *choose to support them*.

The MCD is proof that when lenders, regulators, and technology providers work together, we can increase alignment and clarity within the mortgage origination examination experience. This work represents not just progress for compliance, but a model for how our industry can continue to move forward, together.

Thank you for your leadership, your participation, and your investment in the future of our industry.

Brian Vieux, CMB
President
MISMO



Industry Brief

Section I

The Compliance Problem: Scaling in a State-Based System

Nonbank mortgage regulation in the U.S. is largely administered at the state level. Each state acts independently according to its own statutes and supervisory responsibilities. However, state agencies coordinate extensively with one another (and through member organizations like CSBS and the American Association of Residential Mortgage Regulators) to promote consistency and uniformity in the supervisory process. For example, since 2020 SES has been used to drive a more consistent company exam and supervision experience. The One Company One Exam initiative, created to foster state exam coordination using SES, has resulted in greater alignment among states and eliminated exam redundancies for companies.



Risk and compliance teams must spend time *reconciling* format and definitional differences rather than focusing solely on **substantive compliance analysis**.

Developing and adopting the MCD is a next step in state collaboration that will yield benefits for both states and mortgage industry companies by driving supervisory efficiencies, further supporting mortgage examinations, and enhancing consumer protection.

The MCD will help resolve many of the current challenges. For technology vendors, challenges include operational variances, which impact staff time. Technology providers face challenges also in designing scalable compliance examination tools when data inputs differ across jurisdictions. Data governance teams must maintain multiple mappings for similar data fields. In addition, risk and compliance teams

must spend time *reconciling format and definitional differences* rather than focusing solely on **substantive compliance analysis**.

State regulators also are impacted by variances. Differences in transaction-level data submissions can make it harder to consistently apply technology-enabled, risk-based examination techniques. Without a common data structure, examiners may need to devote additional time to clarifying, reconciling, or supplementing data before leveraging analytical tools. Even when lenders provide information in good faith, the lack of uniform structure can introduce friction that lengthens the examination process.

Recognizing these shared challenges, state regulators worked through CSBS, their membership organization, to explore how technology could support more efficient, risk-focused supervision. During that process, it became clear that effective use of compliance technology would depend on



a uniform, well-defined dataset that could be applied consistently across jurisdictions while fully preserving state authority and oversight.

From the industry perspective, large multistate mortgage lenders reached similar conclusions. Even institutions with mature compliance programs, robust data infrastructure, and experienced teams found it increasingly complex to manage variations in regulatory data requests across state jurisdictions.

Over time, it became clear that this was not a challenge any single regulator, lender, or vendor could address alone. It was a scaling issue — one that called for collaboration, governance, and standardization across the supervisory ecosystem. MISMO was uniquely positioned to bring these stakeholders together to develop a practical, industry-supported solution.

Section II

Why MISMO Was the Right Place to Solve the Problem

When two independently sourced problem statements — one from a top five lender and another from state regulators, converged on the same conclusion after a lengthy and complicated examination — the question was no longer *if* a solution was needed, but *where* could it be developed.

MISMO was the answer.

MISMO has long served as the mortgage industry's neutral standards-setting organization, bringing together lenders, servicers, regulators, government agencies, and technology providers to establish common data definitions and structures across the mortgage lifecycle. Just as important as its technical expertise is its governance model, designed to balance competing interests while maintaining transparency, rigor, and credibility.

This balance was essential. A compliance dataset could not be perceived as lender- or regulator-driven. It had to be industry driven.

Both problem statements were vetted through MISMO's governance process, beginning with the Business Executive Team (BET) review. This committee evaluates proposed standards initiatives based on scope, feasibility, industry impact, and alignment with MISMO's mission. The review confirmed that the issue was systemic, widely experienced, and appropriate for an industry standard rather than a proprietary solution.

Following this review, MISMO established a formal Development Workgroup that became known as the MCD Development Workgroup. The workgroup was structured to include broad representation across the ecosystem, lenders of varying sizes, compliance and legal experts, technology providers, and regulatory participants. This ensured that the resulting standard would be practical, implementable, and aligned with real-world examination needs.



MISMO's role was not to dictate outcomes, but to provide a framework in which collaboration could succeed. Through disciplined governance, open participation, and structured development, MISMO created the conditions necessary to turn pain points into a shared solution.

In short, MISMO was the right place because it combined neutrality, expertise, and process, the three prerequisites for solving an industry-wide compliance challenge.

With consistent data and common technology platforms, state regulators and industry can build a shared perspective on compliance — reducing cost, duplication, and friction across the system and identifying and mitigating risks sooner.

Brandon Milhorn
President & CEO
CSBS

Section III

What the Mortgage Compliance Dataset Is

The MCD is a standardized regulatory compliance data specification designed to support mortgage origination examination and compliance testing across jurisdictions for federal regulations, and provide examiners with a data-driven, risk-based loan file selection process for deeper compliance review.

At its core, the MCD defines a uniform set of **data elements, structures, and definitions** that lenders can use to provide information to regulators, and that regulators can rely on to conduct consistent, efficient examinations. Rather than creating new concepts, the MCD leverages the industry's existing data foundation by building on the MISMO Version 3.6 XML Reference Model.

This approach was intentional. By aligning the MCD to the same data model used across *agency reporting, data exchange, and mortgage operations*, the specification enables lenders to reuse existing data mappings and structures. The result is higher data quality, improved consistency, and reduced operational friction.

The MCD is designed to support multiple regulatory use cases, including:

- Closed loan portfolio examinations
- In-process compliance testing by lenders

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- Compliance testing of disclosures before they are issued

To accommodate these use cases, the specification supports three transaction request types:

- Closed loan
- In-process
- Projected disclosure

Each request type shares a consistent core data structure while allowing for conditionality based on loan types and regulatory need. This flexibility enables lenders to provide accurate, context-specific data without redefining the dataset for each scenario.

Importantly, the MCD is vendor-agnostic. It does not prescribe technology platforms or compliance tools. Instead, it establishes a **shared data language** that vendors can support and lenders can implement using their existing systems. This design choice promotes competition, innovation, and scalability while preventing vendor lock-in.

The specification is also extensible and versioned, allowing it to evolve as regulations, business practices, and supervisory expectations change over time.

Built-in validation and data typing controls further enhance data accuracy and reliability, benefiting both lenders and regulators.

From an executive perspective, the MCD should be viewed not as a compliance artifact, but as infrastructure, foundational data plumbing that enables more efficient oversight, stronger risk management, and scalable compliance operations.

In short, the MCD supports a common, governed framework for compliance data exchange.



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Section IV

What the Mortgage Compliance Dataset *Is Not*

As with any industry standard, clarity around scope is essential. The MCD was designed to solve a specific problem, the lack of a uniform compliance data framework for the mortgage origination portfolio review of a state regulatory examination, and it is intentionally focused. Understanding what the MCD does *not* attempt to do is as important as understanding what it does.

The MCD is not:

- **An all-encompassing regulatory solution.** It does not attempt to cover every loan product, transaction type, or supervisory nuance. Certain loan categories are intentionally out of



scope, including reverse mortgages, home equity lines of credit, business purpose loans, and other specialized products. Servicing-specific data also remains out of scope. This scoping discipline ensures that the dataset remains practical, implementable, and aligned with its original use cases.

- **A replacement for state authority or regulatory judgment.** The technologies powered by the MCD will offer, for the first time, a vendor agnostic, common, and transparent mechanism for achieving compliance that it is aligned with regulators. This technology does not replace state authority; it augments it and provides industry access to the same vantage points regulators have when determining compliance.
- **A vendor product.** It does not prescribe software platforms, compliance tools, or workflows. While technology providers play a critical role in enabling implementation, the dataset itself remains vendor-agnostic. This preserves choice for lenders and encourages innovation rather than consolidation.
- **A shortcut around compliance responsibility.** Lenders remain accountable for data accuracy, regulatory adherence, and consumer protection. Standardization does not reduce responsibility; it reduces unnecessary friction.
- **A one-time deliverable.** The specification is versioned and extensible, allowing it to evolve alongside regulatory changes and industry feedback. This adaptability ensures longevity without sacrificing governance discipline.

By clearly defining what the MCD is not, the industry has protected its integrity. The dataset focuses on what it can do exceptionally well: establish a shared compliance data foundation that is scalable, durable, and broadly adoptable.

Section V

Why This Matters to Executive Leaders Right Now

The value of the MCD for executive leaders is not theoretical. It is operational, financial, and strategic.

The MCD will drive a better experience for lenders because they will be using a shared technology that meets state supervisory expectations, increasing consistency and coordination across states for examinations. The MCD, with standardized data definitions and structures, will reduce the time and effort required to respond to exams, lower the cost of compliance operations, and improve predictability across jurisdictions.

This efficiency compounds. Compliance teams spend less time managing exceptions and more time focusing on substantive risk. Technology teams reduce custom development work. Vendors can support standardized integrations rather than one-off builds. Over time, the organization benefits from cleaner data, fewer reconciliation issues, and faster regulatory response cycles.



The MCD represents a shift from *reactive* compliance to **scalable** compliance infrastructure.

From a risk management perspective, the MCD enhances defensibility. Consistent data structures improve auditability and transparency, making it easier to identify issues early and address them proactively.

When data is standardized, discrepancies become clearer, remediation becomes more targeted, and regulatory conversations become more constructive.

Strategically, the MCD represents a shift from *reactive* compliance to **scalable** compliance infrastructure. As regulatory scrutiny increases and loan complexity grows, institutions that rely on manual or bespoke processes will face rising costs and operational strain. Institutions that invest in standardized data foundations

will be better positioned to adapt, not just to current requirements, but to future supervisory expectations.

There is also a broader leadership dimension. The MCD exists because lenders and regulators chose collaboration over customization. Executive support for adoption signals a commitment to industry stewardship, recognizing that certain challenges are solved best collectively, rather than competitively.

In a market where margins are tight and expectations are high, the question is no longer whether compliance needs to be efficient. The question is whether institutions are building compliance operations that can scale with confidence.

The MCD provides the foundation to do exactly that.

Section VI

Industry Collaboration as a Competitive Advantage

The MCD exists because the industry chose collaboration over fragmentation.

At a time when many operational challenges are addressed through proprietary tools or internal workarounds, the MCD stands apart as proof that some problems are solved best collectively. No single lender, regardless of size, sophistication, or market share, could have created a solution with the breadth, credibility, and durability required to address regulatory compliance at a national scale.

Meaningful standardization requires alignment, trust, and shared ownership across the ecosystem. Creating a comprehensive engagement model that brings lenders, vendors, and regulators to the same table will drive market efficiencies that support voluntary MCD implementation without mandates.



Through MISMO's governance structure, lenders, regulators, and technology providers worked together to create a common framework. The result is not simply a dataset, but a repeatable model for solving complex industry problems, one that balances innovation with oversight and efficiency with accountability.

For executive leaders, this collaboration represents more than operational improvement. It is a strategic signal. Institutions that support and adopt industry standards demonstrate maturity, foresight, and a long-term view of risk management. They reduce redundancy not only within their own organizations, but across the broader mortgage ecosystem.

In competitive markets, efficiency is an advantage. But *collective efficiency* achieved **through shared standards** is a **multiplier**. It lowers systemic costs, improves regulatory confidence, and creates a foundation upon which new technologies and processes can be built.

The MCD is not the end of this journey; it is evidence that the industry can align around shared challenges and deliver durable solutions when it chooses to do so.

In competitive markets, efficiency is an advantage. But *collective efficiency* achieved **through shared standards** is a **multiplier**.

Section VII

A Call to Action for Executive Leaders

The MCD will only deliver its full value through leadership, participation, and adoption.

For executive leaders, the call to action is straightforward.

First, champion adoption within your organization. Treat the MCD not as a compliance exercise, but as foundational infrastructure. Ensure that compliance, technology, and risk teams understand its purpose and are empowered to integrate it into examination and testing workflows.

Second, engage your partners. Encourage technology providers and compliance vendors to support the standard fully and consistently. Standardization only works when it is implemented across the ecosystem.

Third, invest in standards sustainability. Industry standards do not maintain themselves. MISMO's work, including the development, governance, and evolution of the MCD, is funded through collective industry participation. *At \$0.75 per loan, the Innovation Investment Fee represents one of the most efficient investments available to lenders today.*



When measured against the operational savings, risk reduction, and scalability the MCD enables, the return is compelling.

Finally, lean into industry leadership. The MCD is the result of lenders stepping forward and regulators leaning in. Continued progress depends on executive sponsorship, active participation, and a shared commitment to improving how the industry operates.

The future of mortgage compliance will be driven by cleaner, more consistent, and more transparent data. The MCD provides the foundation. The next step belongs to those willing to lead.

For more information on the CSBS Catalyst Initiative, contact: catalyst@csbs.org.

To learn more about MISMO and your opportunity to influence standards and governance important to you and the future of your organization, please contact Amy Moses (amoses@mismo.org).

Visit our website at <https://mismo.org> to discover more resources and learn about MISMO's mission.

Become a part of defining the language of lending.