



## Mortgage Industry Webinar

We will begin shortly

Call In #: 1-415-655-0001

Meeting #: 177 600 9197

Password: June22021

Your audio will be muted upon entry. If you have a question during the presentation, please send a message to the presenter.

There will be a portion at the end of the webinar where there will be a Q&A. We will try to get to as many questions as possible.

- **This webinar is being recorded and will be available on our website shortly after the meeting.**

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# Mortgage Industry Webinar Agenda

Wednesday, June 2, 2021

9:00 AM

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*The information provided during this webinar is for informational purposes only and is not legal advice. You should contact an attorney to obtain advice with respect to any particular business practice. The opinions expressed during the webinar are the opinions of the individuals and may not reflect the opinions of the department. The information provided may not be applicable in all situations or under all circumstances. You are ultimately responsible for compliance with state and federal law.*

1. Welcome – Cindy Fazio
2. Licensing Update – Maureen Camp
3. Examination Update – Anya Tabb
4. Enforcement Update – Steve Sherman
5. Rulemaking Update – Cindy Fazio
6. Question/Answer Session – Devon Phelps

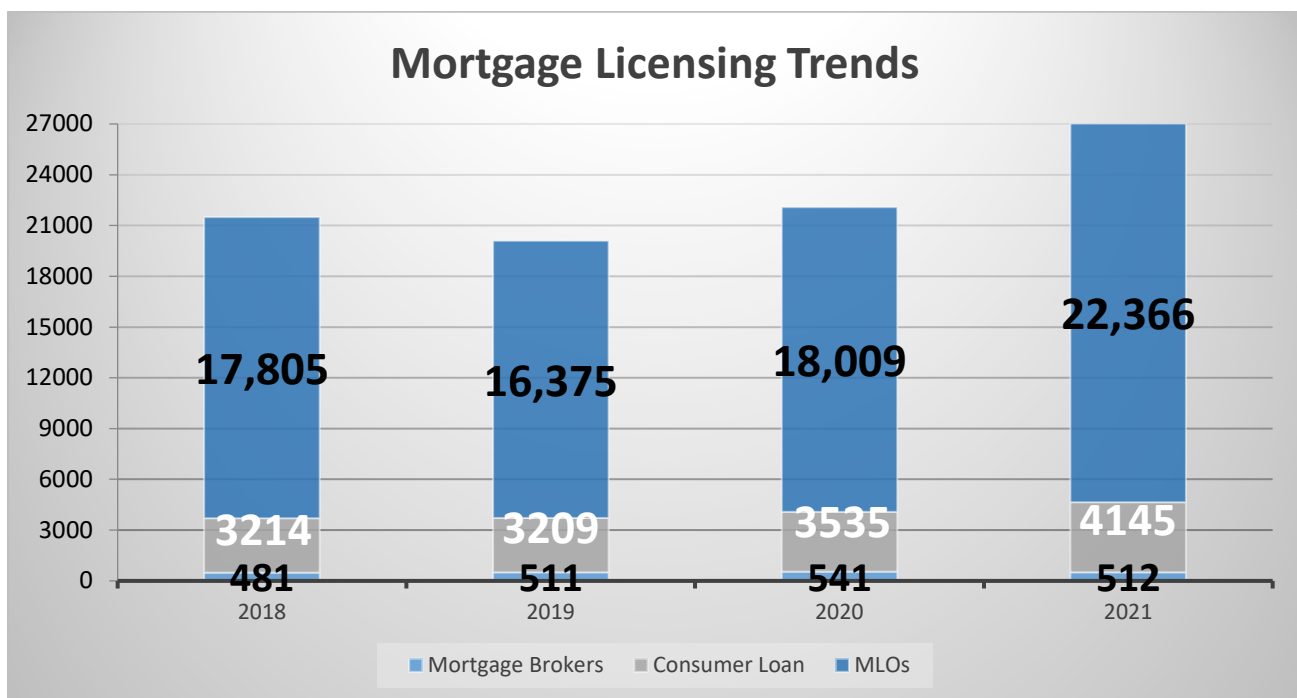
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# Licensing Unit Report - Mortgage Program

Mortgage Industry Webinar

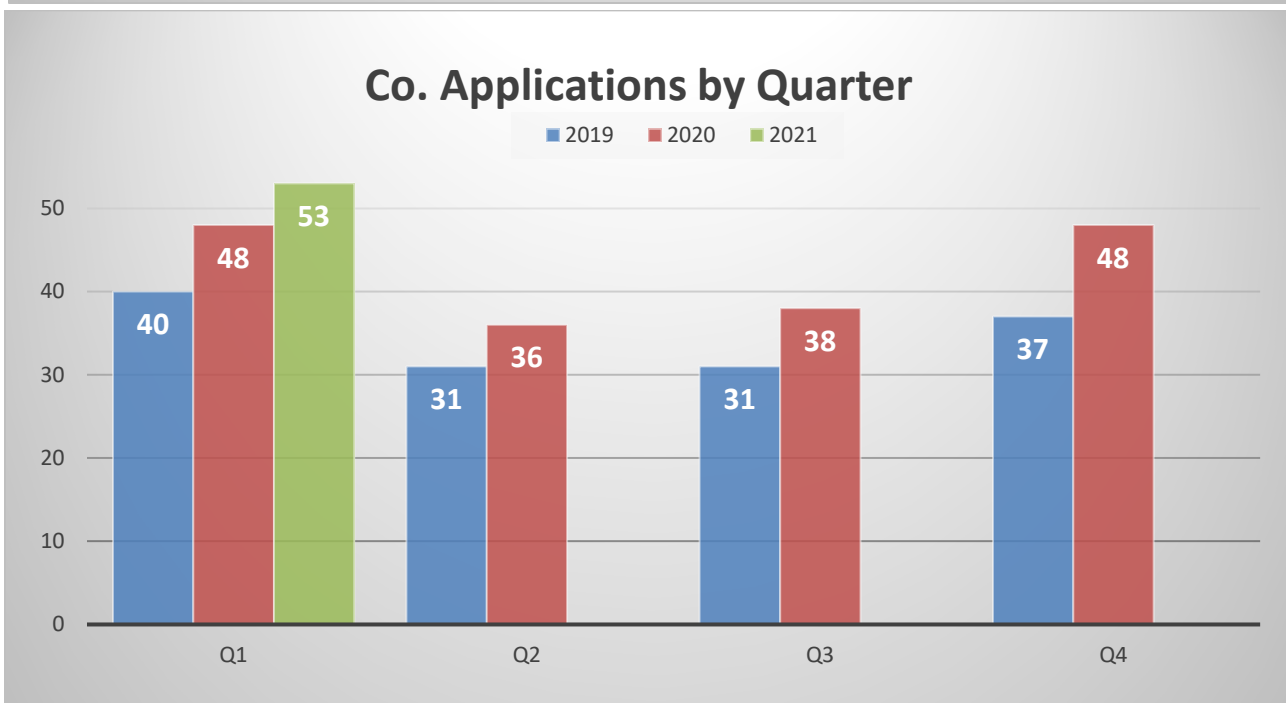
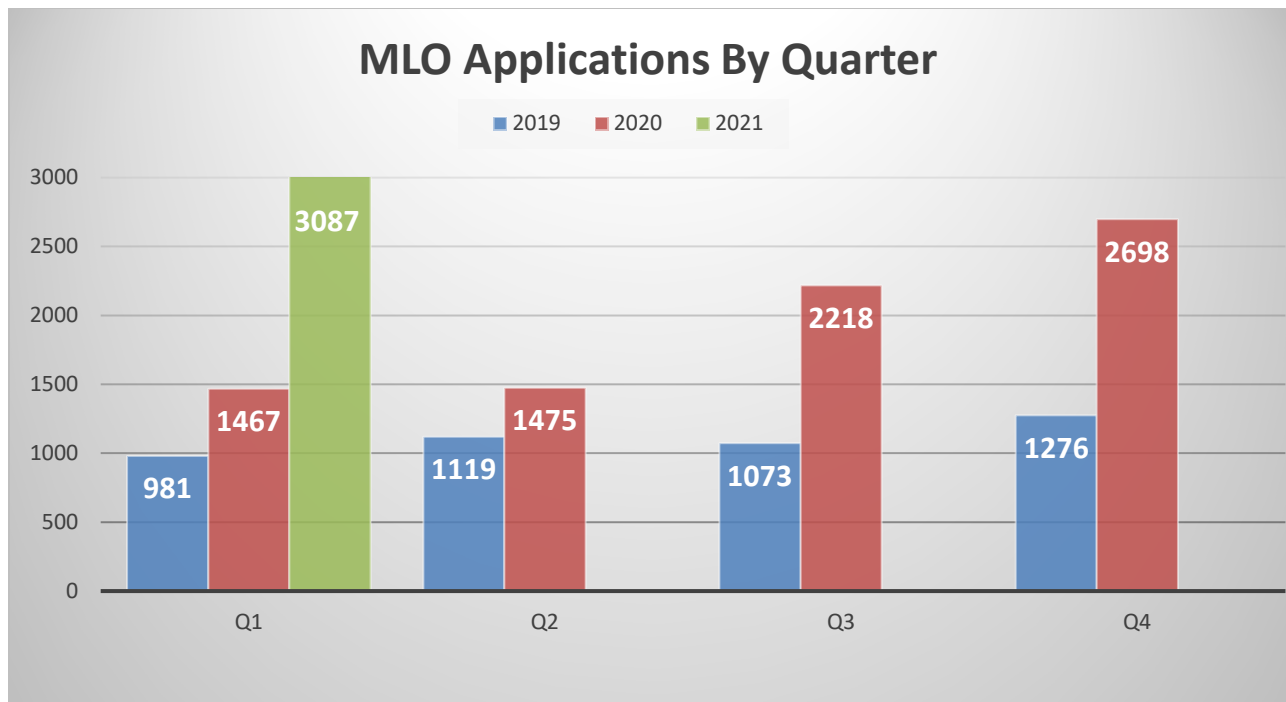
May 24, 2021

License Types	May 2018	May 2019	May 2020	May 2021	Total Change
Mortgage Broker Main	292	302	323	332	+40
Mortgage Broker Branch	189	209	218	180	-9
Consumer Loan Main	653	678	721	791	+138
Consumer Loan Branch	2,561	2,531	2,814	3,354	+793
MLOs (Active & Inactive)	17,805	16,375	18,009	22,366	+4,56



## Licensing Trends

- Total number of mortgage licensees growing substantially
  - Greatest gain in MLO licenses
    - 4% increase in renewed licenses (+3,000) and high application volume
  - Mortgage Broker and Consumer Loan licensees still growing
    - Closure of MB with many branches accounts for the drop in MB branches



### **Application Trends**

- Surge in MLO application volume; started about Summer 2020
  - Typical monthly volume: 400-500 applications
  - Average monthly volume (May 2020-April 2021): more than 800 applications
  - Highest month: March 2021 with more than 1,200 applications
- Increased volume of company applications
  - Majority under Consumer Loan, but steady number under Mortgage Broker
    - Mostly mortgage-related companies, brokering and lending primarily
    - Some consumer lending models as well as student loan servicers

### **Temporary Authority to Operate (TA) Update**

- Allows eligible individuals to continue MLO activities while meeting testing/education requirements for a state license; law effective November 24, 2019

Numbers on TA include:

- Nationally, 38% of MLO applications TA eligible during 2020<sup>1</sup>
- In Washington, 37% of MLO applications TA eligible during 2020
- For Jan-Apr 2021, 42% of MLO applications in Washington are TA eligible
- Most eligible due to licensure in another state

Any issues related to Temporary Authority?

- Response time to resolve license items
- Issues with education
- Loss of Temporary Authority

### **Upcoming Events/Deadlines**

- June 15 Industry Work Sessions for MLO Home Offices Rulemaking
- Mid-Aug CE license item set on MLOs without 2021 education completed
- Aug 14 Q3 Mortgage Call Report Filing Deadline

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<sup>1</sup> CSBS 2020 MLO Report

# CS – Examination Unit Report

## Consumer Loan and Mortgage Broker Programs

Mortgage Industry Meeting

June 2, 2021

### Examination Summary – Consumer Loan Origination

88 Exams completed for October 2020 – April 2021

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	6	65
2	21	72
3	24	108
4	2	167
*N/A	35	N/A

\*N/A includes:

- 9 Desk Reviews, 25 Initial Compliance Review, and 1 SWE

*Temporary waiver in effect as of July 1, 2018, exam fees were not billed.*

### Common Violations

- **Surety Bonds:** Surety bond amounts are based on the volume of your activity from prior years. By March 1st of each year, you must determine your required bond amount and provide DFI with proof of having an adequate bond. WACs 208-620-320 and 208-620-327
- **Licensure of Processing and Underwriting Supervisors:** Any manager who is the day-to-day operational supervisor of loan processors or underwriters must hold a mortgage loan originator license. The license can be from any state. WAC 208-620-301
- **Supervisory Plans:** WAC 208-620-301(6) requires that licensed managers must prepare and maintain written supervisory plan for the employees they supervise. Plans must include the number of employees supervised and their physical locations, how the supervisor will adequately supervise employees not in the same location as the supervisor, and the type and volume of work performed by the supervised employees. Licensees should ensure plans include all required information.

**Reminder:** The Department can typically accommodate reasonable requests for scheduling changes on routine examinations with advance notice. If you have a conflict let us know when we reach out to schedule the examination.

### Examination Summary – Residential Mortgage Loan Servicing

47 Exams completed for October 2020 – April 2021

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	3	95
2	14	127
3	2	129
4	0	0
*N/A	28	N/A

\*\*N/A includes:

- 28 Desk Review

*Temporary waiver in effect as of July 1, 2018, exam fees were not billed.*

## **Common Violations**

The most common violations over the last six months are:

- Inaccurate Consolidated Annual Reports, usually due to not reporting loans that were paid off or transferred to another servicer at some point during the year or by not reporting the balance on January 1 of the year (usually reporting the balance at the end of the year rather than the beginning)
- Failure to Maintain Records, usually involving a Company's subservicer not providing missing file documents
- Inaccurate Adjustable Rate Change Notifications, with errors in change dates, rounding up or down to the nearest eighth of a percent, or using an inaccurate index or margin

## **Examination Summary – Mortgage Brokers**

56 Exams completed for October 2020 – April 2021

<b>Composite Rating</b>	<b>Number of Licensees</b>	<b>**Avg. Billable Hrs.</b>
1	2	N/A
2	8	N/A
3	13	N/A
4	4	N/A
*N/A	29	N/A

\*N/A includes:

- 27 Initial Compliance Review, 2 SWE

\*\*Mortgage Brokers are not billed for exam hours unless under orders by the Department

## **Common Violations**

The most common violations over the last six months are:

- Failure to file accurate MCRs
- Failure to develop and implement an adequate Anti-Money Laundering program
- Advertised using Disallowed Phrases
- Failure to include a link to the company's NMLS consumer access web site on *all* internet advertisements. The requirement to include the link on all internet advertisements was new as of September 2019.

The Department developed [AML Guidance for Brokers](#) that is posted on our website. It outlines the FinCEN regulations that apply and provides the required elements for a mortgage broker anti-money laundering program. The disallowed advertising phrases are using "best" or "lowest" to describe rates, fees, or loan programs. It is impossible to prove that a given broker offers the best or lowest rates available, and making unsubstantiated claims is against state and federal regulation. Other disallowed phrases include saying there are "no closing costs," or saying something is "free."

**Mortgage Industry  
Enforcement Unit Report  
October 1, 2020 – April 30, 2021**

<b>Complaints for this period</b>	<b>MBPA</b>	<b>CLA</b>	<b>All Industries</b>
Received	21	313	791
Closed	17	328	808
Open as of 4/30/2021 (all industries)	N/A	N/A	211

**Investigations**

Investigations – Open (MBPA only)	<b>21</b>
Investigations – Open (CLA only)	<b>45</b>
Investigations – Open (all industries)	<b>73</b>

<b>Enforcement Actions for this period</b>	
CCSA	0
CLA	21
EARA	3
MBPA	23
UMSA	6

**Enforcement Actions for this period – Mortgage Broker Practices Act**

<b>Statements of Charges</b>	<b>10</b>
<b>(4 pertaining to U/L Loan Modification services)</b>	
<b>Total Consent Orders &amp; Consent Agreement</b>	<b>7</b>
<b>(0 pertaining to Loan Modification services)</b>	
<b>Temporary Order to Cease and Desist</b>	<b>0</b>
<b>Final Orders</b>	<b>4</b>
<b>(3 pertaining to Loan Modification services)</b>	
<b>Civil Actions (injunction, enforce subpoena)</b>	<b>0</b>



**MBPA Agreed Orders**

<b>C-19-2754-21-CO01</b> West Coast Funding, Inc. Henry S Chu	03/18/2021
<ul style="list-style-type: none"><li>• \$10,000 Investigation fee</li><li>• \$75,000 Fine (\$50,000 STAYED)</li><li>• License Revocations STAYED</li><li>• Industry Prohibitions (STAYED)</li><li>• Compliance Exams Due</li></ul>	
<b>C-19-2817-20-CO01</b> All City Mortgage, LLC; Liane Rae Gonzalez	10/22/2020
<ul style="list-style-type: none"><li>• \$2,300 Investigation Fee</li><li>• \$10,000 Fine (\$5,000 STYAED)</li><li>• License Revocations STAYED</li></ul>	
<b>C-20-2832-20-CO01</b> NF Enterprises, Inc.; Masoud Sedghinasab	12/09/2020
<ul style="list-style-type: none"><li>• \$1,776 Investigation fee</li><li>• \$50,000 Fine (\$30,000 STAYED)</li><li>• Compliance Exams Due</li><li>• License Revocation STAYED</li></ul>	
<b>C-20-2883-21-CO01</b> DVH Law Group; David V Houtsma	03/30/2021
<ul style="list-style-type: none"><li>• \$1,881.60 Investigation fee</li><li>• \$5,000 Fine</li><li>• \$60.90 Cost of Prosecution</li><li>• \$10,800 Restitution</li><li>• Cease and Desist</li><li>• 5 year ban</li></ul>	
<b>C-20-2888-20-CO01</b> Solar James Marks	12/29/2020
<ul style="list-style-type: none"><li>• \$432 Investigation Fee</li><li>• \$3,000 Fine (STAYED)</li><li>• Agreement to Comply with CLA &amp; MBPA</li></ul>	
<b>C-20-2991-21-CO01</b> Secured Marketing Concepts Corp; Christopher Nelson Beard	03/04/2021
<ul style="list-style-type: none"><li>• \$2,000 Investigation fee</li><li>• \$30,000 Fine (\$15,000 STAYED)</li><li>• Licenses Revoked (STAYED)</li><li>• Compliance Exam Due</li></ul>	
<b>C-21-3100-21-CO01</b> Clear Choice Mortgage	04/30/2021
<ul style="list-style-type: none"><li>• \$1,000 Investigation Fee</li><li>• \$5,000 Fine</li></ul>	

### **MBPA Final Orders**

<b>C-15-1824-20-FO01</b> Gold Trust Mortgage Company; Michael Flores	12/09/2020
<b>C-16-2024-21-FO01</b> Core Advisory Group; Brian Boozer	02/03/2021
<b>C-19-2785-21-FO01</b> First Financial & Associates d/b/a/ Mortgage Solutions; Allan Varela	03/24/2021
<b>C-20-3063-21-FO01</b> Bruce Phillip Hills	03/30/2021

### **MBPA Statements of Charges**

<b>C-14-1577-20-SC02</b> Colleagues In Law; Devin D Benter	12/09/2020
<b>C-16-2024-20-SC01</b> Core Advisory Group	12/10/2020
<b>C-20-2953-21-SC01</b> Casa Financial Services, Inc.; Brett Mills, Zindy Mills	04/29/2021
<b>C-20-2883-20-SC01</b> DVH Law Group; David V Houtsma, Tom McAvity	12/18/2020
<b>C-20-2941-21-SC01</b> Nationwide Retention Center; Armando Macias, Jr.	04/01/2021
<b>C-20-2949-20-SC01</b> Homelink Mortgage, Inc.; Amy Hsin Ju Wong	01/28/2021
<b>C-20-2972-20-SC01</b> Affordable Mortgage Services, Inc.; Terri Tucker	02/26/2021
<b>C-20-2991-20-SC01</b> Secured Marketing Concepts Corp; Cristopher Nelson Beard	10/29/2020
<b>C-20-3039-21-SC01</b> Secure Lending Incorporated; Mehedi Hassan, John Andrew Majorek	02/16/2021
<b>C-20-3063-20-SC01</b> Bruce Phillip Hills	12/29/2020

### **Enforcement Actions for this period – Consumer Loan Act**

<b>Statements of Charges</b>	<b>6</b>
<b>Consent Orders &amp; Consent Agreement</b>	<b>13</b>
<b>Temporary Order to Cease and Desist</b>	<b>0</b>
<b>Final Orders</b>	<b>2</b>

### **CLA Agreed Orders**

<b>C-20-3057-20-AG01</b> Nationstar Mortgage LLC	12/07/2020
• \$64,705 Administrative Costs & Penalty	
<b>C-17-2145-20-CO04</b> Eastside Funding, LLC	12/22/2020
• \$20,000 Investigation Fee	
• \$80,000 Fine (\$40,000 STAYED)	
• Agreement not to accept CL applications w/o a CL License or Exemption	
• Agreement to implement employee training plan for compliance w/CLA	

<b>C-17-2318-20-CO02</b> Finance of America Mortgage, LLC	10/21/2020
<ul style="list-style-type: none"> <li>• \$4,000 Investigation fee</li> <li>• \$20,000 Financial Literacy &amp; Education</li> </ul>	
<b>C-17-2318-20-CO03</b> Shirlee Sophia Bueche	10/09/2020
<ul style="list-style-type: none"> <li>• \$500 Investigation fee</li> <li>• \$2,500 Fine (\$2,000 STAYED)</li> </ul>	
<b>C-18-2375-20-CO01</b> Go Direct Lenders, LLC; Gregory Vartan Haroutunian, Nishan Hrach Hagopian	12/03/2020
<ul style="list-style-type: none"> <li>• \$100,000 Fine (\$50,000 STAYED)</li> <li>• \$18,500 Investigation Fee</li> <li>• License Revocation STAYED</li> <li>• Industry Prohibition STAYED</li> <li>• Compliance Exam Due</li> <li>• Comply with Conduct Provisions detailed in CFPB CO</li> <li>• Develop, adopt, and implement an Internet Review Policy</li> </ul>	
<b>C-18-2517-20-CO01</b> Nations Lending Corporation	10/23/2020
<ul style="list-style-type: none"> <li>• \$4,000 Investigation fee</li> <li>• \$25,000 Fine</li> </ul>	
<b>C-19-2793-20-CO01</b> Optimus Capital Inc.; Joseph Anthony Andriacchi	11/24/2020
<ul style="list-style-type: none"> <li>• \$1,828.76 Investigation fee</li> <li>• \$5,000 Fine (\$4,000 STAYED)</li> <li>• \$2,215.05 Cost of Prosecution</li> <li>• Optimus CL License Surrendered</li> </ul>	
<b>C-19-2826-20-CO01</b> Joshua Trey Allen	10/15/2020
<ul style="list-style-type: none"> <li>• License Application Withdrawn</li> <li>• 5 Year Ban</li> </ul>	
<b>C-20-2853-21-CO01</b> CentralBanc Mortgage Corporation	04/30/2021
<ul style="list-style-type: none"> <li>• \$1,000 Investigation fee</li> <li>• \$5,000 Fine</li> </ul>	
<b>C-20-2874-20-CO01</b> HBC Seattle WA LLC; Kenneth Hathaway, Jennifer Hathaway	10/26/2020
<ul style="list-style-type: none"> <li>• Agreement to Cease &amp; Desist UL Mortgage Lending</li> <li>• Agreement to refrain from collecting origination fees and charging excessive interest on 2 WA loans</li> </ul>	
<b>C-20-2930-20-CO01</b> Accelerate Mortgage LLC	10/29/2020
<ul style="list-style-type: none"> <li>• \$2,000 Investigation fee</li> <li>• \$40,000 Fine (\$20,000 STAYED)</li> </ul>	

**C-20-2943-20-CO01** Bayshore Mortgage Funding, LLC 02/10/2021  
• \$3,000 Investigation fee  
• \$20,000 Fine (\$10,000 STAYED)

**C-20-3008-20-CO01** Kristina Irene Wiest 10/27/2020  
• \$500 Investigation fee  
• \$10,000 Fine (\$9,000 STAYED)  
• 8 hours CE Ethics Training

**CLA Final Orders**

**C-14-1450-20-FO01** Voyager Financial Group LLC 01/07/2021  
**C-18-2580-21-FO01** NB Capital Assets; Becky N Hoang 02/25/2021

**CLA Statements of Charges**

**C-17-2145-21-SC05** Kristine Marie Morland 01/28/2021  
**C-17-2145-21-SC07** Caliber Home Loans 03/03/2021  
**C-20-2924-21-SC01** Universal Mortgage & Finance, Inc 01/29/2021  
**C-20-3035-21-SC01** KRKABOB Inc.; Kenneth James Pittman, Joseph Michael Pittman 02/12/2021  
Christopher Marcus Urani  
**C-21-3078-21-SC01** James Patrick Mejia 04/06/2021  
**C-21-3106-21-SC01** Cristobal Lara Garcia 04/06/2021