



# Mortgage Industry Webinar Agenda

Tuesday, May 12, 2020

9:00 AM

**Call In #:** 1-855-929-3239

**Meeting # :** 282 793 745

**Password:** May122020

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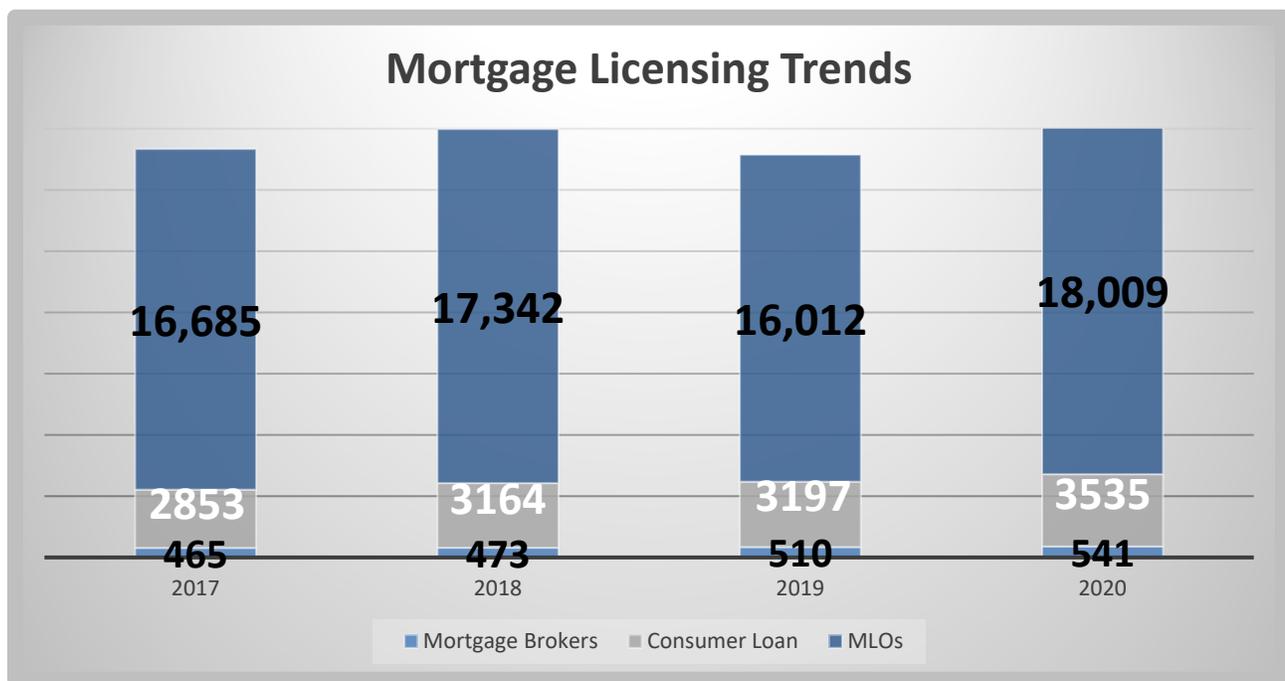
1. Welcome – Cindy Fazio
2. Licensing Update – Maureen Camp
3. Examination Update – Alan Leingang/Zach Zimmerman
4. Enforcement Update – Steve Sherman
5. Rulemaking Update – Cindy Fazio
6. Question/Answer Session – Devon Phelps

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

# Licensing Unit Report - Mortgage Program

Mortgage Industry Webinar  
May 12, 2020

License Types	Apr 2017	Apr 2018	Apr 2019	Apr 2020	Total Change
Mortgage Broker Main	281	287	302	323	+42
Mortgage Broker Branch	184	186	208	218	+34
Consumer Loan Main	604	649	667	721	+117
Consumer Loan Branch	2,249	2,515	2,530	2,814	+565
MLOs (Active & Inactive)	16,685	17,342	16,012	18,009	+1,324



## Licensing Trends

- Total number of mortgage licensees increasing after decreasing in the first part of 2019
  - Greatest gain in MLO licenses; more renewed and high application volume
  - Mortgage Broker and Consumer Loan licensees still growing
- About 20% of companies (216) and 21% of MLOs (4,157) are located in WA (as of 12/31/19)<sup>1</sup>

<sup>1</sup> NMLS Mortgage Industry Report 2019Q4 Update

## MLO Applications By Quarter



## Co. Applications by Quarter



### Application Trends

- High volume of MLO applications; started December 2019
  - Average about 500 applications per month
  - Several possible factors; launch of Temporary Authority like a big impact
- Steady volume of company applications
  - Increasing number of Mortgage Broker applications; both in and out of Washington
  - Majority of Consumer Loan Act applications mortgage-related
    - Mostly out-of-state companies
    - Remaining applicants consumer lending; a few car-related financing

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

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

Early numbers on TA include

- Nationally, about half applications TA eligible as of the end of 2019
- Most eligible due to licensure in another state
- In Washington, about 1,000 applications qualified for TA; about 750 licensed

In Q1, first applicants had TA removed when education/testing not completed within 120 days

- License status update to Pending-Deficient; enter abandonment process
- Extension of application considered for MLOs not tested due to test center closures
- If education/testing completed but other item(s) needed; application to abandonment

Stay updated on coronavirus impacts to NMLS vendors:

- Visit [NMLS Coronavirus/COVID-19 Updates](#)
- Stay in contact with Department; willing to work with a situation if we know about it
- Extension of 30 days to file Mortgage Call Report (RMLA, Financial Conditions) and/or Financial Statements

# CS – Examination Unit Report

## Consumer Loan and Mortgage Broker Programs

Mortgage Industry Meeting  
May 12, 2020

### Examination Summary – Consumer Loan Origination

108 Exams completed for October 2019 – April 2020

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	16	1305
2	18	1322.5
3	12	1581.5
4	0	0
*N/A	62	N/A

\*N/A includes Desk Reviews, Initial Compliance and SWE Exams

- 28 Desk Reviews, 33 Initial Compliance Review and 1 SWE

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

### Examination Summary – Residential Mortgage Loan Servicing

35 Exams completed for October 2019 – April 2020

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	9	853
2	18	2008
3	6	905
4	0	0
*N/A	2	N/A

\*\*N/A includes Desk Reviews, Initial Compliance and SWE Exams

- 1 Desk Reviews, 1 Initial Compliance Review

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

### Examination Summary – Mortgage Brokers

46 Exams completed for October 2019 – April 2020

Composite Rating	Number of Licensees	**Avg. Billable Hrs.
1	1	N/A
2	4	N/A
3	10	N/A
4	8	N/A
*N/A	23	N/A

\*N/A includes Desk Reviews, Initial Compliance exams, and a Supervisory Watch exam that are not assigned a rating

- 10 Desk Reviews, 12 Initial Compliance Review, 1 SWE

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

## Common Violations

### Mortgage Originations -Consumer Loan Act

- **Failed to License 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
- **Failed to Develop 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.
- **Failed to Advertising in Compliance with the Act:** Licensees are prohibited from advertising using the term "free" or any other similar term that implies there is no cost to the borrower because you can recover the cost of the purportedly "free" service or item through the negotiation process. This includes statements such as "No Cost Loan" and "No Closing Costs." WAC 208-620-630(8)

### Mortgage Originations – Mortgage Broker Practices Act

- **Anti-Money Laundering Program** – The Financial Crimes Enforcement Network (FinCEN) required mortgage broker licensees to have an anti-money laundering (AML) program by August 13, 2012. This violation continues to be one of the most commonly cited by examiners. Though licensees provide written AML programs, the documentation is rarely specific to the products, clients, or size of the broker's operation. This risk assessment is one of the five "pillars" of an effective AML program. See FinCEN's AML requirements at 31 CFR Part 1029.210 for the other pillars of an effective AML program.
- **Mortgage Call Reports (MCR)** – Examiners continue to cite companies for MCRs that are not completed as required. Standard mistakes are not listing sponsored MLOs with zero production, reporting different application pipeline totals at the end of a quarter and the beginning of the subsequent quarter, and reporting erroneous fee and revenue amounts. If you are not sure how to complete your MCR please review the [Standard MCR Field Definitions](#). See WAC 208-660-400.
- **Rate Lock Agreements** – Licensees must issue a rate lock agreement within three business days of an interest rate lock. In addition, a new rate lock agreement must be issued to the borrower within three business days of a change to the locked interest rate. Common mistakes are not updating lock agreements when extended and not naming the lender guaranteeing the lock. The Department provides a model rate lock agreement that, when completed correctly, contains all the fields required. See WAC 208-660-430(3).

### Mortgage Loan Servicing

- **Suspense Account:** The most common servicing violation in the first quarter of 2020 is failure to properly maintain a suspense account. WAC 208-620-900(3)(d) prohibits money in a suspense account from being applied to company fees. When enough money is in the account to cover the contractual periodic payment of principal and interest, you must apply the funds as of the date it became available.
- **Accurate Annual Assessments:** We continue to cite the failure to file accurate annual assessments for 2018 filings, and we have featured this in past newsletters. The Department is beginning to review 2019 filings, and we are optimistic our past focus on this violation will lead to more accuracy in the most recent filings.

**Mortgage Industry  
Enforcement Unit Report  
October 1, 2019 – April 30, 2020**

<b>Complaints for this period</b>	<b>MBPA</b>	<b>CLA</b>	<b>All Industries</b>
Received	30	392	780
Closed	39	372	757
Open as of 4/30/2020 (all industries)	N/A	N/A	211

**Investigations**

Investigations – Open (MBPA only)	<b>25</b>
Investigations – Open (CLA only)	<b>46</b>
Investigations – Open (all industries)	<b>80</b>

<b>Enforcement Actions for this period</b>	
CCSA	1
CLA	42
EARA	5
MBPA	26
UMSA	10

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

<b>Statements of Charges</b>	<b>8</b>
(4 pertaining to U/L Loan Modification services)	
<b>Total Consent Orders &amp; Consent Agreement</b>	<b>12</b>
(6 pertaining to Loan Modification services)	
<b>Temporary Order to Cease and Desist</b>	<b>0</b>
<b>Final Orders</b>	<b>6</b>
(5 pertaining to Loan Modification services)	
<b>Civil Actions (injunction, enforce subpoena)</b>	<b>0</b>

## MBPA Agreed Orders

<b>C-17-2132-20-CO02</b> Precision Paralegal Services LLC, Integrity Partners; Terry Walden	03/11/2020
<ul style="list-style-type: none"><li>• \$40,000 Investigation fee</li><li>• \$90,000 Fine (\$85,000 STAYED, \$5,000 Paid)</li><li>• \$32,500 Restitution due in monthly payments</li><li>• Cease and Desist</li><li>• 5 year ban</li></ul>	
<b>C-17-2132-20-CO03</b> Jessica Walden	03/11/2020
<ul style="list-style-type: none"><li>• Cease and Desist</li><li>• 5 year ban</li></ul>	
<b>C-17-2132-20-CO04</b> INMN Inc; William J Kane	04/02/2020
<ul style="list-style-type: none"><li>• \$38,500 Investigation fee (STAYED)</li><li>• \$57,000 Fine (STAYED)</li><li>• \$18,400 Restitution</li><li>• Cease and Desist</li><li>• 5 year ban</li></ul>	
<b>C-17-2132-20-CO05</b> William Kane, II	04/02/2020
<ul style="list-style-type: none"><li>• \$38,500 Investigation fee (STAYED)</li><li>• \$57,000 Fine (STAYED)</li><li>• Cease and Desist</li><li>• 5 year ban</li></ul>	
<b>C-17-2132-20-CO06</b> Precision Paralegal Services LLC, Integrity Partners; Terry Walden	04/29/2020
<ul style="list-style-type: none"><li>• Costs to be paid in CO02 amended to delay payment by 90 days</li></ul>	
<b>C-18-2531-19-CO01</b> My-Kim Thi Bui; Seattle Sound Mortgage, LLC	10/31/2019
<ul style="list-style-type: none"><li>• \$3,331 Investigation fee</li><li>• \$5,000 Fine (\$3,331 STAYED)</li><li>• Entity license application withdrawn</li><li>• Individual license surrendered</li></ul>	
<b>C-18-2531-20-AG01</b> My-Kim Thi Bui; Seattle Sound Mortgage, LLC	01/13/2020
<ul style="list-style-type: none"><li>• Agreed Order modifying only Paragraph I of Consent Order C-18-2531-19-CO01 entered on October 31, 2019.</li></ul>	
<b>C-18-2557-20-CO01</b> eLink Mortgage, LLC; Ge Zhou	04/16/2020
<ul style="list-style-type: none"><li>• \$5,906.97 Investigation fee</li><li>• \$50,000 Fine (\$20,000 STAYED)</li><li>• Obtain compliance software and maintain for a minimum of 5 years</li></ul>	

<b>C-19-2587-19-CO02</b> Interstate Mortgage Services, Inc.; Ryan James Ingram	10/29/2019
<ul style="list-style-type: none"> <li>• \$745.20 Investigation fee</li> <li>• \$5,000 Fine (\$2,500 STAYED)</li> <li>• Agreement not to apply for any license under any name</li> <li>• License expired</li> </ul>	
<b>C-19-2641-19-CO01</b> Peoples Freedom Solutions, Secure Legal Group; Eduardo Tapia	01/13/2020
<ul style="list-style-type: none"> <li>• \$1,747.20 Investigation fee</li> <li>• \$5,000 Fine</li> <li>• \$3,927 Restitution</li> <li>• 7 year MB and CL industry ban</li> </ul>	
<b>C-19-2662-19-CO01</b> Chi Gia Nguyen	10/1/2019
<ul style="list-style-type: none"> <li>• \$3,000 Investigation fee</li> <li>• \$5,000 Fine (\$3,000 STAYED)</li> <li>• License revocation STAYED</li> </ul>	
<b>C-19-2790-20-CO01</b> Reymundo James Rodriguez	04/15/2020
<ul style="list-style-type: none"> <li>• \$610 Investigation fee</li> <li>• \$3,000 Fine (STAYED)</li> </ul>	

#### **MBPA Final Orders**

<b>C-17-2133-19-FO01</b> Select Legal Network; Jennifer McCool	03/13/2020
<b>C-17-2289-20-FO06</b> Sandra X. Hanley, Jonathan P. Hanley	03/03/2020
<b>C-17-2303-19-FO01</b> DRLS LLC, Dunn Wright Legal; Conner McMiniment	10/04/2019
<b>C-18-2382-20-FO01</b> Providence Advocates Law Center; Jack Howard Karpeles	04/17/2020
<b>C-19-2647-19-FO01</b> Shabber Rahman d/b/a Town & Country Mortgage	12/12/2019
<b>C-19-2803-20-FO01</b> Branded Asset Management Goup, LLC; Alonzo Canzater, Adarrin Smith	01/10/2020

#### **MBPA Statements of Charges**

<b>C-18-2557-19-SC01</b> eLink Mortgage, LLC; Zhou, Ge	11/18/2019
<b>C-19-2641-19-SC01</b> Peoples Freedom Solutions, Secure Legal Group; Eduardo Tapia	10/14/2019
<b>C-19-2647-19-SC01</b> Shabber Rahman d/b/a Town & Country Mortgage; Jason Campbell, Satish Shetty, Joshua Chalyakul, Shabber Rahman	10/30/2019
<b>C-19-2716-20-SC01</b> Amstar Services, Infocom Entertainment Ltd Inc. d/b/a Atlantic Pacific Service; Roger Dyer, Michael D. Grinnell	04/03/2020
<b>C-19-2785-20-SC01</b> First Financial & Associates, Mortgage Solutions; Allan Varela	04/03/2020
<b>C-19-2790-19-SC01</b> Reymundo James Rodriguez	12/12/2019

<b>C-20-2878-20-SC01</b> Prime One Mortgage Corp; Joshua Michael Louik	04/16/2020
<b>C-20-2888-20-SC01</b> Solar James Marks	04/02/2020

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

<b>Statements of Charges</b>	<b>17</b>
<b>Consent Orders &amp; Consent Agreement</b>	<b>17</b>
<b>Temporary Order to Cease and Desist</b>	<b>0</b>
<b>Final Orders</b>	<b>8</b>

**CLA Agreed Orders**

<b>C-18-2469-19-CO01</b> Daniel Andrew Snoey	01/16/2020
<ul style="list-style-type: none"> <li>• \$19,558.99 Investigation fee</li> <li>• \$5,000 Fine (STAYED)</li> <li>• License revocation</li> <li>• 7 year ban</li> </ul>	
<b>C-18-2518-19-CO01</b> David Allen White	01/13/2020
<ul style="list-style-type: none"> <li>• Ineligible for CL license</li> </ul>	
<b>C-18-2584-19-CO01</b> First Direct Lending; David Curtis Brown	11/27/2019
<ul style="list-style-type: none"> <li>• \$2,173.82 Investigation fee</li> <li>• \$4,500 Fine</li> <li>• Restitution reserved for 3 years</li> <li>• License Surrendered</li> </ul>	
<b>C-19-2678-20-CO01</b> Loyalty Funding, Inc.; Tam Thuy Nguyen	04/03/2020
<ul style="list-style-type: none"> <li>• \$2,287.68 Investigation fee</li> <li>• \$100,000 Fine (\$65,000 STAYED)</li> <li>• Compliance exam due in 2 years</li> </ul>	
<b>C-19-2686-20-CO01</b> Kevin Michael Killeen	03/09/2020
<ul style="list-style-type: none"> <li>• \$20,000 Fine (\$15,000 STAYED)</li> <li>• Permanent ban from CL industry</li> </ul>	
<b>C-19-2686-20-CO02</b> Cardinal Financial Company Limited Partnership	04/01/2020
<ul style="list-style-type: none"> <li>• \$2,800 Investigation fee</li> <li>• \$20,000 Fine</li> <li>• \$20,000 Financial Literacy &amp; Education</li> <li>• Cease and Desist violations of CLA</li> </ul>	
<b>C-19-2687-20-CO01</b> Guaranteed Rate Inc.	02/28/2020
<ul style="list-style-type: none"> <li>• \$1,900 Investigation fee</li> </ul>	

<ul style="list-style-type: none"> <li>• \$15,000 Fine</li> </ul>	
<b>C-19-2687-20-CO02</b> Christi Jo Val	03/11/2020
<ul style="list-style-type: none"> <li>• \$500 Fine</li> </ul>	
<b>C-19-2687-20-CO03</b> Adam Wayne Canter	03/09/2020
<ul style="list-style-type: none"> <li>• \$5,000 Fine (\$2,500 STAYED)</li> </ul>	
<b>C-19-2715-19-CO01</b> Apartment Associates of Pierce County, LLC; Edward McFerran	02/05/2020
<ul style="list-style-type: none"> <li>• \$1,520 Investigation fee</li> <li>• \$10,000 Fine</li> <li>• \$1,250 Restitution</li> <li>• Bar with no time limit</li> </ul>	
<b>C-19-2719-19-CO01</b> Jonathan Scott Marloe	10/014/2019
<ul style="list-style-type: none"> <li>• \$821.22 Investigation fee</li> <li>• \$10,000 Fine (STAYED)</li> <li>• Cease and Desist</li> <li>• Licensee application withdrawn</li> <li>• 7 year ban</li> </ul>	
<b>C-19-2740-20-CO01</b> Omni-Fund Inc.	01/16/2020
<ul style="list-style-type: none"> <li>• \$210 Investigation fee</li> <li>• \$5,000 Fine (\$4,000 STAYED)</li> <li>• License surrendered</li> <li>• Permanent ban</li> </ul>	
<b>C-19-2775-20-CO01</b> Tina Lee Hart (Moore)	02/20/2020
<ul style="list-style-type: none"> <li>• \$2,400 Investigation fee</li> <li>• \$15,000 Fine</li> <li>• License surrendered</li> <li>• Bar with no time limit</li> </ul>	
<b>C-19-2779-19-CO01</b> Hometown Lenders Inc.	12/17/2019
<ul style="list-style-type: none"> <li>• \$2,400 Investigation fee</li> <li>• \$15,000 Fine</li> </ul>	
<b>C-19-2779-19-CO02</b> Kathlene Mae Colkitt	01/03/2020
<ul style="list-style-type: none"> <li>• \$1,200 Investigation fee</li> <li>• \$5,000 Fine</li> <li>• MLO license revoked (STAYED)</li> <li>• 2 year ban (STAYED)</li> </ul>	
<b>C-20-2835-20-CO01</b> Peter Cha	04/24/2020
<ul style="list-style-type: none"> <li>• MLO License application denied</li> <li>• 5 year industry ban</li> </ul>	

<b>C-20-2856-20-CO01</b> Mary Mae Financial LLC	02/05/2020
<ul style="list-style-type: none"> <li>• \$650 Investigation fee</li> <li>• \$5,000 Fine (\$4,000 STAYED)</li> <li>• Cease and desist until licensed</li> </ul>	

### CLA Final Orders

<b>C-17-2145-20-FO01</b> Kristine Marie Moreland	04/03/2020
<b>C-17-2145-20-FO02</b> Kristine Marie Moreland (withdrawing FO02)	04/10/2020
<b>C-18-2447-20-FO01</b> Full Spectrum Loans d/b/a Ironwood Mortgage; Mudassir Huhammad Khan, Matthew Anderson, Aktar Zaman	04/14/2020
<b>C-19-2599-20-FO01</b> Christopher Ryan Williamson	04/17/2020
<b>C-20-2849-20-FO01</b> Joshua Ryan Nichols-Cramer	03/11/2020

### CLA Statements of Charges

<b>C-17-2145-20-SC01</b> Kristine Marie Morland	03/11/2020
<b>C-17-2318-20-SC01</b> Finance of America Mortgage LLC; Darrell W Beard, Shirlee Sophia Bueche	04/22/2020
<b>C-18-2375-20-SC01</b> Go Direct Lenders, Inc.; Gregory Vartan Haroutunian, Nishan Hrach Hagopian	01/29/2020
<b>C-18-2447-20-SC01</b> Full Spectrum Loans d/b/a Ironwood Mortgage; Alejandro Flores, Mudassir Muhammad Khan, Matthew Anderson, Aktar Zaman	02/19/2020
<b>C-19-2661-20-SC01</b> Mann Mortgage LLC; Jason F Mann, Brody John O'Connor, Don A Mann	01/27/2020
<b>C-19-2675-19-SC01</b> ADK Bancorp Inc.; Dien Ngoc Nguyen, Andrew Phan, Katelyne Pham Nguyen	03/11/2020
<b>C-19-2678-19-SC01</b> Loyalty Funding, Inc.; Tam Thuy Nguyen	10/31/2019
<b>C-19-2686-20-SC01</b> Cardinal Financial Company Limited Partnership; Kevin Michael Killeen	01/13/2020
<b>C-19-2687-19-SC01</b> Guaranteed Rate Inc.; Adam Wayne Canter, Christi Jo Val	11/07/2019
<b>C-19-2759-19-SC01</b> First California Mortgage Company; Christopher K Hart	12/12/2019
<b>C-19-2775-19-SC01</b> Tina Lee Moore	10/25/2019
<b>C-19-2779-19-SC01</b> Hometown Lenders Inc.; Kathlene Mae Colkitt	10/10/2019
<b>C-19-2793-19-SC01</b> Optimus Capital Inc.; Joseph Anthony Andriacchi	12/18/2019
<b>C-19-2803-19-SC01</b> Branded Asset Management Group LLC; Alonzo Canzater, Clint Keith Richard, Adarrin Smith	12/11/2019
<b>C-20-2835-20-SC01</b> Peter Cha	01/13/2020
<b>C-20-2849-20-SC01</b> Joshua Ryan Nichols-Cramer	01/31/2020
<b>C-20-2858-20-SC01</b> Anthony David Munoz	04/08/2020