Mortgage Industry Webinar
We will begin shortly

Call In #: 1-855-929-3239
Meeting #: 808 261 870
Password: May142019

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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1. Welcome – Rick St. Onge

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.

2. Licensing Update – Maureen Camp
3. Examination Update – Alan Leingang/Anyaa Tabb
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 14, 2019**

<table>
<thead>
<tr>
<th>License Types</th>
<th>Apr 2016</th>
<th>Apr 2017</th>
<th>Apr 2018</th>
<th>Apr 2019</th>
<th>Total Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Broker Main</td>
<td>271</td>
<td>281</td>
<td>287</td>
<td>302</td>
<td>+31</td>
</tr>
<tr>
<td>Mortgage Broker Branch</td>
<td>176</td>
<td>184</td>
<td>186</td>
<td>208</td>
<td>+32</td>
</tr>
<tr>
<td>Consumer Loan Main</td>
<td>542</td>
<td>604</td>
<td>649</td>
<td>667</td>
<td>+125</td>
</tr>
<tr>
<td>Consumer Loan Branch</td>
<td>2,016</td>
<td>2,249</td>
<td>2,515</td>
<td>2,530</td>
<td>+514</td>
</tr>
<tr>
<td>MLOs (Active &amp; Inactive)</td>
<td>14,816</td>
<td>16,685</td>
<td>17,342</td>
<td>16,012</td>
<td>+1,196</td>
</tr>
</tbody>
</table>

### Mortgage Licensing Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Mortgage Brokers</th>
<th>Consumer Loan</th>
<th>MLOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2558</td>
<td>14,816</td>
<td>447</td>
</tr>
<tr>
<td>2017</td>
<td>2853</td>
<td>16,685</td>
<td>465</td>
</tr>
<tr>
<td>2018</td>
<td>3164</td>
<td>17,342</td>
<td>473</td>
</tr>
<tr>
<td>2019</td>
<td>3197</td>
<td>16,012</td>
<td>510</td>
</tr>
</tbody>
</table>

- Mortgage Brokers
- Consumer Loan
- MLOs (Active & Inactive)
**Licensing Trends**
- Total number of mortgage licensees decreased for the first time in recent years
  - Primarily impacted by a more than 1,300 decrease in number of MLO licensees
  - Mortgage Broker and Consumer Loan licensees still growing
- About 21% of companies (214) and 19% of MLOs (3,790) are located in WA (as of 12/31/18)\(^1\)

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\(^1\) NMLS Mortgage Industry Report 2018Q4 Update
**Application Trends**

- Large decrease in MLO applications since beginning of year
  - Many never licensed in WA before, but large number of previously licensed MLOs
- Steady amount of company applications
  - Still seeing steady number of applications under the Mortgage Broker license type
  - Two Mortgage Broker licensees now licensed under the Consumer Loan Act
  - Mostly mortgage-related Consumer Loan applications

**2018 Renewal Recap**

- 24,101 licenses eligible for renewal, including Mortgage Brokers, Consumer Loan companies, MLOs and expansion industries like Money Services entities
  - 3% increase from 2017 renewal period
- On December 31
  - 99% of MLO renewals processed
  - 93% of Mortgage Broker renewals processed
- During the reinstatement period (Jan 1-Feb 28)
  - 479 MLOs requested renewal
  - 9 Mortgage Brokers requested renewal

**Licensing-Related Information for Licensees**

**Temporary Authority to Operate for certain MLOs**

- Temporary authority allows certain eligible individuals to continue MLO activities while meeting testing/education requirements for a state license
- Legislation authorizing temporary authority effective November 24
- The company employing a MLO with temporary authority is subject to both the federal SAFE Act, and the state law under which the company is licensed, to the same extent as if the MLO was licensed in the state
- Development underway for changes in NMLS to accommodate temporary authority

To be eligible for temporary authority, an individual must be:

- Employed through NMLS by a state-licensed mortgage company; and
- Either be Federally registered in NMLS as a MLO during the one year preceding the application submission or licensed as a MLO during the 30-day period preceding the date of application

Additionally, individuals are not eligible for temporary authority if they have:

- Had a MLO license application denied or a MLO license revoked or suspended
- Been subject to, or served with, a cease and desist order; or
- Been convicted of a misdemeanor or felony that would preclude licensure under the law of the application state
Examination Summary – Consumer Loan

140 Exams completed for October 2018 - March 2019
- 100 Origination, 40 Servicing

<table>
<thead>
<tr>
<th>Composite Rating</th>
<th>Number of Licensees</th>
<th>Avg. Billable Hrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>18</td>
<td>57.39</td>
</tr>
<tr>
<td>2</td>
<td>36</td>
<td>87.40</td>
</tr>
<tr>
<td>3</td>
<td>26</td>
<td>126.11</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>182.5</td>
</tr>
<tr>
<td>*N/A</td>
<td>58</td>
<td>N/A</td>
</tr>
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</table>

*N/A includes Desk Reviews, Initial Compliance exams, and a Multi-State exam that are not assigned a rating
- 15 Desk Reviews, 42 Initial Compliance Review, 1 MMC

Any exam conducted after July 1, 2018 was granted a temporary waiver in exam fees and was not billed.

Examination Summary – Mortgage Brokers

57 Exams completed for October 2018 – March 2019

<table>
<thead>
<tr>
<th>Composite Rating</th>
<th>Number of Licensees</th>
<th>**Avg. Billable Hrs.</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>N/A</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>N/A</td>
</tr>
<tr>
<td>3</td>
<td>15</td>
<td>N/A</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>N/A</td>
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<tr>
<td>*N/A</td>
<td>32</td>
<td>N/A</td>
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</table>

*N/A includes Desk Reviews, Initial Compliance exams, and a Supervisory Watch exam that are not assigned a rating
- 21 Desk Reviews, 10 Initial Compliance Review, 1 SWE

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

Common Origination Violations

Failed to Maintain Records: Both the Consumer Loan Act and Mortgage Broker Practices Act require licensees to maintain records for a minimum of three years. Companies should ensure that all records relating to loan files are maintained for the minimum three-year period. WAC 208-620-520 and WAC 208-660-450.

Failed to license underwriting/processing managers: Under the Consumer Loan Act, Any day to day operational manager who directly supervises loan processors or underwriters must hold a loan originator license. The license can be from any state. WAC 208-620-301

Failed to establish a business resumption plan: Both the Consumer Loan Act and Mortgage Broker Practices Act require licensee to establish a business resumption plan that details the licensee’s response to any event that results in damage to or destruction of records. WAC 208-620-531 and WAC 208-660-490
Examination Summary – Residential Mortgage Loan Servicing

40 Exams completed for October 2018 – March 2019

<table>
<thead>
<tr>
<th>Composite Rating</th>
<th>Number of Licensees</th>
<th>Avg. Billable Hrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5</td>
<td>56.50</td>
</tr>
<tr>
<td>2</td>
<td>13</td>
<td>133.04</td>
</tr>
<tr>
<td>3</td>
<td>11</td>
<td>152.91</td>
</tr>
<tr>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>*N/A</td>
<td>11</td>
<td>N/A</td>
</tr>
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</table>

*N/A includes Desk Review exams that are not assigned a rating or billed

Any exam conducted after July 1, 2018 was granted a temporary waiver in exam fees and was not billed.

Common Servicing Violations:

**Failed to maintain record:** As on the origination side, servicers must maintain records for a minimum of three years. WAC 208-620-520

**Failed to timely reconvey title:** Examiners noted licensees failed to reconvey title to collateral within 30 days of the debt being paid off. Effective September 1, 2018, the Department extended the time to reconvey title to 60 days. WAC 208-620-550

**Incomplete loan modification denial notice:** Examiners often identify loan modification denial notices that fail to identify the investor. Licensees also must provide the borrower thirty days from the written notice of denial to request an appeal. Under the Consumer Loan Act, licensees must provide in the loan modification denial notice the reasons for denial and an opportunity for the homeowner to rebut the denial within thirty days. WAC 208-620-930
Mortgage Industry
Enforcement Unit Report
October 1, 2018 – April 30, 2019

Investigations

Investigations – Open (MBPA only) 14
Investigations – Open (CLA only) 48
Investigations – Open (all industries) 93

Complaints for this period

<table>
<thead>
<tr>
<th></th>
<th>MBPA</th>
<th>CLA</th>
<th>All Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received</td>
<td>32</td>
<td>296</td>
<td>639</td>
</tr>
<tr>
<td>Closed</td>
<td>31</td>
<td>305</td>
<td>689</td>
</tr>
<tr>
<td>Open as of 4/30/2019 (all industries)</td>
<td>N/A</td>
<td>N/A</td>
<td>157</td>
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Enforcement Actions for this period

<table>
<thead>
<tr>
<th></th>
<th>CCSA</th>
<th>CLA</th>
<th>EARA</th>
<th>MBPA</th>
<th>UMSA</th>
</tr>
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<tbody>
<tr>
<td>Total</td>
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<td>27</td>
<td>2</td>
<td>23</td>
<td>6</td>
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Enforcement Actions for this period – Mortgage Broker Practices Act

<table>
<thead>
<tr>
<th>Statement Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statements of Charges</td>
<td>5</td>
</tr>
<tr>
<td>(1 pertaining to U/L Loan Modification services)</td>
<td></td>
</tr>
<tr>
<td>Total Consent Orders &amp; Consent Agreement</td>
<td>11</td>
</tr>
<tr>
<td>(2 pertaining to Loan Modification services)</td>
<td></td>
</tr>
<tr>
<td>Temporary Order to Cease and Desist</td>
<td>0</td>
</tr>
<tr>
<td>Final Orders</td>
<td>7</td>
</tr>
<tr>
<td>(5 pertaining to Loan Modification services)</td>
<td></td>
</tr>
<tr>
<td>Civil Actions (injunction, enforce subpoena)</td>
<td>0</td>
</tr>
</tbody>
</table>
MBPA Agreed Orders

C-14-1577-18-CO02 Colleagues in Law; Devin Benter 11/8/2018
- Remaining restitution due from CO02 to be paid in 18 payments

C-15-1803-19-CO02 Real Property Funding Group, LLC; Stephen Alan Boyd 4/19/2019
- $96.00 Investigation fee
- $191.00 Cost of Prosecution
- License Surrendered for Real Property Funding Group, LLC

C-15-1827-19-CO01 Hometown Financial Group; Luisito Flores, Joseph Kelly 2/6/2019
- $10,000 Investigation fee
- $50,000 Fine ($25,000 STAYED)
- License Revocation and Ban STAYED
- Full Scope Compliance Exam ordered by 8/6/2020

C-16-1956-18-CO01 Security Pacific Mortgage, Inc; Robert Sherwood 1/8/2019
- $3,933.60 Investigation fee
- $10,000 Fine ($5,000 STAYED)
- MB & MLO Licenses Surrendered
- Both Parties Banned until 1/8/2024

C-17-2132-19-CO01 Emery Law, LLC; Melanie Anne Emery 3/13/2019
- $5,366.40 Investigation fee
- $90,000 Fine (STAYED)
- $83,586.00 Restitutions
- Banned until 3/31/2024

C-17-2350-18-CO01 Washington Discount Mortgage, LLC; David Chapman 11/20/2018
- $1,226.40 Investigation fee
- $25,000 Fine ($15,000 STAYED)
- 5 year Ban and License Revocation STAYED

C-17-2350-18-CO02 Carin Kjoss 11/20/2018
- $1,750 Fine

C-18-2388-19-CO01 Coast 2 Coast Home Services; Alin Ybarra 4/9/2019
- $2,150.40 Investigation fee
- $144,000 Fine ($134,000 STAYED)
- $74,650.85 Restitution
- Banned until 4/9/2024

C-18-2417-18-CO01 Cousins, Elizabeth Anne 11/13/2018
- $216 Investigation fee

C-18-2516-18-CO01 Pacific Finance Group, LLC; Robert Owsley II, Carlton Elijah Sellars 4/18/2019
- $2,000 Investigation fee
- $3,000 Fine
- Company License Surrendered
- Do Not Apply until 4/18/2024

C-18-2544-19-CO01 Russell Roger Henry 1/24/2019
- Permanent Ban
<table>
<thead>
<tr>
<th>MBPA Final Orders</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td>C-17-2132-18-FO01 Bacon Law Firm; Robert Bacon</td>
<td>10/18/2018</td>
</tr>
<tr>
<td>C-17-2132-18-FO02 Brunty Law Firm; Mark Brunty</td>
<td>10/18/2018</td>
</tr>
<tr>
<td>C-17-2289-18-FO02 Sandra X. Hanley</td>
<td>12/18/2018</td>
</tr>
<tr>
<td>C-17-2289-18-FO03 Benjamin R. Horton</td>
<td>12/18/2018</td>
</tr>
<tr>
<td>C-17-2289-18-FO04 Jonathan P. Hanley</td>
<td>12/18/2018</td>
</tr>
<tr>
<td>C-18-2405-18-FO01 Stephanie Nikole DiPietro</td>
<td>10/15/2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MBPA Statements of Charges</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-18-2382-18-SC01 Providence Advocates Law Center; Jack Howard Karpeles</td>
<td>2/28/2019</td>
</tr>
<tr>
<td>C-18-2531-19-SC01 Seattle Sound Mortgage, LLC; My-Kim Thi Bui</td>
<td>3/06/2019</td>
</tr>
<tr>
<td>C-18-2586-19-SC01 Clear Choice Mortgage, LLC; Jessica Jaynell Wills</td>
<td>2/22/2019</td>
</tr>
<tr>
<td>C-18-2586-19-SC02 Tamara Kristen Champagne</td>
<td>4/11/2019</td>
</tr>
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</table>
Enforcement Actions for this period – Consumer Loan Act

Statements of Charges 10
Consent Orders & Consent Agreement 11
Temporary Order to Cease and Desist 0
Final Orders 6
Civil Actions: (injunction, enforce subpoena) 0

CLA Agreed Orders

C-16-2068-18-CO01 Field Assets Service Team, LLC et. al. 01/02/2019
- $50,000 Fine ($25,000 STAYED)
- $2,881.17 Investigation Fee
- $23,286.72 Restitution

C-17-2202-19-CO02 Nationwide Equities Corporation 04/11/2019
- $3,100 Investigation fee
- $12,000 Fine

C-17-2297-19-CO01 United Mortgage Corp; Mark Rosenbloom, Nicole Paige 03/29/2019
- $250,000 Fine ($200,000 STAYED)
- $50,000 Financial Literacy & Education
- $5,000 Investigation Fee
- Compliance Exam by 3/29/2020

C-17-2335-18-CO01 Seattle’s Best Mortgage; Fion Yunyan Gu Wong 10/11/2018
- $11,500 Investigation fee
- $125,000 Fine ($75,000 STAYED)
- $28,000 Restitution
- License Revocation and Prohibition STAYED
- Retain a Compliance Officer
- Compliance Exam Due within 2 years

C-17-2354-18-CO01 Secure One Capital Corporation; James Pate 1/30/2019
- $1,559.63 Investigation fee
- $50,000 Fine ($25,000 STAYED)
- Company License Surrendered
- Do Not Apply Until 1/30/2024

C-18-2369-18-CO01 Brenton Joseph Scone 12/18/2018
- $1,800 Investigation fee
- Prohibited from Industry
- License Application Denied

C-18-2424-18-CO01 Today’s Mortgage; Tuan A Nguyen 10/05/2018
- $1,511.32 Investigation fee
- Withdraw License Application Within 7 Days

C-18-2444-18-CO01 McKinley Mortgage Company, LLC, Alaska Financial Company III, LLC, McKinley Mortgage Co, LLC 03/06/2019
- $1,000 Investigation fee
• $10,000 Fine STAYED
• Banned Until 3/6/2026

**C-18-2453-18-C001** Global Bancorp dba Global Bancorp Corp; Nina Hanna  
12/10/2018

• $241.53 Investigation Fee
• $10,000 Fine - STAYED
• $10,000 Late Penalty ($5,000 STAYED)
• Provide AAR and CAR and Pay Assessments for 2018
• Ban Until 12/10/2023 STAYED

**C-18-2455-18-C001** Oceans Capital Network; Tri Minh Doan  
1/11/2019

• $1,180 Investigation Fee
• $5,000 Fine ($4,000 STAYED)
• Banned until 1/11/2024
• Provide AAR and CAR for 2017 & 2018

**CLA Final Orders**

**C-17-2220-18-FO01** Novad Management Consulting, LLC; Everett Davon Kelly  
12/21/2018

**C-17-2322-19-FO01** Dilcia Mercedes  
3/29/2019

**C-18-2431-18-FO01** Directors Financial Group; Charles Ray Dixon, Christopher Hobson  
12/1/2018

**C-18-2444-19-FO01** Tobias Preston  
3/29/2019

**C-18-2518-19-FO01** Southwest Funding, LP  
4/10/2019

**C-19-2640-19-FO01** Ben Alexander-Owens Anderson  
4/26/2019

**CLA Statements of Charges**

**C-17-2322-19-SC01** Dilcia Mercedes  
2/15/2019

**C-18-2444-18-SC01** McKinley Mortgage Company, LLC, Alaska Financial Company III, LLC, McKinley Mortgage Co, LLC, Tobias Preston  
12/18/2018

**C-18-2469-18-SC01** Daniel Andrew Snoey  
12/19/2018

**C-18-2500-18-SC01** First Millennium Bank, LLC, Millennium Financial Group, Brandon Salle  
11/06/2018

**C-18-2526-19-SC01** Intercontinental Capital Group, Inc, Dustin DiMisa  
3/6/2019

**C-19-2598-19-SC01** Yousip Atour Golani  
2/15/2019

**C-19-2612-19-SC01** Pacific Home Loans, Inc dba Washington Mortgage Advisors  
4/23/2019

**C-19-2625-19-SC01** Aperture Real Estate Ventures, LLC; Matthew Buraui Miles, Andrew Hubbard Jewett, Rodolfo Cortes, Jr.  
3/21/2019

**C-19-2640-19-SC01** Ben Alexander-Owens Anderson  
3/27/2019