



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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Mortgage Industry Webinar Agenda

Tuesday May 14, 2019

9:00 a.m.

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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/Anyia Tabb
4. Enforcement Update – Steve Sherman
5. Rulemaking Update – Cindy Fazio
6. Question/Answer Session –Devon Phelps

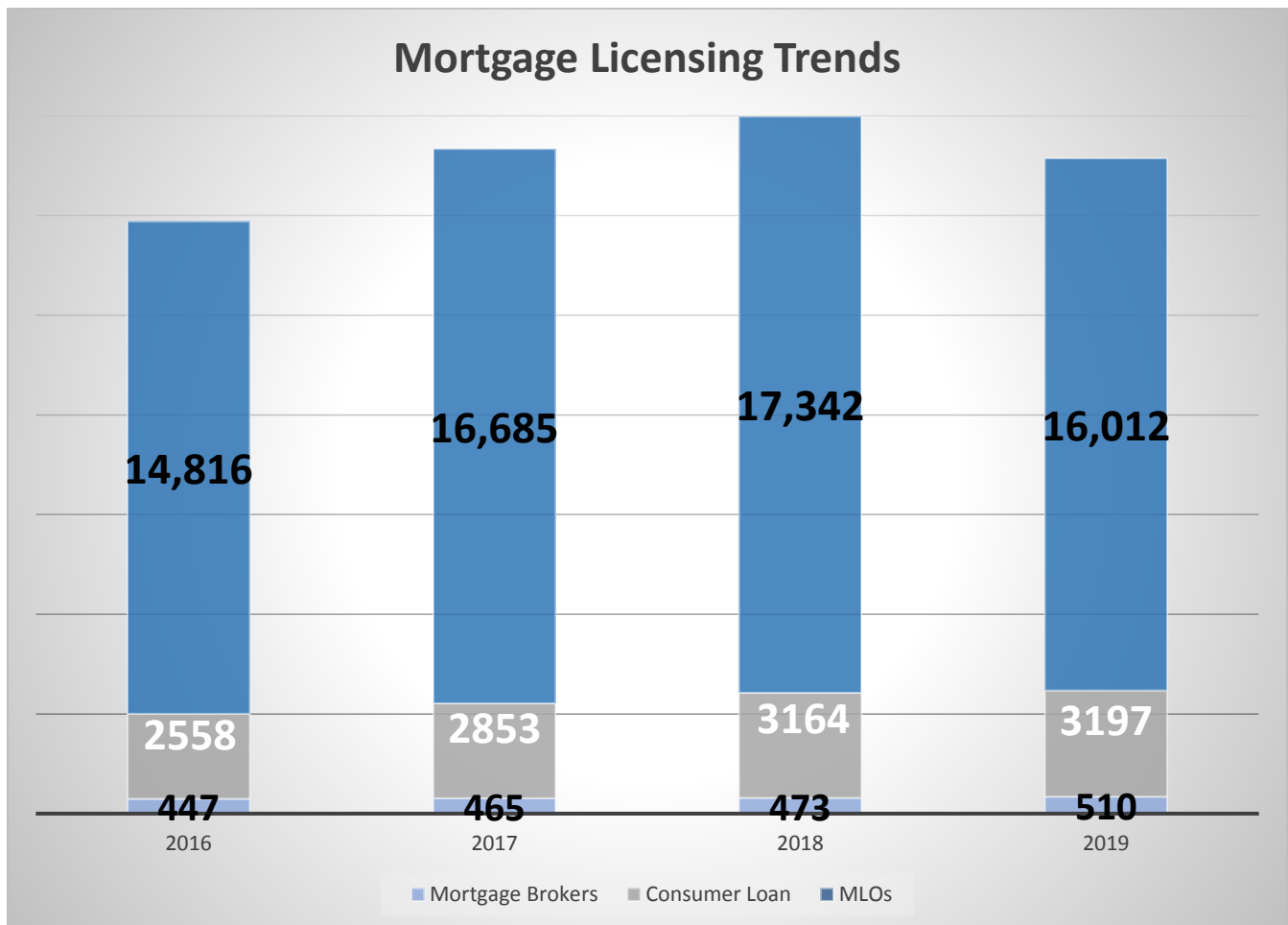
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Licensing Unit Report - Mortgage Program

Mortgage Industry Webinar

May 14, 2019

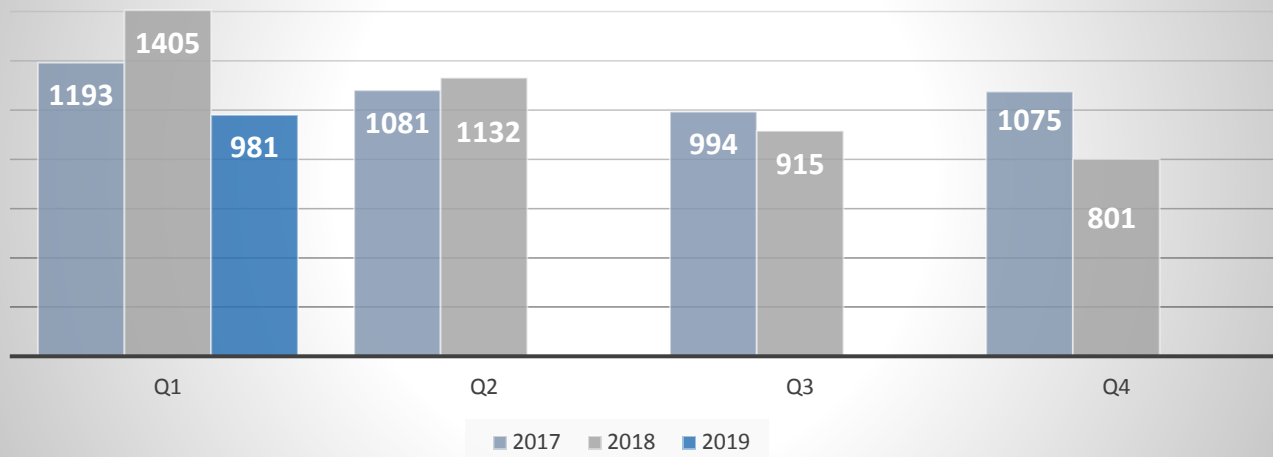
License Types	Apr 2016	Apr 2017	Apr 2018	Apr 2019	Total Change
Mortgage Broker Main	271	281	287	302	+31
Mortgage Broker Branch	176	184	186	208	+32
Consumer Loan Main	542	604	649	667	+125
Consumer Loan Branch	2,016	2,249	2,515	2,530	+514
MLOs (Active & Inactive)	14,816	16,685	17,342	16,012	+1,196



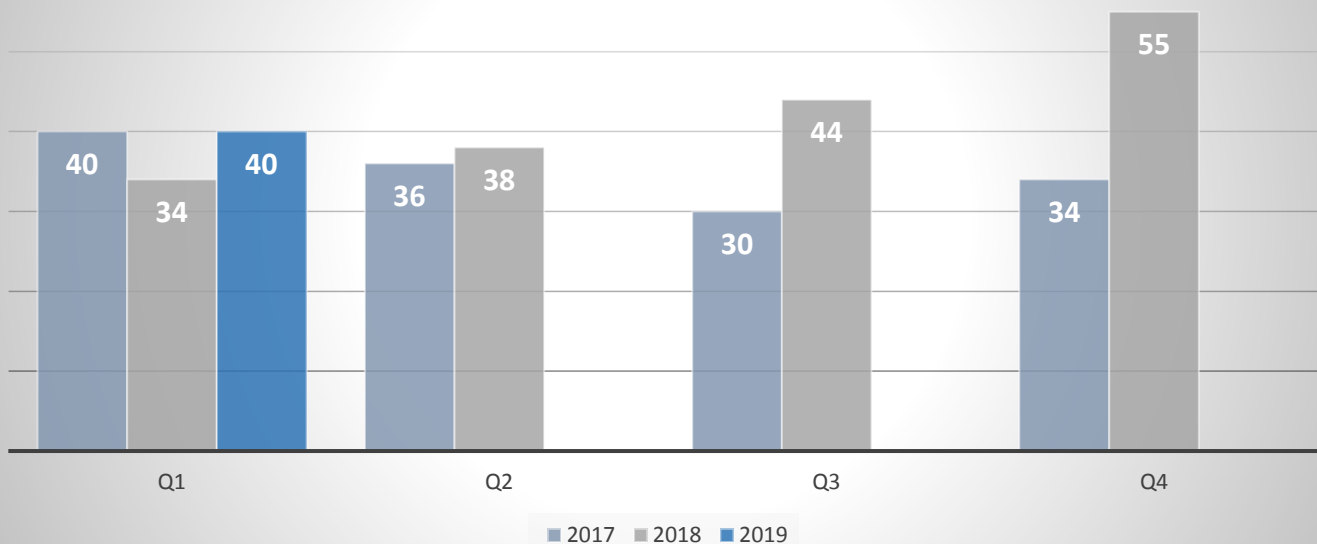
Licensing Trends

- 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

MLO Applications By Quarter



Co. Applications by Quarter



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

CS – Examination Unit Report

Consumer Loan and Mortgage Broker Programs

Mortgage Industry Meeting

May 14, 2019

Examination Summary – Consumer Loan

140 Exams completed for October 2018 - March 2019

- 100 Origination, 40 Servicing

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	18	57.39
2	36	87.40
3	26	126.11
4	2	182.5
*N/A	58	N/A

*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

Composite Rating	Number of Licensees	**Avg. Billable Hrs.
1	2	N/A
2	4	N/A
3	15	N/A
4	4	N/A
*N/A	32	N/A

*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

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	5	56.50
2	13	133.04
3	11	152.91
4	-	-
*N/A	11	N/A

*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 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**

Complaints for this period	MBPA	CLA	All Industries
Received	32	296	639
Closed	31	305	689
Open as of 4/30/2019 (all industries)	N/A	N/A	157

Investigations

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

Enforcement Actions for this period	
CCSA	0
CLA	27
EARA	2
MBPA	23
UMSA	6

Enforcement Actions for this period – Mortgage Broker Practices Act

Statements of Charges	5
(1 pertaining to U/L Loan Modification services)	
Total Consent Orders & Consent Agreement	11
(2 pertaining to Loan Modification services)	
Temporary Order to Cease and Desist	0
Final Orders	7
(5 pertaining to Loan Modification services)	
Civil Actions (injunction, enforce subpoena)	0

MBPA Agreed Orders

C-14-1577-18-CO02	Colleagues in Law; Devin Benter	11/8/2018
	<ul style="list-style-type: none">• 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
	<ul style="list-style-type: none">• \$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
	<ul style="list-style-type: none">• \$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
	<ul style="list-style-type: none">• \$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
	<ul style="list-style-type: none">• \$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
	<ul style="list-style-type: none">• \$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
	<ul style="list-style-type: none">• \$1,750 Fine	
C-18-2388-19-CO01	Coast 2 Coast Home Services; Alin Ybarra	4/9/2019
	<ul style="list-style-type: none">• \$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
	<ul style="list-style-type: none">• \$216 Investigation fee	
C-18-2516-18-CO01	Pacific Finance Group, LLC; Robert Owsley II, Carlton Elijah Sellars	4/18/2019
	<ul style="list-style-type: none">• \$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
	<ul style="list-style-type: none">• Permanent Ban	

MBPA Final Orders

C-17-2132-18-FO01	Bacon Law Firm; Robert Bacon	10/18/2018
C-17-2132-18-FO02	Brunty Law Firm; Mark Brunty	10/18/2018
C-17-2289-18-FO02	Sandra X. Hanley	12/18/2018
C-17-2289-18-FO03	Benjamin R. Horton	12/18/2018
C-17-2289-18-FO04	Jonathan P. Hanley	12/18/2018
C-18-2405-18-FO01	Stephanie Nikole DiPietro	10/15/2018

MBPA Statements of Charges

C-17-2132-19-SC02	Bacon Law Firm, Brunty Law Firm, Integrity Partners, LLC, 4/11/2019 Emery Law, LLC, Terry Walden, Mark Brunty, Robert Bacon, Melanie Anne Emery, Jessica Walden	
C-18-2382-18-SC01	Providence Advocates Law Center; Jack Howard Karpeles	2/28/2019
C-18-2531-19-SC01	Seattle Sound Mortgage, LLC; My-Kim Thi Bui	3/06/2019
C-18-2586-19-SC01	Clear Choice Mortgage, LLC; Jessica Jaynell Wills	2/22/2019
C-18-2586-19-SC02	Tamara Kristen Champagne	4/11/2019

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
<ul style="list-style-type: none">• \$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
<ul style="list-style-type: none">• \$3,100 Investigation fee• \$12,000 Fine	
C-17-2297-19-CO01 United Mortgage Corp; Mark Rosenbloom, Nicole Paige	03/29/2019
<ul style="list-style-type: none">• \$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
<ul style="list-style-type: none">• \$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
<ul style="list-style-type: none">• \$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
<ul style="list-style-type: none">• \$1,800 Investigation fee• Prohibited from Industry• License Application Denied	
C-18-2424-18-CO01 Today's Mortgage; Tuan A Nguyen	10/05/2018
<ul style="list-style-type: none">• \$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
<ul style="list-style-type: none">• \$1,000 Investigation fee	

<ul style="list-style-type: none"> • \$10,000 Fine STAYED • Banned Until 3/6/2026 	
C-18-2453-18-CO01 Global Bancorp dba Global Bancorp Corp; Nina Hanna	12/10/2018
<ul style="list-style-type: none"> • \$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-CO01 Oceans Capital Network; Tri Minh Doan	1/11/2019
<ul style="list-style-type: none"> • \$1,180 Investigation Fee • \$5,000 Fine (\$4,000 STAYED) • Banned until 1/11/2024 • Provide AAR and CAR for 2017 & 2018 	
C-18-2470-18-CO01 Grasman Montgomery Enterprises, Inc; Lisa K Grasman	1/16/2019
<ul style="list-style-type: none"> • \$1,000 Investigation fee 	

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 Bureau Miles, Andrew Hubbard Jewett, Rodolfo Cortes, Jr.	3/21/2019
C-19-2640-19-SC01 Ben Alexander-Owens Anderson	3/27/2019