



Mortgage Industry Webinar

We will begin shortly

Call In #: 1-253-372-2181

Conference ID #: 753917665#

[Meeting Link](#)

Your audio will be muted upon entry. Please use the chat function to enter your questions. We will go through them one by one to ensure that callers get the benefit of the Q&A as well as those attending online.

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



Mortgage Industry Webinar Agenda

Wednesday, May 25, 2022

10:00 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 & Alan Leingang
4. Enforcement Update – Robert Jones
5. Rulemaking Update – Cindy Fazio
6. Question/Answer Session – Devon Phelps

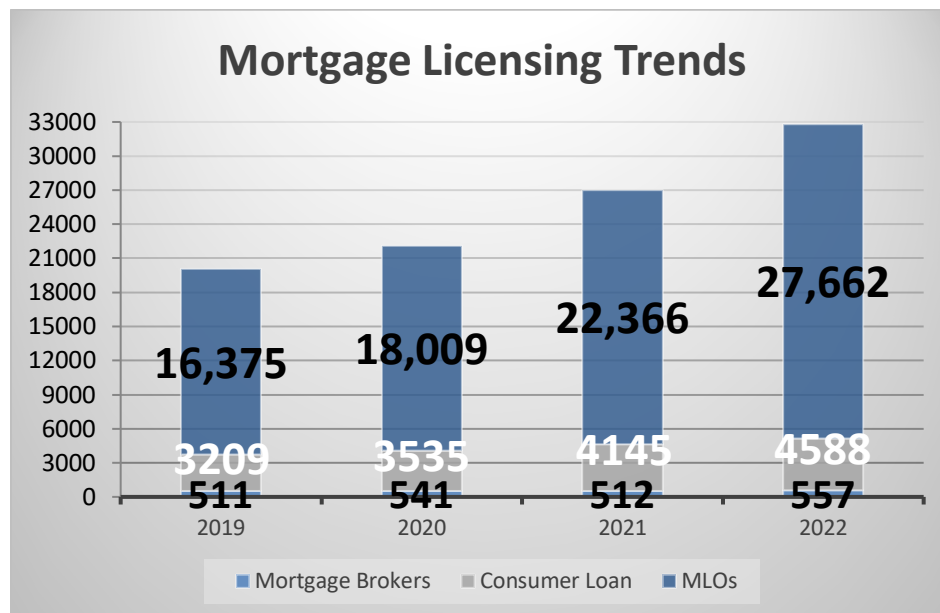
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Licensing Unit Report - Mortgage Program

Mortgage Industry Webinar

May 25, 2022

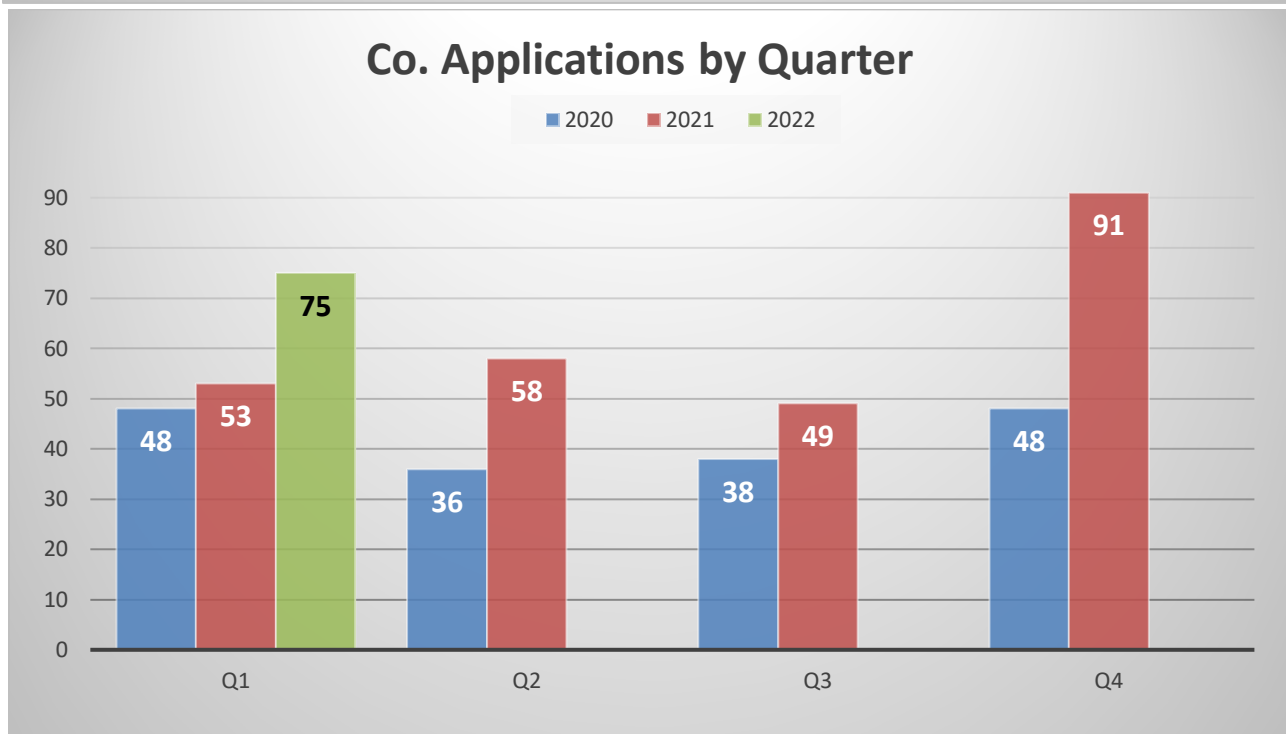
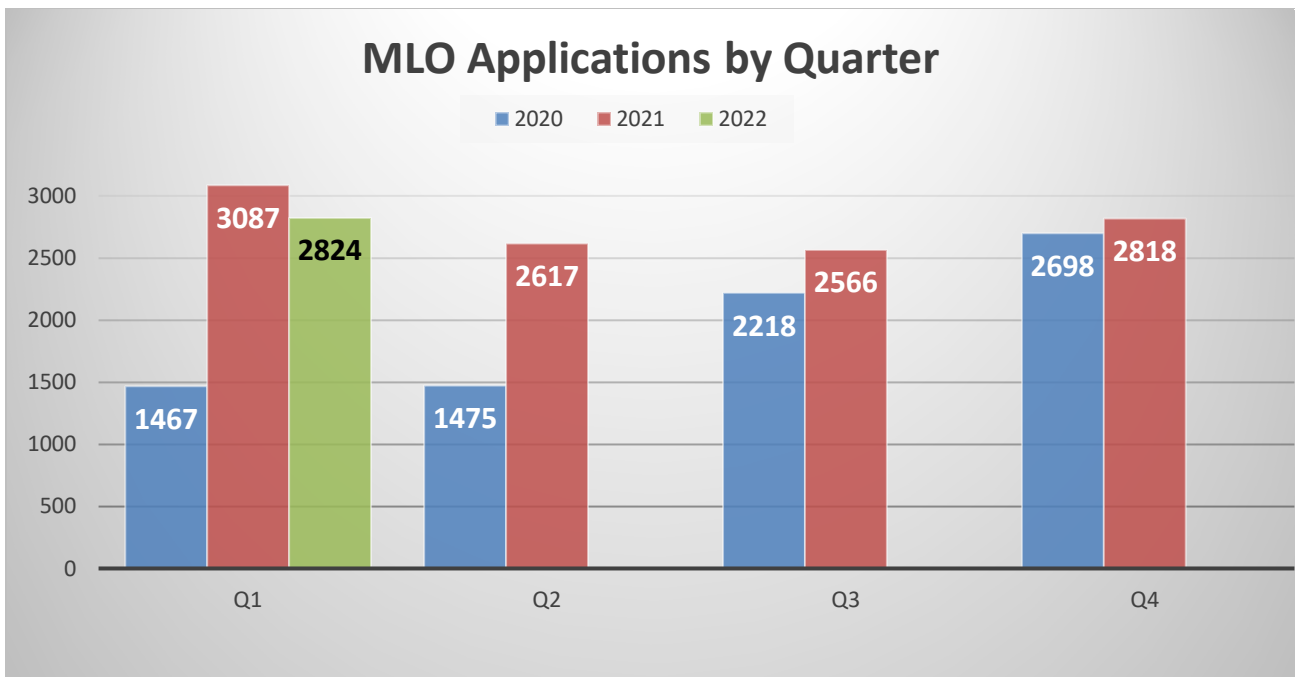
License Types	May 2019	May 2020	May 2021	May 2022	Total Change
Mortgage Broker Main	302	323	332	364	+62
Mortgage Broker Branch	209	218	180	193	-16
Consumer Loan Main	678	721	791	902	+224
Consumer Loan Branch	2,531	2,814	3,354	3,686	+1,155
MLOs (Active & Inactive)	16,375	18,009	22,366	27,662	+11,287



Licensing Trends

- Total number of mortgage licensees growing substantially
 - Greatest gain in MLO licenses
 - Nearly 24% increase from May 2022 compared to May 2021
 - Mortgage Broker and Consumer Loan licensees still growing
- Licensees located within Washington:
 - About 21% of companies, 29% of branches, and 18% of MLO licensees¹

¹ Co & Br – report physical address in WA; MLOs – report a residence address in WA



Application Trends

- Application volume strong in 2021; total applications received for 2021 include:
 - More than 250 companies, nearly 1,300 branches, and more than 11,000 MLOs
- Application volume for 2022 still strong
 - Company applications average about 25 per month; most CL but still new MBs
 - MLO applications slowly declining each month of 2022; but Q1 still similar to Q4
 - May MLO application volume may be the most significant drop
 - Possibly a monthly number not seen since early 2020

Surety Bond Amounts

Bond amount for 2022 based on 2021 loan volume in Washington

- Bond to be adjusted by March 1 for Consumer Loan, March 31 for Mortgage Broker
- Courtesy license items set for under bonded Mortgage Brokers; Consumer Loan next
 - Make sure the effective date of bond amount change rider is correct

Consumer Loan – Origination

Origination Volume	Bond Amount
\$0-\$20 million	\$30,000
\$20-\$40 million	\$50,000
\$40-\$50 million	\$100,000
\$50 million +	\$150,000

Mortgage Broker

Origination Volume	Bond Amount
\$0-\$20 million	\$20,000
\$20-\$40 million	\$40,000
\$40 million +	\$60,000

NMLS Invoicing for Non-Renewed Licenses

Applies to Consumer Loan licensees only; perpetual license until surrendered or revoked

- If closing location, must request surrender; marking “not renewing” doesn’t close license
- By spring, NMLS sets invoices for system fees on non-renewed licenses
- Unpaid invoice for 2021? Submit surrender then email Maureen.camp@dfi.wa.gov

Preparing for Renewals

Items to note when preparing for renewals:

- Criminal Background Check (CBC) and Credit Report required for MLO/DB renewals
- CE license item to be set typically during summer
 - Requirement is 9 hours of CE, including 1 hour in WA law

Upcoming Events/Deadlines

- Summer CE license item set on MLOs without 2022 education completed
- Aug 14 Q3 Mortgage Call Report Filing Deadline

CS – Examination Unit Report

Consumer Loan and Mortgage Broker Programs

Mortgage Industry Meeting
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Examination Summary – Consumer Loan Origination

77 Exams completed for October 2021 – April 2022

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	4	88
2	15	127
3	8	88
4	5	118
5	1	182
*N/A	44	N/A

*N/A includes:

- 37 Initial Compliance Review, and 6 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
- **Advertising Discounted Rates:** When advertising a discounted rate, licensees must clearly and conspicuously disclose in the advertisement at a minimum, the cost of the discount to the borrower and that the rate is discounted. WACs 208-620-550(22) and 208-620-630(8)
- **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.

Examination Summary – Residential Mortgage Loan Servicing

42 Exams completed for October 2021 – April 2022

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	4	97
2	11	103
3	6	207
4	1	121
*N/A	20	N/A

**N/A includes:

- 20 Desk Review

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

Common Violations

- Failed to file accurate Consolidated Annual Reports
- Failed to properly maintain escrow accounts
- Failed to provide accurate and complete escrow analyses

Examiners continue to find annual reporting as of December 31 of the subject year whereas the instructions ask for *all* servicing accounts during the year, including loans paid off or transferred out during the year. Another error is misreporting loans subserviced by servicers *licensed* under the Consumer Loan Act or *not licensed* under the Act. Depository servicers are not licensed under the Consumer Loan Act, while non-depository servicers are licensed under the Act.

Escrow account errors involve paying taxes or insurance late and not cancelling forced placed insurance as of the date a borrower obtains homeowners insurance. Inaccurate escrow analyses usually do not include all the months in an escrow account computation year.

Examination Summary – Mortgage Brokers

49 Exams completed for October 2021 – April 2022

Composite Rating	Number of Licensees	**Avg. Billable Hrs.
1	2	Not Billed
2	14	Not Billed
3	9	Not Billed
4	2	Not Billed
*N/A	22	Not Billed

*N/A includes:

- 19 Initial Compliance Review, 2 SWE

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

Common Violations

- Failure to file accurate MCRs
- Failure to develop and implement an adequate Anti-Money Laundering program
- Failure to develop a compliant business resumption plan

The first two are common and have been for years. As a matter of reason, MCR applications in process at the end of the prior quarter must equal applications in process at the beginning of the current quarter. Many times the reported count and principal balance do not match from the end of one quarter to the beginning of the next. Though examiners are seeing better AML programs, actually tailored for a mortgage broker business rather than a money services business, we continue to see lax implementation around the training and independent testing requirements. If the program says there is yearly staff training and independent testing, examiners will ask for the records.

The common defect in business resumption plans is many do not address possible business disruptions, such as natural disasters (earthquake, volcanic eruption, flood). Brokers should brainstorm various scenarios that could disrupt the business and decide how they will react in that situation. For instance, how would business continue if local internet and/or cell service is out for an extended period? The Department understands companies cannot foresee all possible scenarios or have a solution for every possible disaster. However, many companies say their information is in the cloud, so business is protected from disruption. That is not necessarily true; business resumption plans should be detailed and comprehensive.

**Mortgage Industry
Enforcement Unit Report
October 1, 2021 – April 30, 2022**

Complaints for this period	MPBA	CLA	All Industries
Received	21	313	685
Closed	20	259	617
Open as of 4/30/2022	22	229	289

Investigations Open as of April 30, 2022

Mortgage Broker Practices Act – **23**

Consumer Loan Act – **52**

All Industries – **89**

Enforcement Actions for this period	
CCSA	1
CLA	22
EARA	5
MBPA	72*
UMSA	1

Enforcement Actions for this period – Mortgage Broker Practices Act- 72*

*Includes 63 Consent Orders that were part of a large MLO multi-state settlement.

Consent Orders/Agreements	66
(0 pertaining to Loan Modification services)	
Statements of Charges	3
(1 pertaining to U/L Loan Modification services)	
Final Orders	3
(2 pertaining to Loan Modification services)	
Temporary Order to Cease and Desist	0
Civil Actions (Injunction, enforce subpoena)	0
Criminal Referrals	0

MBPA Consent Orders

C-20-3039-21-CO01 – John Andrew Majorek	10/15/2021
<ul style="list-style-type: none">• \$500 Investigation Fee• \$2,000 Fine• License Surrendered	
C-20-3039-21-CO02 – Secure Lending Incorporated; Mehedi Hassan	01/03/2022
<ul style="list-style-type: none">• \$2,500 Investigation Fee• \$25,000 Fine• Agreement to maintain records in compliance with the Act	
C-19-2754-22-CO02 – West Coast Funding, Inc., dba West Coast Financial; Henry S. Chu	02/25/2022
<ul style="list-style-type: none">• \$5,000 Investigation Fee• \$10,000 Fine (\$5,000 STAYED)• Licenses Revoked (STAYED)• Designated Broker Registration Surrendered within 3 months• Agreement for West Coast Funding to replace Mr. Chu with a qualified DB (i.e., registered with NMLS and the Department)• Prohibition – Mr. Chu shall not act as DB for West Coast Funding or participate as a DB in the conduct of the affairs of any mortgage broker licensed by or subject to licensure or regulation by the Department for 10 years from the date of surrendering his DB registration.• Full compliance exam within 12-15 months.	

MBPA Multi-State Settlement Agreement/Consent Orders

All terms for each Order are:

- \$1,000 Fine
- License Surrendered
- Agreement not to apply for license for 3 months from effective date
- Agreement to comply with PE and CE requirements

C-22-3209-22-CO01 – Danh Phan	12/31/2021
C-22-3287-22-CO01 – Gabrielle Trachtman	12/31/2021
C-22-3288-22-CO01 – Bryan Millikan	12/31/2021
C-22-3289-22-CO01 – Mark Lowman II	12/31/2021
C-22-3290-22-CO01 – Britney Velasquez	12/31/2021
C-22-3291-22-CO01 – Bryan Keller	12/31/2021
C-22-3292-22-CO01 – Shane Stokes	12/31/2021
C-22-3293-22-CO01 – Marshall Clark	12/31/2021
C-22-3295-22-CO01 – Derick Sparhawk	12/31/2021
C-22-3296-22-CO01 – Matthew Deghi	12/31/2021

C-22-3297-22-CO01	– Christoffer Groves	12/31/2021
C-22-3298-22-CO01	– Sherry Jones	12/31/2021
C-22-3299-22-CO01	– Jitendera Kandola	12/31/2021
C-22-3300-22-CO01	– Timothy Matthews	12/31/2021
C-22-3301-22-CO01	– Misty Stoddart	12/31/2021
C-22-3302-22-CO01	– Kelly Schaar	12/31/2021
C-22-3310-22-CO01	– Steven Rodriguez	12/31/2021
C-22-3312-22-CO01	– Larry Clinton	12/31/2021
C-22-3313-22-CO01	– William Hierl	12/31/2021
C-22-3319-22-CO01	– Brian Brown	12/31/2021
C-22-3321-22-CO01	– Michael Barrios	12/31/2021
C-22-3322-22-CO01	– Chad Baker	12/31/2021
C-22-3323-22-CO01	– James Kott	12/31/2021
C-22-3324-22-CO01	– Ali Borazjani	12/31/2021
C-22-3326-22-CO01	– Erik Board	12/31/2021
C-22-3327-22-CO01	– Justin Roach	12/31/2021
C-22-3329-22-CO01	– Robert Drenk	12/31/2021
C-22-3330-22-CO01	– Jeffrey Dunn	12/31/2021
C-22-3334-22-CO01	– Daniel Virrueta	12/31/2021
C-22-3335-22-CO01	– Robert Velarde	12/31/2021
C-22-3336-22-CO01	– Montee Skorich	12/31/2021
C-22-3337-22-CO01	– Michael Hamalak	12/31/2021
C-22-3338-22-CO01	– Ezekiel Mohammed	12/31/2021
C-22-3339-22-CO01	– Jason Soldati	12/31/2021
C-22-3340-22-CO01	– Peter DiFerdinand	12/31/2021
C-22-3343-22-CO01	– Brian Santos	12/31/2021
C-22-3347-22-CO01	– Joseph Shalaby	12/31/2021
C-22-3348-22-CO01	– Jonathan Cave	12/31/2021
C-22-3349-22-CO01	– Brandon Martinez	12/31/2021
C-22-3350-22-CO01	– Joel Hansen	12/31/2021
C-22-3351-22-CO01	– Victor Villa-Lobos	12/31/2021
C-22-3353-22-CO01	– Jaeden Kolb	12/31/2021
C-22-3355-22-CO01	– Damien Lefebvre	12/31/2021
C-22-3358-22-CO01	– Zachary Mishler	12/31/2021
C-22-3359-22-CO01	– Christopher Williams	12/31/2021
C-22-3365-22-CO01	– Matthew Ballmaier	12/31/2021
C-22-3364-22-CO01	– Gregory Kaczmarski	12/31/2021
C-22-3356-22-CO01	– Michael Rakeman	12/31/2021
C-22-3357-22-CO01	– Heather Hill	12/31/2021
C-22-3294-22-CO01	– Casey Peek	01/15/2022
C-22-3311-22-CO01	– Ruben Quintero	01/15/2022
C-22-3318-22-CO01	– Nathan Kowarsky	01/15/2022
C-22-3320-22-CO01	– Donald Peart	01/15/2022
C-22-3325-22-CO01	– Ali Parto	01/15/2022
C-22-3328-22-CO01	– Brian Schiele	01/15/2022
C-22-3333-22-CO01	– Richard Hartnett Jr	01/15/2022
C-22-3341-22-CO01	– Shane Gilani	01/15/2022
C-22-3342-22-CO01	– Ronald Siegel	01/15/2022
C-22-3344-22-CO01	– Troy Moritz	01/15/2022

C-22-3345-22-CO01 – Ignacio Lopez	01/15/2022
C-22-3346-22-CO01 – Robert Hostetler	01/15/2022
C-22-3354-22-CO01 – Blake Bianchi	01/15/2022
C-22-3361-22-CO01 – Robert Jones	01/15/2022

MBPA Statements of Charges

C-21-3229-21-SC01 – Jon Darren Zapisek	12/07/2021
C-16-1935-22-SC01 – Nationwide Audit Service, LLC a/k/a N.A.S; Nuevo Casa Sol, LLC; 4Venture, LLC; Pablo Alberto Vega Velazco a/k/a Alberto Vega a/k/a Pablo Velazco	03/16/2022
C-21-3178-21-SC01 – Gagan Deep; Mohabat Pal Singh	04/06/2022

MBPA Final Orders

C-14-1577-22-FO01 – Colleagues in Law, LC; David D. Benter	02/24/2022
C-21-3229-22-FO01 – Jon Darren Zapisek	03/16/2022
C-16-1935-22-FO01 – Nationwide Audit Service, LLC a/k/a N.A.S; Nuevo Casa Sol, LLC; 4Venture, LLC; Pablo Alberto Vega Velazco a/k/a Alberto Vega a/k/a Pablo Velazco	04/29/2022

Enforcement Actions for this period – Consumer Loan Act – 22

Consent Orders/Agreements	13
(0 pertaining to Loan Modification services)	
Statements of Charges	7
(0 pertaining to U/L Loan Modification services)	
Final Orders	2
(0 pertaining to Loan Modification services)	
Temporary Order to Cease and Desist	0
Civil Actions (Injunction, enforce subpoena)	0
Criminal Referrals	0

CLA Agreed Orders

C-19-2735-21-AG01 – Better Mortgage Corporation	11/18/2021
<ul style="list-style-type: none">• \$7,000 Investigation Fee• \$80,000 Fine• Agreement to provide additional MLO license requirements training to Management within 3 months of order entry• Agreement to Compliance Examination within 1 year of order entry• Agreement to maintain records in compliance with the Act	

CLA Consent Orders

C-18-2383-21-CO01 – Anthony Vincent Muchow	10/27/2021
<ul style="list-style-type: none">• \$500 Investigation Fee• \$1,000 Fine	
C-17-2145-21-CO07 – Kristine Marie Moreland	12/10/2021
<ul style="list-style-type: none">• \$12,500 Investigation Fee• \$11,500 Financial Literacy & Education• Agreement to payment plan for balances due from C-17-2145-20-CO05	
C-20-3025-21-CO01 – KRKABOB Incorporated; Joseph Michael Pennington	12/10/2021
<ul style="list-style-type: none">• \$1,086.91 Investigation Fee• \$2,413.09 Fine• KRKABOB's CLA License Revoked• KRKABOB and Pennington – Agreement not to apply for CLA license for 5 years	
C-21-3209-21-CO01 – Climb Investco, LLC	12/13/2021
<ul style="list-style-type: none">• \$41,511.57 Restitution	
C-17-2145-21-CO06 – Caliber Home Loans, Inc.	12/21/2021
<ul style="list-style-type: none">• \$80,000 Investigation Fee and Costs of Prosecution• \$20,000 Financial Literacy & Education• Agreement to Enhanced Policies and Training• Agreement regarding referrals for residential mortgage loans	
C-18-2383-21-CO02 – American Financial Network, Inc; John Robert Sherman III	12/30/2021
<ul style="list-style-type: none">• \$12,000 Investigation fee• \$200,000 Fine (\$100,000 STAYED)• AFN's License Revoked (STAYED)• Agreement to Compliance Examination within 18 months of order entry• Agreement to comply with state and federal advertising statutes and regulations when advertising in Washington.	

C-21-3250-22-CO07 – Logan Finance Corporation	02/02/2022
<ul style="list-style-type: none"> • \$500 Fine • Agreement not to accept new Washington State residential mortgage loan servicing accounts or new applications without obtaining a license in accordance with the Act. • Agreement to maintain records in compliance with the Act 	
C-21-3249-22-CO01 – New Hampshire Higher Education Loan Corporation dba NHHELO	02/10/2022
<ul style="list-style-type: none"> • \$5,000 Fine • Agreement not to accept new Washington State student education loan servicing accounts or new applications without obtaining a license in accordance with the Act. 	
C-20-3034-22-CO01 – Kelly Mortgage, Inc.; Tracy Lyn Kelly	03/16/2022
<ul style="list-style-type: none"> • \$8,000 Investigation Fee • \$20,000 Fine (\$17,500 STAYED) • Agreement to Compliance Examination within 15 months of order entry • Agreement to maintain records in compliance with the Act 	
C-20-3034-22-CO02 – Jordan Kendall Biel	04/05/2022
<ul style="list-style-type: none"> • \$1,000 Investigation Fee • \$1,500 Fine • Industry Prohibition – 5 years 	
C-20-3034-22-CO03 – Daniel Louis Shertzer	04/07/2022
<ul style="list-style-type: none"> • \$500 Investigation Fee • \$1,000 Fine • Industry Prohibition – 5 years 	
C-21-3116-22-CO01 – Meratas, Inc.	04/15/2022
<ul style="list-style-type: none"> • \$4,444 Investigation Fee • \$350 Fine • Agreement not to add new student education loans to its portfolio without obtaining a license in accordance with the Act. • Agreement to maintain records in compliance with the Act 	

CLA Final Orders

C-21-3232-22-FO01 – Daniel Lamar Terry	2/10/2022
C-20-3025-22-FO01 – Kenneth James Pittman	4/06/2022

CLA Statements of Charges

C-21-3232-21-SC01	– Daniel Lamar Terry	12/23/2021
C-21-3120-22-SC01	– Penrith Home Loans, LLC	02/10/2022
C-21-3202-22-SC01	– Seneca One, LLC; Brian Nasser Javadpour	01/18/2022
C-21-3132-22-SC01	– Intercontinental Capital Group, Inc.; Dustin Anthony Dimisa	01/03/2022
C-22-3272-22-SC01	– Anthony Ulysses Miller, II	03/16/2022
C-22-3362-22-SC01	– McLaughlin Lending Services, LLC	04/05/2022
C-22-3286-22-SC01	– William Jay Slater, Jr.	04/06/2022