



Mortgage Industry Webinar

We will begin shortly

Call In #: 1-855-929-3239

Meeting #: 808 813 647

Password: October172019

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

Thursday October 17, 2019

9:00 a.m.

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1. Welcome – Cindy Fazio

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/Zach Zimmerman

4. Enforcement Update – Steve Sherman

5. Rulemaking Update – Cindy Fazio

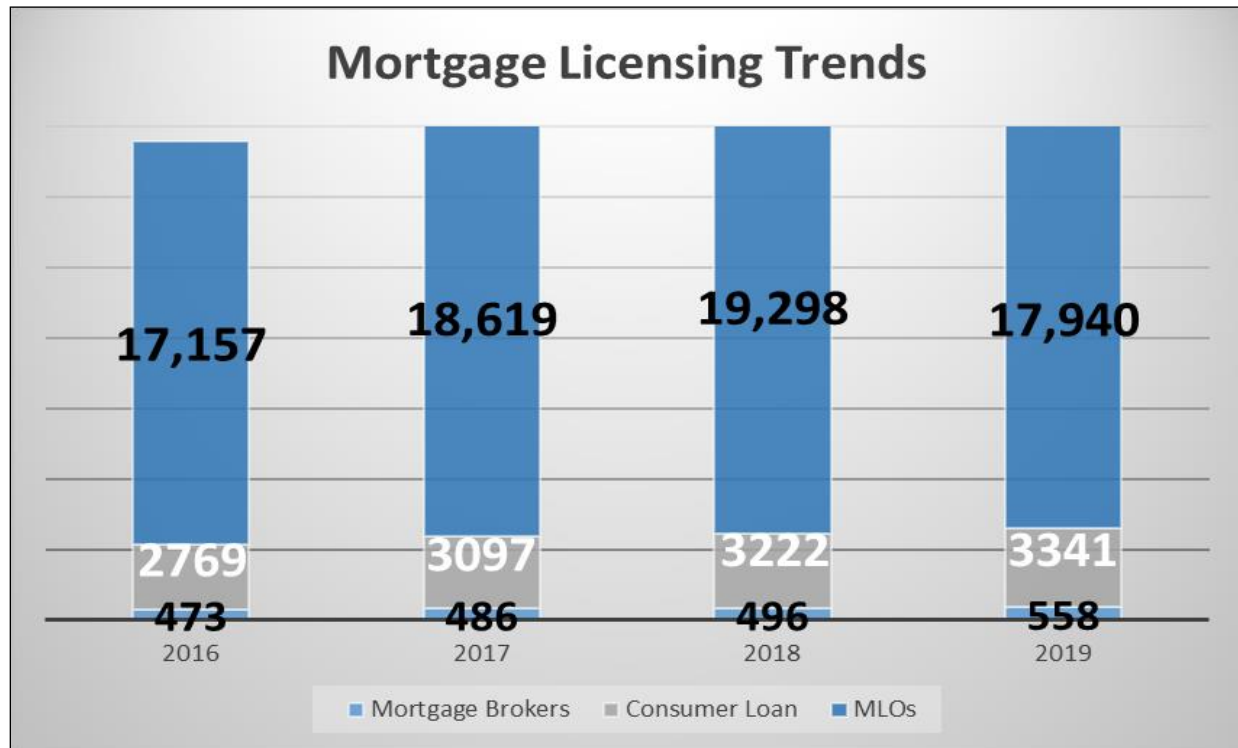
6. Question/Answer Session –Devon Phelps

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Licensing Unit Report - Mortgage Program

Mortgage Industry Webinar
October 17, 2019

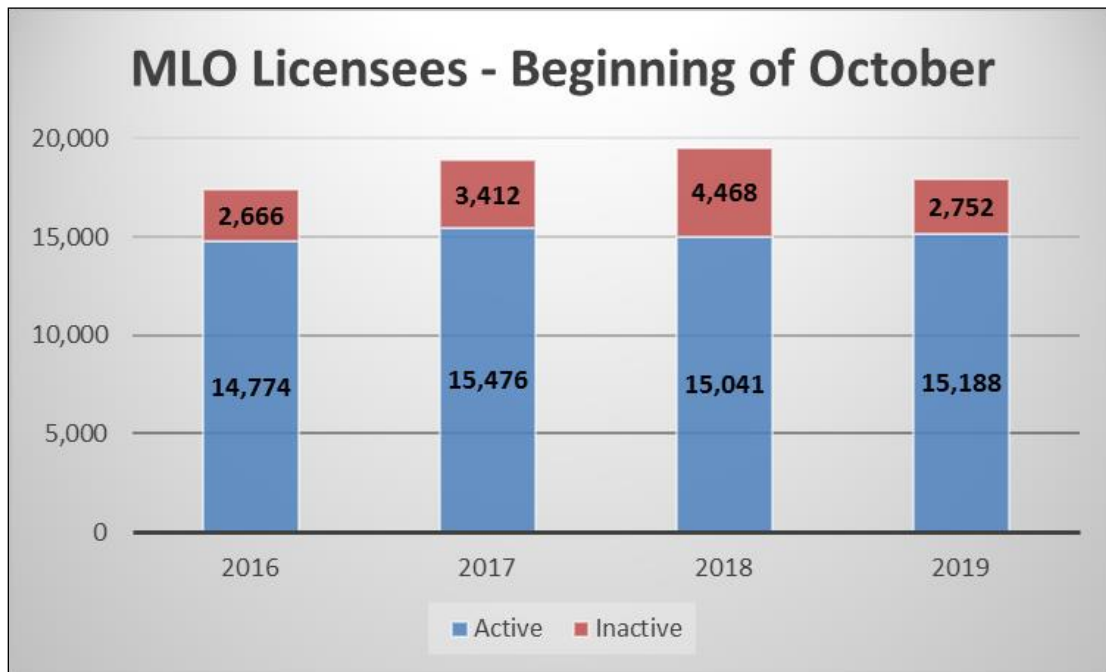
License Types	Oct 2016	Oct 2017	Oct 2018	Oct 2019	Total Change
Mortgage Broker Main	282	291	296	313	+31
Mortgage Broker Branch	191	195	200	245	+54
Consumer Loan Main	575	644	669	714	+139
Consumer Loan Branch	2,194	2,453	2,553	2,627	+642
MLOs (Active & Inactive)	17,157	18,619	19,298	17,940	+783



Licensing Trends

- Number of mortgage licensees reflects decrease for first year, tied to MLO licensees
 - 4% growth in company licensees from June 2018 to June 2019¹
 - Most new companies under CLA, but MBPA licensees also growing
 - Nearly 215 company licensees located in state

¹ Source: NMLS Q2 Mortgage Industry Report



- Decrease in overall mortgage numbers impacted by MLO numbers
 - 7.9% decrease in MLO licensees from June 2018 to June 2019¹
 - Number of active MLOs relatively stable, inactive MLOs fluctuating
 - Drop ties to renewals at end of 2018, lost about 4,000 inactive MLOs
 - Nearly 4,000 MLO licensees located in state



Application Trends

- MLO applications in Q3 above previous years and only slightly down from Q2
- Company applications steady for overall Q3, but slowed in August
 - Most company applications under CLA, but still seeing new MBPA applications

Two Upcoming Events

- Renewals – starting November 1
- Temporary Authority to Operate – starting November 24

MORTGAGE RENEWALS FOR 2020

WHAT YOU NEED TO KNOW

- Renewal period opens November 1
- Temporary fee waiver reduces MLO renewal fee to \$75 (\$45 DFI Fee, \$30 NMLS fee)
- DFI's renewal deadline is **December 15**
- **ACT EARLY** – Many MLOs and Designated Brokers still haven't completed CE

DO THESE STEPS NOW

- ✓ Log into NMLS to verify User Name and Password
- ✓ Resolve all license items
- ✓ Review current record for accuracy – don't wait until November to file updates
- ✓ File Q3 Mortgage Call Report (MCR) ahead of Nov 14 deadline (companies only)
- ✓ Complete Continuing Education - 9 hours, 8 hours SAFE + 1 hour in WA law (individual)

RENEWAL REQUIREMENTS FOR EACH LICENSE TYPE

Mortgage Loan Originator (MLO)

- Non-Perpetual License, must be renewed
 - Licensee cannot operate in 2020 until renewal is approved
 - No new license issued
- If not renewing, prefer to surrender but can allow license to expire

Mortgage Broker

- Non-Perpetual License, must be renewed
- Licensee cannot operate in 2020 until renewal is approved
- Renewal Fees: \$630 (main), \$550 (branch), including NMLS System Fee
- Renewed license emailed
- If not renewing, prefer to surrender but can allow license to expire

Consumer Loan

- Perpetual License, must be attested to
- Licensee can operate in 2020 with renewal request pending
- Annual Attestation Fees: \$100 (main), \$20 (branch), including NMLS System Fee
- No new license issued
- If not renewing, **must** request surrender and provide closure documents - marking "Not Renewing" does **not** surrender

Expedited Processing for MLO applications

On October 16th, the department published an updated MLO checklist for Expedited Processing for Military members, veterans, spouses and dependents. If you are hiring a new MLO with this status, please take a look at the checklist in NMLS to see how they could take advantage of this new opportunity.

TEMPORARY AUTHORITY TO OPERATE (TA)

WHAT?

Temporary authority allows certain eligible individuals to continue MLO activities while meeting testing/education requirements for a state license

- To be eligible for temporary authority, an individual must be
 - Employed through NMLS by a state-licensed mortgage company; and
 - Either be a Federally MLO registered in NMLS during the one year preceding the application or a licensed MLO in another state during the 30-days preceding the 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

WHEN?

- Legislation authorizing temporary authority effective November 24
- Temporary Authority begins when a qualified MLO submits a complete application. It ends when the earliest of the following occurs
 - MLO withdraws application
 - State denies or issues a notice of intent to deny application
 - Application remains incomplete after 120 days
 - State grants the license

ADDITIONAL INFORMATION

Eligibility for Temporary Authority evaluated upon MLO license application submission on or after November 24

- Company must establish relationship with MLO before application filed to be TA eligible
- After application submitted, sponsorship required to have TA granted

New statuses added to NMLS

- Pending-Deficient (Temporary Authority Eligible), pending CBC results or sponsorship
- Pending-Deficient (Temporary Authority), pending testing, education or license item
- Pending-Review (Temporary Authority), testing, education complete, no license items
- Pre-Approved (Temporary Authority), pending testing or education

The company employing MLO with temporary authority is subject to both the federal SAFE Act, and Washington State law to the same extent as if the MLO was licensed

For more information, visit [Temporary Authority to Operate](#) linked off the NMLS Resource page

Upcoming Deadlines

Nov 1	Renewal Period Opens
Nov 14	Q3 Mortgage Call Report Filing Deadline
Dec 15	DFI's Renewal Deadline
Dec 31	End of Renewal Period

Residential Mortgage Loan Servicing Examinations

Examination Summary- April through September 2019

Exam Type	Rating	Number of Licensees
File Reviews	1	7
File Reviews	2	13
File Reviews	3	4
File Reviews	4	0
Desk Review w/o Files	n/a	1

The mortgage servicing team conducted 25 examinations during the last six months. Three examinations were conducted onsite, the remainder were conducted from Department offices.

The most common mortgage servicing violation is failure to file accurate annual assessments. Many companies report their servicing portfolio as of December 31st. Although this is what the fourth quarter MCR through NMLS asks for, it is not what the instructions for the annual assessment ask for. Your annual report should *never* match your fourth quarter MCR filed through NMLS. Licensees should take care to follow all instructions when filing their annual reports, and call the department if any questions arise.

The other common violation is failure to maintain an adequate Compliance Management System (CMS). Washington Administrative Code [208-620-585](http://www.wa.gov/codes/wac/default.aspx?cite=208-620-585) requires that a company's CMS be written, and provide for, amongst other things, training and monitoring. In several instances, licensees have responded to examination findings saying specific corrective measures or actions have been enacted. When a subsequent examination finds no evidence of the specific corrective actions, resulting in repeat violations, it indicates a deficient CMS.

For instance, pledging to add a link on the company's home web page to the company's NMLS Consumer Access web page, and not following through, indicates a breakdown in the licensee's CMS. Likewise, responding by saying loan modification denial letters have been changed for Washington State borrowers to allow 30 days to appeal a loss mitigation denial instead of 14 days, and not implementing the revision, shows a licensee's compliance management is not effective.

Please review the regulation linked above and work to ensure remedies pledged in responses to prior examinations are fully enacted and effective.

CS – Examination Unit Report

Consumer Loan and Mortgage Broker Programs

Mortgage Industry Meeting

October 17, 2019

Examination Summary – Consumer Loan Origination

86 Exams completed for April 2019 - September 2019

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	16	73
2	23	103
3	8	101
4	2	91
*N/A	37	N/A

*N/A includes Desk Reviews and Initial Compliance exams

- 4 Desk Reviews and 33 Initial Compliance Review

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

Examination Summary – Mortgage Brokers

44 Exams completed for April 2019 – September 2019

Composite Rating	Number of Licensees	**Avg. Billable Hrs.
1	1	N/A
2	8	N/A
3	13	N/A
4	6	N/A
*N/A	16	N/A

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

- 4 Desk Reviews, 10 Initial Compliance Review, 2 SWE

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

Common Origination Violations

Failed to File Timely and Accurate Mortgage Call Reports: Both the Consumer Loan Act and Mortgage Broker Practices Act require licensees to file accurate and complete call reports. WAC 208-620-431 and WAC 208-660-400.

Advertised Using Prohibited Terms: Both the CLA and the MBPA prohibit licensees from advertising rates or fees as the “lowest” or the “best”. WAC 208-620-630 and WAC 208-660-440

**Mortgage Industry
Enforcement Unit Report
May 1, 2019 – September 30, 2019**

Complaints for this period	MBPA	CLA	All Industries
Received	24	273	540
Closed	20	247	521
Open as of 9/30/2019 (all industries)	N/A	N/A	168

Investigations

Investigations – Open (MBPA only)	26
Investigations – Open (CLA only)	46
Investigations – Open (all industries)	88

Enforcement Actions for this period	
CCSA	4
CLA	18
EARA	6
MBPA	13
UMSA	5

Enforcement Actions for this period – Mortgage Broker Practices Act

Statements of Charges	4
(3 pertaining to U/L Loan Modification services)	
Total Consent Orders & Consent Agreement	7
(2 pertaining to Loan Modification services)	
Temporary Order to Cease and Desist	0
Final Orders	2
(2 pertaining to Loan Modification services)	
Civil Actions (injunction, enforce subpoena)	0

MBPA Agreed Orders

C-18-2388-19-CO02 Coast 2 Coast Home Services	8/15/2019
• Restitution due from CO01 to be paid beginning 8/31/19	
C-18-2500-19-CO01 First Millennium Bank, LLC; Brandon Salle	5/03/2019
• \$1,370.00 Investigation fee	
• \$1,000.00 Fine	
• Permanent Ban	
C-18-2564-19-CO01 Seattle Global Mortgage Group, LLC; Chee Kit Foo	8/26/2019
• \$1,500 Investigation fee	
• \$10,000 Fine (STAYED)	
• License Surrendered	
C-18-2581-19-CO01 Acceptance Legal Group; Carol Hamilton	5/3/2019
• \$200.00 Investigation fee	
• \$10,000 Fine	
• Restitution	
• Cease and Desist	
C-18-2586-19-CO01 Clear Choice Mortgage, LLC; Jessica Wells	5/28/2019
• \$1,000 Investigation fee	
• \$50,000 Fine (\$25,000 STAYED)	
• \$276.46 Restitution	
• Compliance Exam Due within 18 months	
C-18-2586-19-CO02 Tamara Champagne	7/11/2019
• \$500 Investigation fee	
• \$4,000 Fine (STAYED)	

C-19-2587-19-CO01 Jeffrey Mark Pont	9/30/2019
<ul style="list-style-type: none">• \$745.20 Investigation fee• \$5,000 Fine	

MBPA Final Orders

C-15-1722-19-FO01 Payment Processing Services; Raymund O Dacanay	5/3/2019
C-17-2289-19-FO05 Jonathan P. Hanley	6/21/2019

MBPA Statements of Charges

C-17-2132-19-SC03 Precision Paralegal Services, LLC; William Kane, William Kane II; Integrity Partners, LLC; IMNM, Inc; Terry Walden, Jessica Walden	6/07/2019
C-17-2133-19-SC01 Select Legal Network; Jennifer McCool	9/05/2019
C-17-2303-19-SC01 Dunn Wright Legal, LLC; Conner E McMiniment	6/21/2019
C-19-2587-19-SC01 Interstate Mortgage Service, Inc; Ryan Ingram, Jeffrey Pont	7/17/2019

Enforcement Actions for this period – Consumer Loan Act

Statements of Charges	6
Consent Orders & Consent Agreement	8
Temporary Order to Cease and Desist	1
Final Orders	3

CLA Agreed Orders

C-17-2202-19-CO01 James William Hurdle	07/11/2019
<ul style="list-style-type: none">• \$2,500 Fine (\$2,000 STAYED)• 3 year Ban	
C-18-2429-19-CO01 NewRez, LLC	05/14/2019
<ul style="list-style-type: none">• \$1,456.11 Investigation fee• \$20,000 Delinquent Annual Assessment• \$20,000 Financial Literacy and Education	
C-18-2438-19-CO01 Towne Mortgage Company	05/03/2019
<ul style="list-style-type: none">• \$1,559.62 Investigation fee• \$10,000 Fine	
C-18-2526-19-CO01 Intercontinental Capital Group, Inc. Dustin DiMisa	07/11/2019
<ul style="list-style-type: none">• \$1,525 Investigation fee• \$150,000 Fine (\$50,000 STAYED)• Compliance Exam Due within 2 years	
C-19-2598-19-CO01 & CO02 Yousip Atour Golani	8/27/2019
<ul style="list-style-type: none">• \$1,708 Investigation fee• \$2,722 Cost of Prosecution• 5 year Ban• MLO License Denied	
C-18-2369-18-CO01 Pacific Home Loans; PHLoans.com	8/13/2019
<ul style="list-style-type: none">• \$1,463 Investigation fee• \$25,000 Fine (\$7,000 STAYED)• Submit Advertising Compliance Policies	
C-19-2625-19-CO01 Aperture Real Estate Ventures, LLC; Matthew Miles, Andrew Jewett, Rodolfo Cortes, Jr.	08/13/2019
<ul style="list-style-type: none">• \$2,325.63 Investigation fee• \$5,000 Fine• Company License Surrendered	

CLA Final Orders

C-18-2518-19-FO02	David Allen White	09/19/2019
C-18-2584-19-FO01	Annelee Andres Mendoza	07/11/2019
C-19-2685-19-FO01	Bayview Loan Servicing, LLC	06/21/2019

CLA Statements of Charges

C-18-2485-19-SC01	Blue Brick Financial, LLC	07/01/2019
C-18-2580-19-SC01	NB Capital Assets; Becky N Hoang	05/23/2019
C-18-2584-19-SC01	First Direct Lending, LLC	05/14/2019
C-19-2592-19-SC01	Ditech Financial, LLC	07/09/2019
C-19-2719-19-SC01	Jonathan Scott Marloe	08/26/2019
C-19-2740-19-SC01	Omni-Fund, Inc	09/13/2019