



Mortgage Industry Webinar

We will begin shortly

Call In #: 1-564-999-2000

Phone Conference ID #: 714 193 307#

[Click here to join the meeting](#)

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, January 24, 2024

10:00 AM

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Meeting ID: 232 310 284 208

Passcode: Swg9XY

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1. Welcome – Ali Higgs
2. Licensing Update – Janelle Bullard
3. Examination Update – Anya Tabb & Alan Leingang
4. Enforcement Update – Kendall Freed
5. Question/Answer Session – JJ Choi

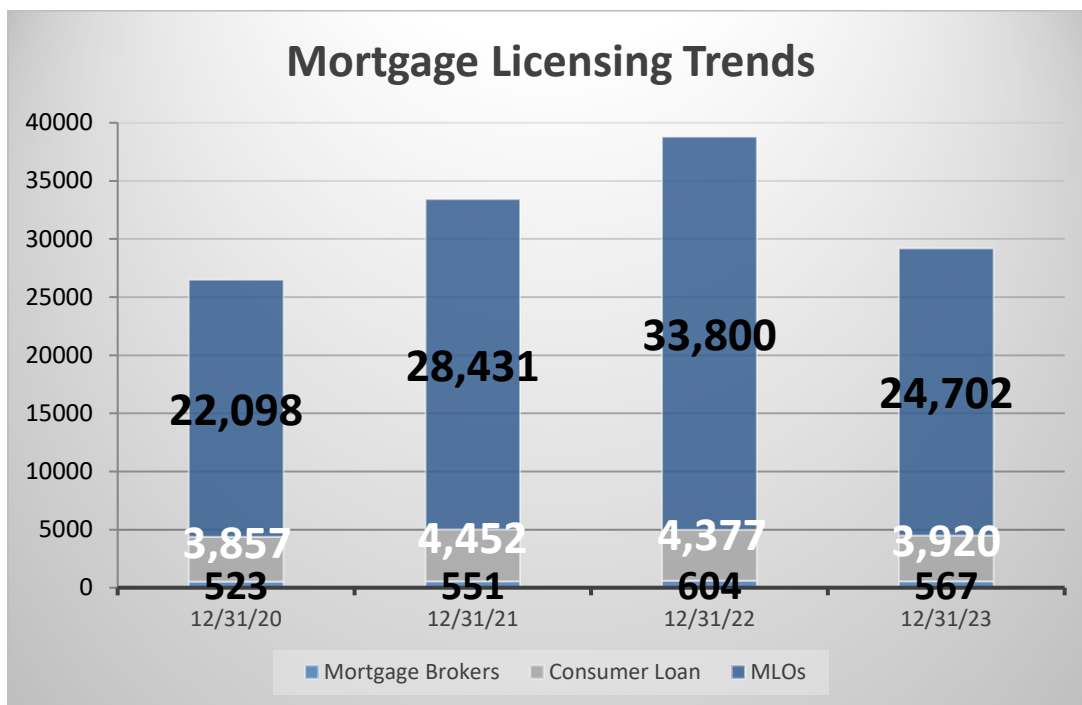
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Licensing Unit Report - Mortgage Program

Mortgage Industry Webinar
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License Types	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Total Change
Mortgage Broker Main	326	349	365	382	+56
Mortgage Broker Branch	197	202	239	185	-12
Consumer Loan Main	764	852	952	1,005	+241
Consumer Loan Branch	3,093	3,600	3,425	2,915	-178
MLOs (Active & Inactive)	22,098	28,431	33,800	24,702	+2,604

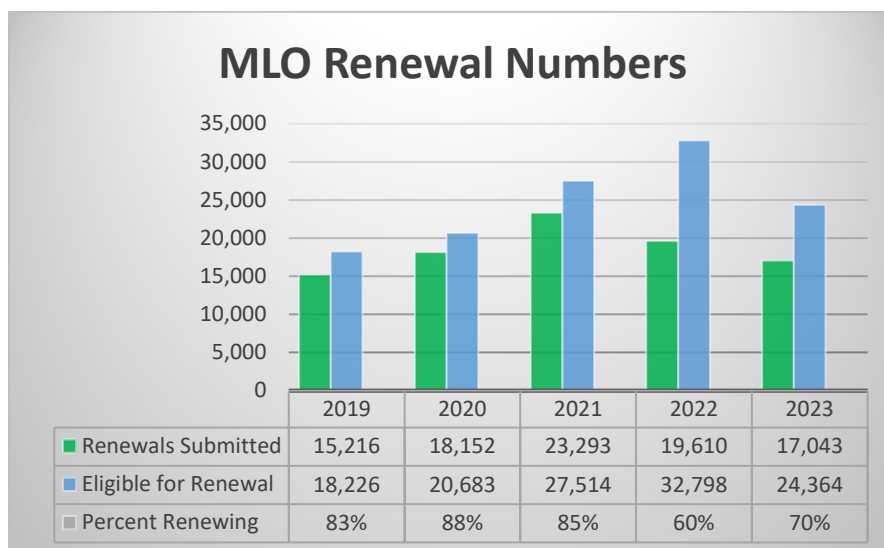
*Data is as of 12/31, before non-renewed MB and MLO licenses go into terminated-failed to renew status



Licensing Trends

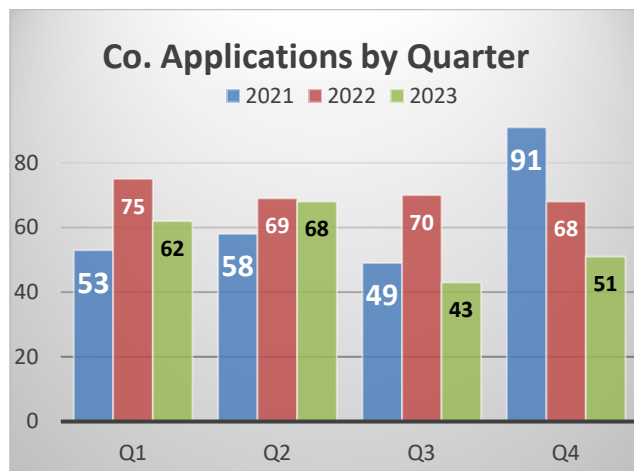
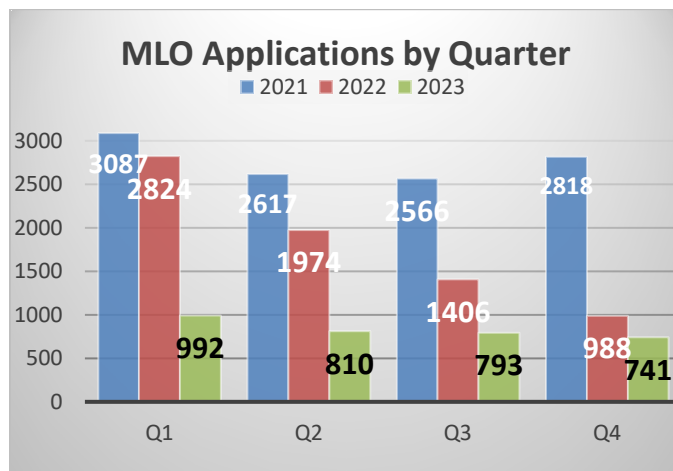
- Mortgage company licensees grow; licensed branch locations drop
 - Number of CLA company licensees crosses 1,000; up nearly 6% from Dec 2022
 - MBPA company licensee growth steady; up nearly 5% from Dec 2022
- MLO licensees lower than 2021 and 2022, but up slightly from the end of 2020
 - Decline due in large part to renewal falloff at the end of 2022

Numbers as of December 31; prior to non-renewed MB and MLO licenses expiring on Jan 1



Recapping renewals for MLO licensees

- More than 24,000 eligible for renewal; about 25% lower than the previous year
- About 17,000 submitted renewals by Dec 31; about 70% of MLOs eligible renewed
- More than 400 additional MLOs submitted renewals so far in Jan 2024



Application Trends

- MLO application volume significantly lower than 2021 or 2022
 - Volume in 2023 about 500-1,000 less than in 2018 or 2019
- Company applications volume slightly lower than 2021 or 2022
 - Volume in 2023 higher than 2020 volume
 - Most applications under the CLA, but MBPA applications remain steady
 - CLA applications cover all business types
 - Most are located outside of Washington or the Pacific Northwest

Upcoming Deadlines

Feb 14 Q4 Mortgage Call Report Filing Deadline
 Feb 29 End of Reinstatement Period
 Mar 1 Consumer Loan Annual Assessment Deadline

CS – Examination Unit Report

Consumer Loan and Mortgage Broker Programs

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Examination Summary – Consumer Loan Origination

43 Exams completed for October 2023 – December 2023

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	2	Not Billed
2	9	Not Billed
3	6	Not Billed
4	1	Not Billed
5	0	Not Billed
*N/A	25	N/A

*N/A includes:

- 19 Initial Compliance Review, 1 Desk Review, 2 Limited Scope, 3 SES Accepted

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

Common Violations

- **Maintain Records** - WAC 208-620-520 requires licensees to maintain records for a minimum of three years after making the final entry, or the period of time required by federal law. Licensees should ensure that records are maintained as required and that those records can be produced during an examination.
- **Residential Mortgage Loan Applications** – Licensees are required to indicate on all residential mortgage loan applications the date the application was taken or revised. The Department recommends that licensees utilize their loan origination software to date applications when initially generated and when revised. WAC 208-620-550(18).
- **Supervisory Plans** –WAC 208-620-301(4) requires that licensed managers prepare and maintain written supervisory plans for the employees they supervise. Plans must include the number of employees supervised, 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. The Department publishes a model supervisory plan template that can be found at [Consumer Loan Companies Forms \(wa.gov\)](https://www.wa.gov).

Examination Summary – Residential Mortgage Loan Servicing

7 Exams completed for October 2023 – December 2023

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	0	Not Billed
2	4	Not Billed
3	1	Not Billed
4	0	Not Billed
*N/A	2	N/A

*N/A includes:

- 1 Desk Review, 1 MMC

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

Common Violations

- **Failed to Report Accurate Information to Credit Bureaus**
This finding occurred when servicers reversed payments and did not re-apply them until after monthly credit reporting. The servicers did not suppress credit reporting during the processes.
- **Failed to Conspicuously Display Fees**
WAC 208-620-900(3)(e) requires servicers to “clearly and conspicuously explain” fees assessed to borrowers within 30 days of assessing the fee(s). Some fees are listed as “miscellaneous” instead of fully describing it, such as a property preservation fee.
- **Failed to Properly Maintain a Suspense Account**
This occurs when servicers do not apply a full payment to the mortgage as of the date a full payment is available in the suspense account. Another cause is paying servicing fees from suspense accounts. The money in suspense is only for principal, interest, and escrow items.
- **Failed to File a Complete and Accurate Consolidated Annual Report with the Department**
This is still a common violation but is becoming less common. The instances during the last quarter were due to not reporting loans paid off or transferred out during the reporting year. If a loan was serviced at any time during the year, it is reportable.

Examination Summary – Mortgage Brokers

23 Exams completed for October 2023 – December 2023

Composite Rating	Number of Licensees	**Avg. Billable Hrs.
1	0	Not Billed
2	2	Not Billed
3	6	Not Billed
4	2	Not Billed
*N/A	13	Not Billed

*N/A includes:

- 11 Initial Compliance Review, 2 Desk Reviews

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

Common Violations

- **Inaccurate MCRs**
Examiners continue to cite inaccurate MCRs as the most common violation. This includes end of quarter pipeline totals not matching the beginning totals for the next quarter, not tracking changes in loan amounts, reporting loan activity that does not match the applications list provided for examinations, and not reporting broker fees collected while reporting closed loans. See [RCW 19.146.390](#) and [WAC 208-660-400](#).
- **Failure to Provide Required Information in Advertisements**
This is due to not including the company’s name, license number, and a link to its NMLS Consumer Access website in all websites. Some social media sites do not allow a link to the NMLS, in which case a link to the Company’s home page that includes the NMLS link is acceptable if the link is “once click away” from the social media site. See [WAC 208-660-446](#).

Mortgage Industry
 Enforcement Unit Report
 October 1, 2023 – December 31, 2023

Complaints for this period	MPBA	CLA	All Industries
Received	2	136	307
Closed	5	111	285
Open as of 12/31/2023	3	168	219

Investigations Open as of December 31, 2023

Mortgage Broker Practices Act – 18
 Consumer Loan Act – 56
 All Industries – 98

Enforcement Actions for this period	
CCSA	0
CLA	7
EARA	0
MBPA	7
UMSA	4

<u>Enforcement Actions for this period – Mortgage Broker Practices Act</u>	7
Statements of Charges	2
Temporary Order to Cease and Desist	0
Final Orders	1
Consent Orders/Agreements	4
Civil Actions (Injunction, enforce subpoena)	0

MBPA Statements of Charges

C-23-3520-23-SC01 – Sprint Funding Inc; Joshua Jay Craven; Barbara Jean Weldon 10/30/2023
C-23-3623-23-SC01 – Independent Financial Services Group Inc 11/06/2023

MBPA Consent Orders

C-21-3079-23-CO01 – United Processing Services Inc; Alan Shane Hurd 10/09/2023

- \$12,052.80 Investigation fee
- \$22,500.00 Fine

C-20-2842-23-CO01 – Prestige Mortgage Services Inc; Ivan Ephraim Jensen 10/17/2023

- \$1,198.80 Investigation fee
- \$10,300.00 Fine
- Industry ban until 12/31/2025
- Agreement to not apply to DFI for any license until 12/31/2025
- Prestige Mortgage Services Inc.'s license to be surrendered by 12/31/2023

C-22-3492-23-CO01 – Fitkin Mortgage Corporation Inc; Jackson James Hindman 10/17/2023

- \$2,000.00 Investigation fee
- \$7,500.00 Financial Literacy and Education Fund

C-23-3556-23-CO01 – Northwest Processing LLC; Rachel Jean Herman 12/18/2023

- \$250.00 Investigation fee
- \$3,000.00 Fine (\$2,250.00 STAYED)
- Cease and desist providing third-party loan processing services for real property located in Washington until/unless a license is obtained

MBPA Final Orders

C-21-3178-23-FO01 – Gagan Deep; Mohabat Pal Singh 12/05/2023

- Cease and desist from violating the MBPA
- Industry ban until 12/5/2030
- \$10,000 Fine
- \$1,000 Investigation fee
- \$55,196.75 costs and expenses awarded

<u>Enforcement Actions for this period – Consumer Loan Act</u>	7
Statements of Charges	2
Temporary Order to Cease and Desist	1
Final Orders	3
Consent Orders/Agreements	1
Civil Actions (Injunction, enforce subpoena)	0

CLA Statements of Charges

C-20-3031-23-SC01 – Pablo Hernandez Jr.	10/17/2023
C-23-3502-23-SC01 – Kevin Michael Killeen	12/20/2023

CLA Temporary Cease and Desists

C-23-3638-23-TD01 – Hometown Lenders Inc	10/17/2023
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CLA Consent Orders

C-22-3497-23-CO01 – Lendtable Inc dba Lendtable	11/9/2023
<ul style="list-style-type: none"> • \$2,070.30 Investigation fee • \$2,500.00 Fine • \$5,889.56 Restitution to 44 consumers • Cease and desist making new loans in WA until obtaining a license 	

CLA Final Orders

C-23-3513-23-FO01 – InstaMortgage Inc; Shashank Shekhar	11/06/2023
<ul style="list-style-type: none"> • \$2,000,00 Investigation fee • \$45,000.00 Fine • Cease and desist advertising in anyway false, misleading or otherwise injurious to the public or violates any provision of the CLA 	
C-23-3622-23-FO01 – Jeffrey Lenard Moore	11/06/2023
<ul style="list-style-type: none"> • MLO license is revoked 	