



Mortgage Industry Webinar

We will begin shortly

Call In #: 1-564-999-2000

Phone Conference ID #: 447 126 475#

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Mortgage Industry Webinar Agenda

Monday, October 28, 2024

10:00 AM

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Meeting ID: 248 937 821 595

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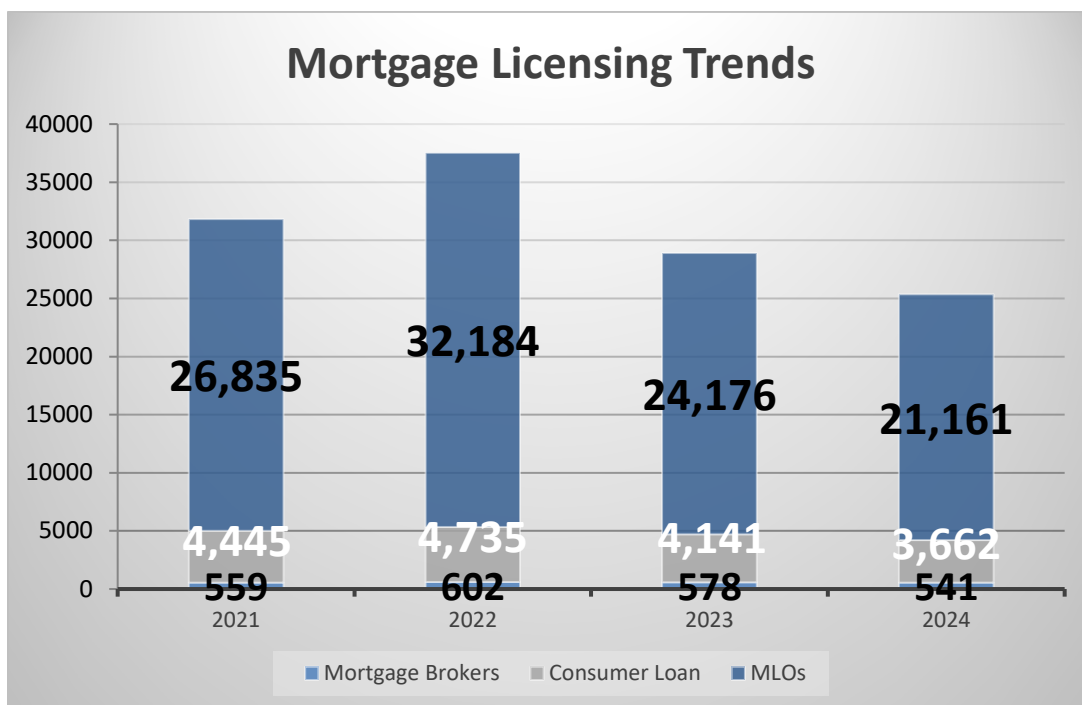
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1. Welcome – Ali Higgs
2. Licensing Update – Janelle Bullard
3. Examination Update – Anya Tabb & Alan Leingang
4. Enforcement Update – James Brusselback

Licensing Unit Report - Mortgage Program

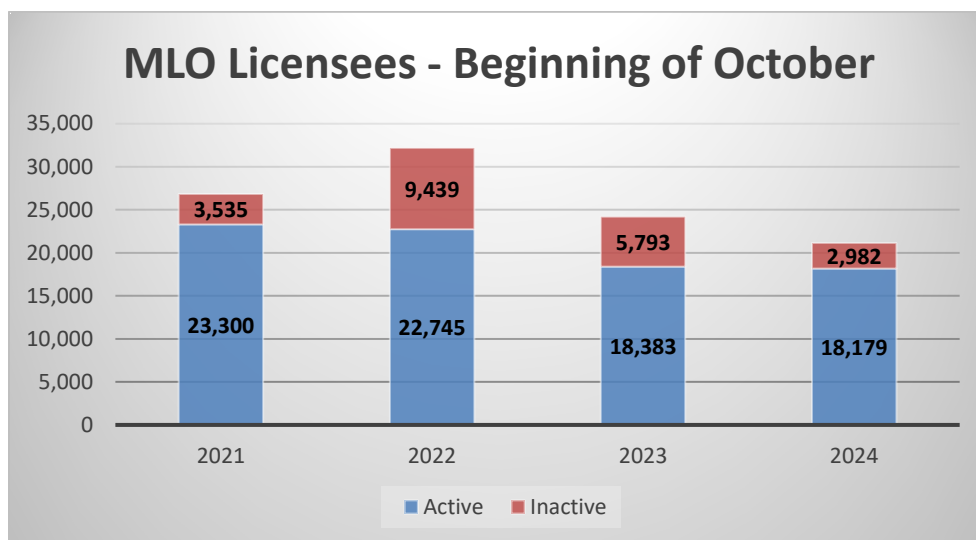
Mortgage Industry Webinar
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License Types	Oct 2021	Oct 2022	Oct 2023	Oct 2024
Mortgage Broker Main	348	362	390	366
Mortgage Broker Branch	211	240	188	175
Consumer Loan Main	834	950	1,009	1,047
Consumer Loan Branch	3,611	3,785	3,132	2,615
MLOs (Active & Inactive)	26,835	32,184	24,176	21,161

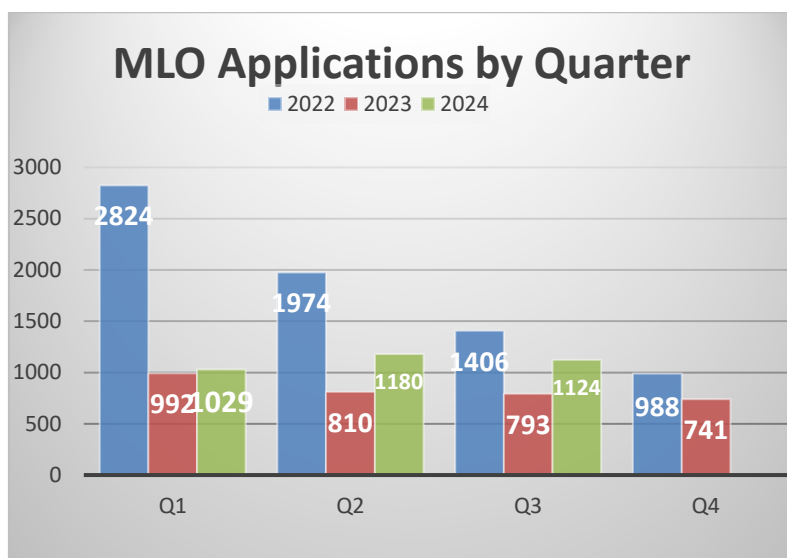


Licensing Trends

- Mortgage company licensees grow; licensed branch locations drop
 - Number of CLA company licensees nearly 1,050; up nearly 4% from last October
 - MBPA company licensees drop by just about 6% from last October
- MLO licensees growing throughout 2024
 - MLO numbers still lower than previous 3 years
- Closures/License Surrenders very active, especially for CLA companies

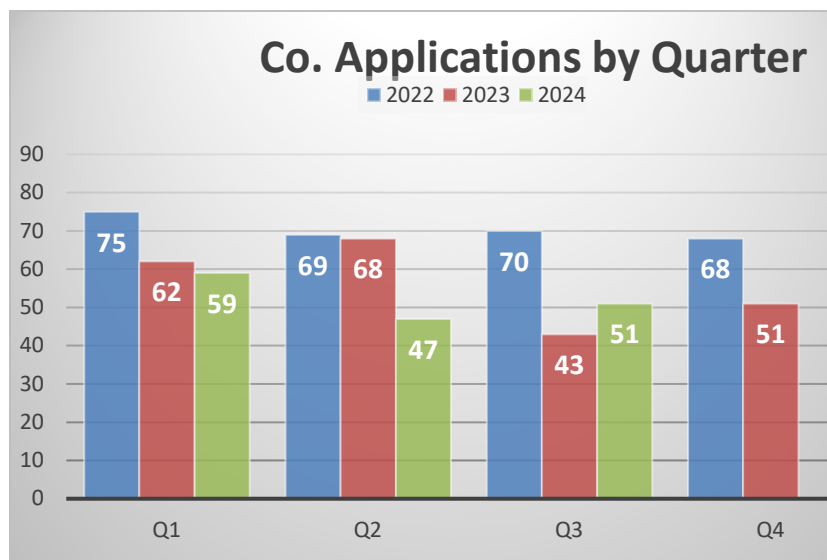


- Examining active vs inactive MLOs can give insight into expected renewal activity
 - Among the lowest amount of inactive MLOs going into renewals



Application Trends - MLOs

- MLO applications steady in 2024
 - All quarters higher than 2023
 - Quarterly numbers increasing
- Some previous licensees returning to the industry
- Another group of MLO applications come in under Temporary Authority



Application Trends - Companies

- Company applications steady in 2024
 - Q1 and Q2 lower than 2023
- Most applications under the CLA, but MBPA applications remain steady
- CLA applications mostly mortgage related
- Most applicants are not in Washington or the Pacific Northwest

MORTGAGE RENEWALS FOR 2025

WHAT YOU NEED TO KNOW

- Criminal background check (CBC) or credit report required for MLO renewals
- 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

- ✓ Review current record for accuracy – don't wait to file updates
- ✓ Resolve all license items
- ✓ 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 2025 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 2025 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 2025 with renewal pending
- Annual Attestation Fees: \$100 (main), \$20 (branch), including NMLS Fee
- No new license issued
- If not renewing, **must** request surrender and provide closure documents - marking "Not Renewing" does **not** surrender

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

CS – Examination Unit Report

Consumer Loan and Mortgage Broker Programs

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Examination Summary – Consumer Loan Origination

121 Exams completed for April 2024 – September 2024

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	2	Not Billed
2	18	Not Billed
3	19	Not Billed
4	5	Not Billed
5	0	Not Billed
*N/A	76	N/A

*N/A includes:

- 45 Initial Compliance Reviews, 10 Desk Reviews, 21 Limited Scope (4 SES Leveraged, & 17 SES Accepted)

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

Common Violations

- **Missing Information on Electronic Advertisements:** Licensees must include the following information on the primary landing page of any website, including social media pages – the company’s license number, the company’s main license name, and a link the NMLS consumer access page. If MLOs are named, their license number must closely follow their name. Examiners regularly identify advertisements that fail to contain required information. See WAC 208-620-622.
- **Missing Rate Lock Agreements:** WAC 208-620-510(5) requires licensee to provide a revised rate lock agreement within three business day of a change to the locked interest which includes rate lock extensions. Licensees routinely fail to provide a subsequent rate lock agreement after a change to the locked interest rate.
- **Inadequate or Nonexistent MLO Supervisory Plans.** This continues to be one of the most common examination findings. 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 published a [model supervisory plan form](#).

Examination Summary – Residential Mortgage Loan Servicing

28 Exams completed for April 2024 – September 2024

Composite Rating	Number of Licensees	Avg. Billable Hrs.
1	5	Not Billed
2	11	Not Billed
3	0	Not Billed
4	1	Not Billed
*N/A	11	N/A

*N/A includes:

- 11 Desk Reviews

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

Common Violations

- **Failed to File a Complete and Accurate Consolidated Annual Report with the Department**
The main cause of this violation is reporting servicing totals as of December 31 of the subject year, which omits servicing accounts that paid off or transferred out during the year. Other causes are reporting subservicing by banks as subservicing by a “licensed” subservicer. Banks are not licensed under Washington’s Consumer Loan Act.
- **Failed to Clearly and Conspicuously Describe Fees**
This occurs when late fees are combined with other amounts due in the Transaction Activity or Explanation of Amount Due sections of the periodic statement. Another instance was on contract collections that allowed for a monthly servicing fee which was not described as such but rather included in the “Other Amounts Due” section of the period statement.
- **Failed to Maintain a Compliant Home Web Page**
This was cited for companies that did not include a link to the NMLS’ Consumer Access Webpage on their website.

Examination Summary – Mortgage Brokers

76 Exams completed for April 2024 – September 2024

Composite Rating	Number of Licensees	**Avg. Billable Hrs.
1	7	Not Billed
2	16	Not Billed
3	18	Not Billed
4	3	Not Billed
*N/A	32	Not Billed

*N/A includes:

- 21 Initial Compliance Reviews, 11 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.
- **Failed to Implement the Anti-money Laundering Program**
This is cited when training and independent testing provisions of the AML program are not followed. Many companies have never conducted independent testing of their programs, and most programs specify annual training, but companies cannot document the training took place.
- **Failed to Provide a Privacy Policy**
Mortgage Brokers are required to have their own unique privacy policies. If the wholesale lender does not issue the mortgage broker’s privacy policy along with their own policy, the mortgage broker must provide it.

**Mortgage Industry
Enforcement Unit Report
April 1, 2024 – September 30, 2024**

Complaints for this period	MPBA	CLA	All Industries
Received	12	255	679
Closed	12	225	597
Open as of 9/30/2024	6	221	337

Investigations Open as of September 30, 2024

Mortgage Broker Practices Act – 19
Consumer Loan Act – 61
All Industries – 105

Enforcement Actions for this period	
CCSA	0
CLA	15
EARA	2
MBPA	8
UMSA	15

Enforcement Actions for this period – Mortgage Broker Practices Act

Consent Orders/Agreements	2
Statements of Charges	6
Final Orders	0
Temporary Order to Cease and Desist	0
Bond Claims	0
Civil Actions (Injunction, enforce subpoena)	0

MBPA Statements of Charges

C-22-3402-24-SC02 – Reduced Fee Mortgage Inc; Arik Michael Orosz	04/01/2024
C-22-3493-24-SC01 – M & M Mortgage LLC; Michael Lawrence Kopiecki	04/01/2024
C-24-3734-24-SC01 – NEXA Mortgage LLC; Matthew L Grella Orosz	06/17/2024
C-24-3734-24-SC02 – NEXA Mortgage LLC; Matthew L Grella Orosz	06/26/2024
C-21-3234-24-SC01 – Loan Factory Inc; Thuan Trong Nguyen	09/19/2024
C-24-3790-24-SC01 – Huy Huynh Nguyen	09/19/2024

MBPA Consent Orders

C-23-3623-24-CO01 – Independent Financial Services Group Inc; Gil G Correa	06/17/2024
<ul style="list-style-type: none">• \$2,300.00 Investigation Fee• \$2,500.00 Fine• Respondent Independent Financial Services Group Inc’s MB license surrendered• Respondent Gil Correa’s MLO license surrendered• Industry Ban until June 17, 2029• Cease and desist from engaging in the business of a loan originator or mortgage broker for real estate located in Washington until/unless a license is obtained	
C-22-3402-24-CO03 – Reduced Fee Mortgage Inc; Arik Michael Orosz	07/22/2024
<ul style="list-style-type: none">• \$2,308.80 Investigation Fee• \$20,000.00 Fine (\$7,308.80 Stayed)• Respondent Reduced Fee Mortgage Inc’s MB license revoked (Stayed)• Respondent Arik Oroz’s DB license revoked (Stayed)• Industry an (Stayed)• Cease and desist from engaging third-party processing companies to process residential mortgage loans related to real estate located in Washington unless they are licensed or exempt from licensing.• Confession of Judgment for fine and investigation fee to be entered if Respondents fail to make any monthly payments.	

Enforcement Actions for this period – Consumer Loan Act

Consent Orders/Agreements	5
Statements of Charges	7
Final Orders	2
Temporary Order to Cease and Desist	0
Bond Claims	1
Civil Actions (Injunction, enforce subpoena)	0

CLA Statements of Charges

C-23-3583-24-SC01 – Jason Wayne Harris	04/17/2024
C-23-3584-24-SC01 – Xpert Home Lending Inc	05/01/2024
C-23-3582-24-SC01 – Uyen Phuong Thi Nguyen	06/17/2024
C-22-3282-24-SC01 – John-Paul Ministerio Sarausad	07/23/2024
C-23-3537-24-SC01 – Figure Lending LLC; Michael Scott Cagney	08/14/2024
C-23-3637-24-SC01 – Dolan Gaddi Lending Inc; Christopher E Dolan; Peter C Gaddi	09/18/2024
C-24-3781-24-SC01 – JFK Financial	09/19/2024

CLA Consent Orders

C-23-3653-24-CO01 – New Mortgage LLC; Osvaldo Lara	05/06/2024
<ul style="list-style-type: none">• \$571.20 Investigation Fee• Respondent NewMortgage LLC’s CL loan company license application withdrawn• Respondent NewMortgage LLC’s MB license surrendered• Respondent Osvaldo Lara’s LO license surrendered• Respondents agree to not apply for CL or MB license until May 6, 2027	
C-23-3513-24-CO01 – InstaMortgage Inc: Shashank Shekhar	06/20/2024
<ul style="list-style-type: none">• \$2,000.00 Investigation Fee• \$23,000 Fine	
C-19-2629-24-CO01 – Low VA Rates LLC; Eric Austin Kandell	07/15/2024
<ul style="list-style-type: none">• \$7,525.54 Investigation Fee• \$10,000.00 Financial Literacy Payment• \$146,158.54 Restitution to 18 Washington borrowers• Respondent Low VA Rates LLC’s CL license surrendered• Respondent Low VA Rates must cease and desist from engaging in conduct that violates the Consumer Loan Act and create and implement policies and procedures designed to detect and prevent future violations.	

C-21-3132-24-CO02 – Intercontinental Capital Group Inc; Dustin Anthony DiMisa 08/14/2024

- \$40,000.00 Fine
- Industry Ban until the fine is paid.
- Agreement to not apply to the Department for a license under any name until the fine is paid.
- Agreement to Acceleration Clause and Confession of Judgment if any payment is more than fifteen (15) days past due
- All terms of C-21-3132-22-CO01 and C-21-3132-23-AG01 (other than those amended in paragraphs C and D of this order) remain in full force and effect.

C-17-2145-24-CO08 – Kristine Marie Moreland 09/18/2024

- \$5,350.00 Investigation Fee Balance
- \$11,500.00 Financial Literacy Payment Balance
- Agreement to Acceleration Clause and Confession of Judgment if any payment is more than fifteen (15) days past due
- All terms of C-17-2145-21-CO05 and C-17-2145-21-CO07 (other than those amended in paragraphs A and B of this order) remain in full force and effect.

CLA Final Orders

C-23-3638-24-FO01 – Hometown Lenders Inc 05/02/2024

C-23-3502-24-FO01 – Kevin Michael Killeen 09/13/2024

CLA Bond Claims

C-24-3741-24-BC01 – Innovative Real Estate Planning Group Inc 05/07/2024