

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES  
OFFICE OF CONSUMER FINANCE**

**Mortgage Industry Advisory Board**

**BOARD MEETING MINUTES**

**February 3, 2016**

**ROLL CALL**

Present:

Allan Daniels  
Donald Calcaterra Jr. – via phone  
Allison Johnston  
Pava Leyrer  
Michael Kus  
Bill Roberts – Excused  
Michael Winks – Excused

DIFS Staff:

Brenda Gardner  
Kirt Gundry  
Barbara Strefling  
Michelle Tullar  
Mark Weigold

**Call to order at 8:33 am**

- Allan Daniels chaired the meeting at the request of Chairman Calcaterra
- Motion to approve 11/4/15 MIAB minutes; motion passed
- Motion to approve 12/14/15 MIAB minutes; motion passed
- Motion to approve 2/3/16 MIAB agenda; motion passed

**DIFS Updates**

- Current licensee population/statistics
  - MLOs
    - 1/31/16: Total 8,817 – 8,603 approved, 1 approved-conditional, 213 approved-inactive
    - 1/31/15: Total 7,358 – 7,136 approved, 1 approved-conditional, 221 approved-inactive
    - Applications currently pending: 212
  - First Mortgage Licensees and Registrants
    - 1/31/16: Total 620 – 415 Licensees, 205 Registrants
    - 1/31/15: Total 605 – 414 Licensees, 191 Registrants
    - Applications currently pending: 20
  - Secondary Mortgage Licensees and Registrants
    - 1/31/16: Total 196 – 1 Licensee; 195 Registrants
    - 1/31/15: Total 191 – 3 Licensees; 188 Registrants
    - Applications currently pending: 6
  - CFS Licensees
    - 1/31/16: 13
    - 1/31/15: 14

- Applications currently pending: 0
- 2015 Renewal Statistics as of 1/25/16
  - MLOs: 84% renewal rate; 77% in the prior year
  - First Mortgage: 94% renewal rate; same as the prior year
  - Second Mortgage: 95% renewal; same as the prior year
  - CFS: 93% renewal rate; same as the prior year
- New Application Volume
  - Applications received
    - MLOs
      - 2015: 3,682
      - 2016 (to date): 292
    - First Mortgage Licensees and Registrants
      - 2015: 118
      - 2016 (to date): 9
    - Second Mortgage Licensees and Registrants
      - 2015: 28
      - 2016 (to date): 2
    - CFS Licensees
      - 2015: 1
      - 2016 (to date): 0

### **Licensing/Compliance/Examination/Enforcement Discussion**

- Mortgage Examination and Investigation Section
  - Year 2015
    - Examinations: 118
    - Investigations: 48
    - Visitations: 70
  - January 2016
    - Examinations: 7
    - Investigations: 5
    - Visitations: 3
- NMLS Contact Information
  - MLOs are responsible for updating their information in NMLS, including providing a new email address when leaving a company. Companies are encouraged to require MLOs to update their information in NLMS as changes occur.
  - NMLS will send notification to MLOs with deficiencies. However, the system does not follow-up to ensure deficiencies have been resolved, nor does NMLS search for updated email addresses. Individuals must keep NMLS information current.
- Bonds/Electronic Bonds
  - MLOs who do not have a sponsor must still have a bond on file; there is no waiver provision. DIFS cannot renew licensees who do not have a bond in place.
  - Bond must be signed by licensee.
  - Discussion held regarding implementation of electronic bonds; DIFS is a member of the NMLS Electronic Bond Working Group. Regular conference calls of the Group include state regulators, surety companies, and mortgage industry representatives. Electronic bond functionality in NMLS is expected later in 2016 at the earliest.

- NMLS Ombudsman: Scott Corscadden from the Alabama State Banking Department has been named as the new Ombudsman. It was noted that the Ombudsman's office can be a good resource if industry has questions regarding NMLS.
- Filing Reminders: Annual Reports are due March 1, 2016. Financial Statements for those companies with a fiscal year ending December 31, 2015 are due March 31, 2016.
- Plans are underway for the MMLA Compliance Seminar/DIFS Annual Mortgage Seminar, scheduled for May 5, 2016 in Howell.

### **Federal Legislation**

- H.R. 2121 Safe Transitional Licensing Act: There has been no movement; bill remains in House committee.
- H.R. 2643 State Licensing Efficiency Act of 2015: Now PL 114-94. This amendment to the SAFE Act will allow States to conduct FBI criminal background checks through NMLS for non-mortgage licensing programs, when State statutes provide for this authority.

### **State Legislation**

- S.B. 578 Amendments to Consumer Mortgage Protection Act: passed Senate 38-0; House Committee Hearing scheduled for 2/3/16
- S.B. 599-604 Flat recording fees for deeds and mortgages: passed Senate; moved to House
- S.B. 558-560 Abolish dower rights: passed Senate 34-4; moved to House
- S.B. 677 Foreclosure on one-to-four family properties: Introduced late December.
- H.B. 5017-5022 Credit Union Modernization Package: passed House; moved to Senate
- PA 135 of 1977 Mortgage Lending Practices: Discussion held regarding possible modernization of law

### **CFPB**

- TRID Update
  - Industry continues to seek clear guidance from CFPB
  - Construction to Permanent Loan Disclosures: Discussion to be held at May meeting
  - Aggregator TRID review: Discussion held regarding investor concerns in marketplace; investors may be reluctant to buy loans due to TRID's lack of clarity
  - Enforcement Grace Period: General discussion held.
  - "Black Hole": General discussion held regarding closing delays; unclear if lenders are expected to absorb the extra costs involved with delays.
- HMDA Final Rule is an expected topic at the MMLA Compliance Seminar in May.

### **MIAB**

- MIAB terms will end for the following Board members on May 19, 2016: Allan Daniels, Pava Leyrer, and Michael Winks. The MMLA is developing a list of candidates for possible nomination to Board; applications will be submitted to Director McPharlin.

### **Industry Updates**

- H.R. 2121 SAFE Transitional Licensing Act of 2015: Discussed above.
- H.R. 1210 Portfolio Lending and Safe Harbor Act (Depositories): Passed House of Representatives.
- H.R. 3808: FHFA Final Rule eliminates captive insurance company membership; is expected to impact the availability of credit in the marketplace
- GSE Reform:
  - General discussion held regarding upfront risk-sharing between private industry and GSEs
  - S. 2038 Jumpstart GSE Reform Act: Introduced 9/16/15

### **Action Item**

- MMLA to submit MIAB Board Member nominations to DIFS

### **Next Meetings**

- May 4, 2016 (rescheduled from May 11, 2016): 8:30 am in Lansing.
- August 2016 and November 2016 meetings: dates to be set by new Board.

### **Adjourned at 10:53 am**

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Allison Johnston, MIAB Secretary

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Michelle Tullar, DIFS Recording Secretary