

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION
CONSUMER FINANCE SECTION**

Mortgage Industry Advisory Board

BOARD MEETING MINUTES - Teleconference

ROLL CALL

November 2, 2011

Present:

Tim Ross
Allan Daniels
Michael Kus
Mark Jansen
Nicole Nahodil
Michael Winks
Pava Leyrer

OFIR Staff:

Diane Lane
Mark Weigold
Kirt Gundry - Guest
Paige Colley - Excused
Jean Boven - Excused

Call to order @ 8:38am

- Approval of Board Meeting Minutes from 8/16/11 and 8/31/11 Meetings as amended motion to approve, seconded, and approved
- Approval of Agenda for 11-02-11 Meeting – seconded and approved

Review of Action Items from Prior Meeting(s):

- Letter received regarding OFIR Interpretation NMLS Call Report/MLOLA “Multi-Family Dwelling” – See the attached letter from OFIR regarding specifics of the interpretation
- HUD SAFE ACT Rule – Item tabled for a future meeting pending release of more information from CFPB analysis

NMLS Discussion/Comments/Questions/Concerns:

- Comment letters on NMLS website - many good ideas brought forth
- Three step process established for NMLS issues; States would have to vote to make certain changes:
 - 1st step: Industry would pose issues to OFIR
 - 2nd step: OFIR forwards to NMLS
 - 3rd step: NMLS forwards to the Boards
- Discussion of NMLS budget; HUD does have a breakdown of financials if they were to take NMLS

OFIR & Industry Update:

- Staff Updates: Jim Westrin, previous Attorney with the Office of General Council is now the Commissioner of Mortgage Lending for the state of Nevada; Pam Baker, Manager of the Consumer Finance Licensing Department is retiring December 9, 2011
- In early 2012 the “OFIR Annual Report” aka Annual Report will be a Parser on the OFIR website collecting data regarding the number of loans that licensees have performed broker/lender/servicing for
- Current Licensee Population/Statistics include:
 - MLOs – Approximately 4484; of those 1008 are Continuing Ed non-compliant
 - 78% compliant are in an “approved” status
 - Every 60 days OFIR sent CE reminders to MLOs; OFIR does follow-up on all returned emails
 - NMLS sent out a CE reminder on Monday, October 24, 2011; they do not follow-up on returned emails; MLOs must have accurate information on file
 - Instructors can earn CE hours for teaching courses but must be filed with NMLS
 - Renewal period is from November 1st through December 31, 2011
 - Companies and MLOs are to renew through NMLS, however companies cannot pay through NMLS
 - Any new MLOs approved by OFIR between November 1st and December 31st are given the option of becoming licensed or waiting until January 1, 2012; if they choose to become licensed right away they must do a “manual renewal” by paying \$250 directly to OFIR
 - No change to Renewal fees for MLOs; \$250 to be paid to NMLS (unless doing a “manual renewal”)
 - Companies – 1st Mortgage Licensees and Registrants – 607; 2nd Mortgage Licensees and Registrants – 226
 - One change to Renewal fees for Companies; the maximum fee on 1st Mortgage is now \$4132; an increase of \$3
 - Bonds and Company Invoice Payments are to be sent to OFIR, NMLS cannot accept them
 - CFS Act/Omnibus Schedule of Fees is undetermined; awaiting approval from the Commissioner
 - Surety Bond amounts have not changed since December 2010; Maximum amount for a Company Bond is \$250,000; companies need to check and see if their bond amounts have increased or decreased; a trust factor involved based on prior year production
 - If an individual is covered under a Company Bond it is their responsibility to make sure it’s done; many get their own Individual Bond even though they are covered by a Company Bond
 - Financial Statements are due within 90 days of the Fiscal Year End; they need to be filed accurately and timely; late fees will be assessed

Compliance/Examination/Enforcement Discussion: Guest – Kirt L. Gundry

- 99 Exams submitted through October 31, 2011
- Approximately 130 total expected for 2011
- 700 Investigations; 512 were MLOs; 509 have been closed
- Fewer Investigations in 2012; it is expected there will be more Examinations; with 14 Examiners there could possibly be 200
- Enforcement Actions as a whole are way down; industry performance is improving, if applicable Memos of Understanding are used as opposed to public consent orders or other enforcement tools
- During an Examination each issue is to be addressed with Management upon discovery and covered again during the Exit Conference

Action Item

- MIAB Issues
 - Terms expiring May, 2012 (Tim, Pava, Mike W., Allan)
 - Plan for Nomination/Appointment of Members
 - Determine eligibility for successive term
 - Discuss status of potential MMLA/MMBA Merger
- Financial Statements
- Seller Financing Rules

Next Meetings:

- December 7, 2011 @ 10:00 – 11:00am Teleconference
- February 8, 2012 @ 8:30am face to face

Adjourned @ 11:00am



Pava Leyrer, Secretary

Date

Diane Lane, Recording Secretary

Date



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION
R. KEVIN CLINTON
COMMISSIONER

STEVEN H. HILFINGER
DIRECTOR

October 5, 2011

Mr. Allan Daniels, Chairperson
Michigan Mortgage Industry Advisory Board

Re: NMLS Call Report Requirements

Dear Mr. Daniels:

The Michigan Mortgage Industry Advisory Board (MIAB) has asked Office of Financial and Insurance Regulation (OFIR) Commissioner Clinton to concur with conclusions drawn by the MIAB pertaining to the Nationwide Mortgage Licensing System (NMLS) Call Report requirements. I am responding to your inquiry on behalf of Commissioner Clinton.

In your inquiry you assert:

- 1. The NMLS Call Report requirement for information on “Multifamily Dwelling” property types is inconsistent with the Michigan Mortgage Loan Originator Licensing Act (“MLOLA”).**
- 2. The reporting requirement relative to “Multifamily Dwelling” property types appears to exceed the statutory authority granted under the Secure and Fair Enforcement for Mortgage Licensing Act of 2008” (“SAFE”).**

Section 3(t) of the MLOLA states that a "Residential mortgage loan" means any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate on which a person has constructed or intends to construct a dwelling. Section 3(c) of the MLOLA states that a "Dwelling" means that term as defined in section 103(v) of the truth in lending act, 15 USC 1602.

Section 103(v) of the truth in lending act, 15 USC 1602 states the term "dwelling" means a residential structure or mobile home which contains one to four family housing units, or individual units of condominiums or cooperatives.

The definition of “Loan or Residential Mortgage Loan” provided by the NMLS for completing the NMLS Call Report is: “Any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling as defined in section 103(v) of the Truth in Lending Act) or residential real estate upon which is constructed or intended to be constructed a dwelling (as so defined)”.

Section AC220 of the NMLS Call Report requests licensees provide data on “Property greater than 4 family dwelling”.

The NMLS Call Report is used by licensees and registrants from all States to report mortgage loan originator activity. In a majority of the States the report is also being used in place of an annual or special report for company data. Therefore, there may be State specific items in the NMLS Call Report that do not pertain to all States. Michigan statute does not require licensure, registration, or reporting for mortgage loans on dwellings that contain 5 or more housing units. Therefore, Michigan entities that are licensed or registered mortgage brokers, lenders, servicers, or loan originators are not required to complete section AC220 of the NMLS Call Report.

You further assert:

- 3. The reporting of information on the NMLS Call Report for data that is not subject to SAFE or MLOLA can potentially lead to inaccurate/inflated statistics upon which activity fees or bonding levels may be based.**

The OFIR will continue to require mortgage broker, lender, and servicer licensees and registrants file a mortgage activity report separate from the NMLS Call Report in order to avoid inaccurate assessment of fees and bonding levels.

Conclusion

Michigan licensees and registrants are not required to complete Section AC220 of the NMLS Call Report. The OFIR will not use the NMLS Call Report data in calculating the license/registration 2012 Year or the 2013 Year operating fee for mortgage broker, lender, and servicer licensees and registrants.

If you have any questions concerning this letter, please contact me at (877) 999-6442.

Sincerely,

Mark W. Weigold, Director
Consumer Finance Section

c: Commissioner R. Kevin Clinton
Senior Deputy Commissioner Teri Morante
Deputy Commissioner Jean Boven

enc Copy of the MIAB’s June 16, 2011 correspondence

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION
CONSUMER FINANCE SECTION**

Mortgage Industry Advisory Board

BOARD MEETING MINUTES - Teleconference

ROLL CALL

August 31, 2011

Present:

Tim Ross
Allan Daniels
Michael Kus
Mark Jansen
Nicole Nahodil
Michael Winks - Excused
Pava Leyrer

OFIR Staff:

Diane Lane
Mark Weigold
Paige Colley
Jean Boven - Excused

Call to order @ 10:05am

- Board Meeting Minutes from 8/16/11 Meeting are still pending
- Approval of Agenda for 8-31-11 Meeting – seconded and approved

Review of Action Items from Prior Meeting(s):

- Reply received from NMLS Ombudsman regarding Accepting Variable Fees for Renewals; this functionality is forthcoming and they will also be accepting credit card payments
- Reply pending from Commissioner Clinton regarding the Interpretation Request (NMLS Call Report/MLOLA “Multi-Family Dwelling”) from letter dated 6/16/11

NMLS:

- The NMLS has posted a request for comments on functionality to allow state agencies to post regulatory actions to NMLS and NMLS Consumer Access.
<http://mortgage.nationwidelicencingsystem.org/news/Pages/ProposalsforComment.aspx>
- The regulatory actions for Michigan are already made public by being published on OFIR’s website, so this is not a concern; what becomes a concern is when an Enforcement Action ends in a Cease & Desist Order that is later rescinded or expunged, is there a mechanism in place for the original enforcement action to come off?
- Another area of concern is the differences in the definitions of infractions that vary from state to state
- Other comments can be sent to Allan Daniels for compilation into a letter from MIAB to NMLS; motion to approve the letter will be obtained at a later date

MLOLA Amendments:

- HUD SAFE ACT Rule – Harmonize MLOLA with SAFE and HUD SAFE ACT Rule
<http://www.gpo.gov/fdsys/pkg/FR-2011-06-30/pdf/2011-15672.pdf>
- Some items are not in sync right now
- Group decision to move this item to the November meeting agenda in order to allow extra time to prepare for discussion; members are requested to bring comments; smaller committees will be formed if unable to finish at meeting

Compliance/Examination/Enforcement Discussion:

- “Pending Exam” Issue (In the hand-out) discussed;
- An invitation will be extended to Kirt Gundry to attend the November meeting to discuss this matter and to establish a schedule to have him attend on a regular basis
- The list of items provided by MEIS Examiners pre-exam makes it much easier to prepare but there is concern about taking “key people” out of the normal work-flow to prepare what is needed

Other Items:

- Items or areas of concern are being accepted for the Office of Regulatory Reinvention (ORR)
- November 2011 meeting was moved from the 16th to the 2nd; dates for February and May of 2012 will be scheduled at the November meeting

Action Items:

- HUD SAFE ACT Rule – Harmonize MLOLA with SAFE and HUD SAFE ACT Rule
- NMLS regulatory action items for MIAB Comment Letter
- Come prepared to discuss compliance issues with Kirt Gundry

Next Meetings:

- November 2, 2011 @ 8:30 – 11:00am face to face
- February 2012 – date to be determined
- May 2012 – date to be determined

Adjourned @ 10:37am



Pava Leyrer, Secretary

Date

Diane Lane, Recording Secretary

Date

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION
Mortgage Industry Advisory Board**

BOARD MEETING MINUTES

ROLL CALL

August 16, 2011

Present:

Tim Ross
Allan Daniels
Michael Kus - Excused
Mark Jansen
Nicole Nahodil
Michael Winks - Excused
Pava Leyrer

OFIR Staff:

Diane Lane - Excused
Mark Weigold
Paige Colley
Jean Boven - Excused
Teri Morante, Sr. Deputy Commissioner - Guest

Call to order @ 8:35 am

- Approval of Board Meeting Minutes from 6/16/11 motion to approve, seconded, approved
- Approval of Agenda for 8-16-11 Meeting – seconded and approved

Review of Action Items from Prior Meeting(s):

- MIAB Email sent 2/17/11 to NMLS Ombudsman re Accepting Variable Fees for Renewals: Allan will continue to follow up and may also ask Mark Weigold to follow up as well
- MIAB Interpretation Request (NMLS Call Report/MLOLA “Multi-Family Dwelling”) letter dated 6/16/11 submitted to Commissioner Clinton: Response not yet received. For added efficiency, future requests are to be addressed to the Commissioner c/o Mark Weigold

NMLS:

- NMLS posted a request for comment on functionality to allow state agencies to post regulatory actions to NMLS and NMLS Consumer Access; reviewed and discussed varying types of possible issues for enforcement actions; terminology was a factor regarding violations from simple non-compliance issues to true fraudulent/compliance issues; exams are not public but final orders could be; Board members will check with Associations for comments on this issue
- Members were asked to review the proposal and email ideas for discussion during a future teleconference, during which a formal MIAB comment letter may be considered.

OFIR Update:

- NMLS Call Report (MCR) issues were discussed, including whether the MCR will replace the traditional OFIR Annual Report due early 2012. It is anticipated that OFIR will request activity data in a separate report. It is likely the OFIR Report will be shorter than it has been in recent years. The goal of the report will be to determine an accurate activity fee level for fee determination
- Current Licensee Population/Statistics include:
 - MLOs - Approximately 4025 with an “Approved” and 427 “Approved Inactive” status; renewals will be sent to both groups
 - 30-40 applying per week to be licensed MLO
 - Companies – 1st Mortgage Licensees and Registrants – 596; 2nd Mortgage Licensees and Registrants – 221; Consumer Financial Services/Omnibus – 16
- Compliance level under MLOLA is higher than the level under loan officer registration framework.
- Discussion regarding licensing requirement for independent processors under MLOLA, SAFE Act, and HUD SAFE Act Rule
- NMLS has changed its application procedures so that education and testing have to be done before application. This speeds the process, but eliminates flexibility for the person who wants a background check performed before investing time and money in education and testing.
- MLO denials: Felonies and misdemeanors are individually examined by OFIR. There is no evidence of one particular issue causing license denials. 4 MLOs denied were denied for different reasons
- The idea of OFIR developing Public Service Announcements and hosting seminars and webinars was discussed. Audience specific messages could be developed to assist industry with compliance, educate consumers on how to check a license, and law enforcement combat unlicensed activity and fraud.
- OFIR staff did not attend the AARMR conference for budget reasons. OFIR staff actively participates on AARMR conference calls

2012 MLOLA Renewals/Continuing Education Procedures & Bond Requirements:

- Renewal reminder was e-mailed to have CE taken as soon as possible; about 1000 MLOs have taken CE to date
- Discussed licensee awareness of 8 hour CE requirement (Providers and Fees)
- MLO Renewal Fee & NMLS Fee not yet finalized; appears it may stay the same as last year
- Licensee renewals also in discussion stage, but the maximum operating fee for first mortgage is capped, up \$3.00, to \$4,132; second mortgage does not have a cap but follows the same guidelines
- No changes to OFIR personnel from last year
- This will be the first renewal for MLO surety bonds. Michigan does not have Recovery fund option at this time, but does permit a Company bond.
- An electronic bonding format may be developed for NMLS.
- NMLS has not announced a fee change.
- MLO renewal fees will be paid via NMLS
- Company renewal fees will again be invoiced by OFIR

ORR-Office of Regulatory Reinvention:

- Allan was appointed to the ORR Insurance and Finance Advisory Rules Committee, He provided an overview and requested input from MIAB members on ways to improve the regulatory climate and encourage business and create jobs in Michigan.

MIAB :

Reviewed term expiration dates and procedures for nomination and appointment of MIAB members.

Action Item:

- Scheduled conference call for August 31, 2011, to discuss the following issues: possible comment letter to NMLS, NMLS Ombudsman reply, MLOLA/SAFE ACT Rule Review.

Next Meetings:

- August 31, 2011 @ 10:00am – 11:00am teleconference
- November 9, 2011 @ 8:30 – 11:00am face to face

Adjourned @ 10:48am



Pava Leyrer, Secretary

Date

Diane Lane, Recording Secretary

Date

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION
CONSUMER FINANCE SECTION**

Mortgage Industry Advisory Board

BOARD MEETING MINUTES - Teleconference

ROLL CALL

June 16, 2011

Present:

Tim Ross
Allan Daniels
Michael Kus
Mark Jansen
Nicole Nahodil - Excused
Michael Winks
Pava Leyrer

OFIR Staff:

Diane Lane
Mark Weigold
Paige Colley - Excused
Jean Boven - Excused

Call to order @ 10:04am

- Approval of Board Meeting Minutes from 5/11/11 Meeting as amended motion to approve, seconded, and approved
- Approval of Agenda for 6-16-11 Meeting – seconded and approved

NMLS Call Report:

- Reviewed and discussed sending a letter to Commissioner Clinton requesting an interpretation that the NMLS Call report requests information for loans on property types that are not subject to MLOLA, TILA, or SAFE
- Motion to approve, seconded, and approved to send a request for interpretation to Commissioner Clinton to define the term “dwelling”

Other Issues/OFIR Update:

- HUD Rules (Finalized SAFE Act Rule) will be on the Federal Registry in the next 2-3 weeks
- On 6/15/11 a letter was sent out by OFIR regarding Continuing Education to MLOs; these mailings will continue every 45-60 days; the next letter will contain information concerning the selection of CE courses; the same CE course may not be taken for 2 consecutive years
- Clarification was given concerning the November 1st deadline for CE; it may still be taken through December 31st and even later; OFIR is encouraging people to finish the requirement early so there are no delays with their Renewals
- A letter will be going out to companies who have not filed their NMLS Call Reports; there will be Deficiencies set in NMLS concerning this matter; no fines will be issued

- During the week of June 20, 2011, OFIR will be sending out a reminder letter concerning the one year extension that was granted for individuals who work for Servicers and Loan Modifications; these individuals must become a licensed Mortgage Loan Originator by the July 31, 200 deadline
- Copies of mailings will be sent to the MIAB, along with various other industry contacts
- Current Licensee Population/Statistics include:
 - MLOs – Approximately 3900 with an “Approved” and “Approved Inactive” status; renewals will be sent to both groups
 - Companies – 1st Mortgage Licensee and Registrants – 595; 2nd Mortgage Licensees and Registrants – 217; Consumer Financial Services/Omnibus – 15
- Currently not aware of any upcoming statutory changes
- OFIR is continually reviewing the fee structures; particularly for 1st Mortgage due to the cap in fees; last year fee cap actually went down
- Presently OFIR is receiving approximately 35 new MLO applications weekly
- Looking at a change of practice in NMLS for MLOs; for applicants to even apply for a new MLO license they must have already taken the 20 hours of education and passed the national test
- Currently if they don’t pass the state test within the same calendar year, the 20 hours of education need not be taken again
- Discussion concerning the email that Allan Daniels sent on behalf of the MIAB regarding their support of NMLS accepting Variable Fees for Renewals to Ombudsman – Chairperson Deb Bortner; to date no reply has been received
- An update was requested regarding the established committee for the Michigan SAFE Test Component
- OFIR inquired if MIAB had any new requests for Q&A/FAQs; none were received
- Allan Daniels will be serving on the new LARA Insurance and Finance Advisory Rules Committee

Action Items:

- The completion and sending of the letter to the Commissioner requesting an interpretation that the NMLS Call report requests information for loans on property types that are not subject to MLOLA, TILA or SAFE; specifically a request to define the term “dwelling”

Next Meetings:

- August 17, 2011 @ 8:30 – 11:00am face to face
- November 9, 2011 @ 8:30 – 11:00am face to face

Adjourned @ 10:40am



Pava Leyrer, Secretary

Date

Diane Lane, Recording Secretary

Date

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION
CONSUMER FINANCE SECTION**

Mortgage Industry Advisory Board

BOARD MEETING MINUTES

ROLL CALL

May 11, 2011

Present:

Tim Ross
Allan Daniels
Michael Kus
Mark Jansen
Nicole Nahodil
Michael Winks
Pava Leyrer

OFIR Staff:

Kirt Gundry
Diane Lane
Paige Colley
Jean Boven- Excused
Mark Weigold- Excused

Call to order @ 8:40am

- Approval of Board Meeting Minutes from 2/9/11 Meeting as amended motion to approve, seconded, and approved
- Approval of Agenda for 5-11-11 Meeting

Review of Action Items from Last Meeting:

- Requested the posting of Revised Roles Memo and 2010 Revised MIAB Bylaws on OFIR Website
- OFIR website has now been updated from DeLEG to LARA
- Inquiry of MIAB Email sent 2/17/11 to NMLS Ombudsman – Chairperson Deb Bortner, regarding their acceptance of Variable Fees for MLO Renewals; follow-up information requested from Mark Weigold
- Response from Section 41 Interpretation (NMLS ID) Letter Dated 2/22/11 from Commissioner Ross was received and discussed

NMLS Call Reports Discussion:

- MLOLA 493.167 Reports of condition. Sec. 37. A licensed mortgage loan originator, or employer or principal of a licensed mortgage loan originator on his or her behalf, shall submit to the nationwide mortgage licensing system and registry reports of condition; the reports of Mortgage Industry condition shall be in the form and shall contain the information required by the nationwide mortgage licensing system and registry
- NMLS Call Report Availability began May 2, 2011
- Per NMLS: A processing fee will not be charged in 2011 for filing the NMLS Mortgage Call Report; this is due, in part, to the recognition that companies will need to expend resources this year in meeting this new requirement; the State Regulatory Registry LLC's Board of Managers will make a decision later this year about any processing fees associated with filing NMLS Mortgage Call Reports for 2012 and beyond
- It appears NMLS Call report requests information for loans on property types that are not subject to MLOLA; MLOLA uses section 103(v) of the TILA to define the term "dwelling"; Per TILA: The term "dwelling" means a residential structure or mobile home which contains one to four family housing units, or individual units of condominiums or cooperatives; federal regulations promulgated under the Truth in Lending Act further define the term "dwelling" as "a residential structure that contains 1 to 4 units, whether or not that structure is attached to real property; the term includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence." See 12 C.F.R. § 226.2(a)(19); does authority exist to require "Multifamily Dwelling" field on Call Report; should it be noted that this is a "voluntary" field; potential for inaccurate data and inaccurate (inflated) activity fee calculation
- At renewal time companies could be paying a lot more in fees calculation depending on the definition of the term "dwelling"; moved to request interpretation from the Commissioner
- Motion to approve, seconded, and approved for Allan Daniels to draft a request for an interpretation to Commissioner to define the term "dwelling"
- Will NMLS Call Report replace the traditional OFIR Annual Report due early 2012; would it require a Legislative change; follow-up information requested from Mark Weigold
- Financial Condition section due 90 days after year-end vs. Financial Statements; are both required; are they different? (Consolidated vs. Per State); follow-up information requested from Mark Weigold

2012 MLOLA Renewals: Continuing Education Procedures & Bond Requirements:

- Need for Licensee Awareness of 8 hour CE requirement (Providers and Fees); communication to trade groups and licensees to remind LO's and Employers; request from MIAB for OFIR to send reminder mailing
- Acknowledgement of updated Surety Bond Forms by OFIR Email in a mailing dated April 27, 2011

MLOLA License Exemption Expires on 07/31/2011:

- (5) An individual engaged in the business of a mortgage loan originator is not required to obtain and maintain a license under this act until July 31, 2011, if that individual is employed exclusively by a mortgage servicer; if that individual is authorized to perform loan modification activities concerning existing residential mortgage loans, and not to originate new residential mortgage loans or perform any other activities of a mortgage loan originator, on behalf of that mortgage servicer; and if this extension of time is not inconsistent with any guideline, rule, regulation, or interpretative letter of the United States department of housing and urban development concerning the interpretation of the SAFE act and its applicability to loan modification activities; Allan Daniels will follow-up with Murray Brown

OFIR Update:

- New OFIR Commissioner Kevin Clinton
- Official name change from Department of Energy, Labor and Economic Growth (DeLEG) to Department of Licensing and Regulatory Affairs (LARA) began on April 25, 2011
- Licensee population/statistics; follow-up information requested from Mark Weigold
- Budget, Staffing, Other; follow-up information requested from Mark Weigold

Compliance/Examination/Enforcement Discussion:

- Discussion by guest speaker Kirt L. Gundry, Director, Mortgage Examination and Investigation Section (MEIS). Information given regarding a new American Association of Residential Mortgage Regulators school (AARMR) in Detroit with sixty-six participants; five of OFIR's MEIS Examiners were instructors
- Very positive comments regarding mortgage exams being performed by the MEIS; there is good compliance and with the changes in the industry there is a higher level of experience with a nice cross section of the newer people having more education than was previously seen; it appears that the people left in the industry are there for the right reasons
- MIAB Goal: Harmonize Industry Practice with Examination Expectations
- Discussion of Loan Originator Termination Issue; an employee who was terminated due to fraud; he was re-employed by another company three weeks later, dismissed; and then re-employed again somewhere else; concern over what is an appropriate re-course in this type of situation and what information could/should be entered into NLMS
- Discussion of Unlicensed Activity (Reporting to OFIR procedure/process); continuance of contacting OFIR by either the toll free number or direct contact to Kirt Gundry or Mark Weigold

- Discussion of Consumer Financial Protection Bureau (CFPB); designated transfer date set for July 21, 2012; will interpretations, procedures, policies, and examinations be coordinated between OFIR and CFPB, or independent for each agency; Kirt Gundry informed group that agreements have been signed to facilitate discussions between OFIR and CFPB; several previous state regulators are currently working for CFPB; group discussed a general feeling of “fear of the unknown”, with concerns over a “policing” atmosphere with high profile enforcement actions, versus being of assistance and helping people to become compliant
- Discussion regarding Mortgage Fraud - Senate Bill 43

Election of MIAB Officers:

- Current term set to expire May 19, 2011
- Nominations were accepted for Chairman – Allan Daniels; Vice Chairman – Mike Kus; Secretary – Pava Leyrer
- Motion to approve, seconded, and approved

Other Issues:

- Discussion led by Paige Colley regarding the established committee for the licensing exam Michigan Safe Test Component. Work should begin on the committee shortly and will include PearsonVue (testing and administration) and Prometric (administration only). State and industry volunteers will be members on the committee; additional information will be forthcoming

Action Item:

- Motion to approve, seconded, and approved to draft a request for an interpretation to Commissioner to define the term “dwelling”
- All items with additional information requested from Mark Weigold

Next Meetings:

- August 17, 2011 @ 8:30am – 11:00am face to face
- November 9, 2011 @ 8:30 – 11:00am face to face
- A future teleconference will be scheduled to approve the draft for an interpretation of the term “dwelling” to the Commissioner; a voice vote will be taken; and an opportunity for Mark Weigold to report on information that was requested during the 5/11/11 meeting

Adjourned @ 10:35am



Pava Leyrer, Secretary

Date

Diane Lane, Recording Secretary

Date

**DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION
CONSUMER FINANCE SECTION**

Mortgage Industry Advisory Board

BOARD MEETING MINUTES

ROLL CALL

February 9, 2011

Present:

Tim Ross
Allan Daniels
Michael Kus
Mark Jansen
Nicole Nahodil (via telephone)
Michael Winks
Pava Leyrer

OFIR Staff:

Mark Weigold
Diane Lane
Paige Colley- Excused
Jean Boven- Excused

Call to order @ 8:37am

- Approval of Board Meeting Minutes from 11-17-10 Teleconference Meeting and 11-10-10 Meeting as amended motion to approve, seconded, and approved
- Approval of Agenda for 2-9-11 Meeting

OFIR-MIAB Roles Memo and MIAB Bylaws:

- Status Update – Reviewed OFIR response and motion to approve revised memo, seconded, and approved
- Motion to approve, seconded, and approved to post revised OFIR-MIAB Roles and 2010 Revised MIAB Bylaws on the OFIR Website

Unique Identifier (NMLS Number):

- MIAB recommendations to OFIR to provide compliance guidance (July, 2010), 11/19/10 letter to Commissioner requesting an interpretation that the NMLS unique identifier required to be shown is that of the individual licensed loan originator and not the company mortgage broker, lender, or servicer NMLS unique identifier so as to remove ambiguity; OGC's recommendation for Section 41 is that it does **not** include the company's NMLS number
- Recommendation is complete; waiting for OFIR signature. Once signed, a copy will be forwarded to the MIAB
- MIAB Goal: To harmonize industry practice with examination expectations
- Information will be put into FAQ's on OFIR Website for notification purposes

NMLS Call Reports:

- April 2011: Mandatory First Quarter, 2011 Call Report due
- Notification was sent out from OFIR
- NMLS fees are unknown at this time

2010 OFIR Annual Reports and Financial Statements:

- March 3, 2011 Annual Report Due
- OFIR awaiting DIT approval for Annual Report Website Parser, should be available shortly for licensees' completion
- Financial Statements to be completed through NMLS

MLOLA Continuing Education Procedures:

- Notification regarding Licensee Awareness of 8 hour requirement and fees will be posted on OFIR Website and NMLS site

Delivery of Official Communications – OFIR and NMLS Compliance Notices:

- Importance of email address accuracy in NMLS and OFIR records discussed
- OFIR is moving towards 100% electronic sending of all mailings with the exception of Enforcement Actions thru the Office of General Counsel
- OFIR will place site notifications in the emails of official communications of where the item is located on the website

OFIR Update:

- Mark Weigold gave current licensee population and renewal statistics
- 800 new MLO applications received since October 1, 2010
- Company Bond Legislation to cap maximum bond; OFIR email will be sent soon describing Senate Bill 1525; the Company Bond instructions have been redone and will be released shortly
- Loan Originator Issues; no formal Denials have been issued by OFIR at this time; if denied they would appeal through Circuit Court; current Testing Pass/Fail rates unavailable but will be passed along if and when available
- Examination/Compliance Issues – Unlicensed activity and the seriousness of Default Revocation was discussed; Kirt Gundry will be asked by the MIAB to attend the May 11, 2011 meeting to answer questions and discuss concerns from the board
- Other: Challenging staffing issues – one retirement (Deb Smith); DELEG Acting Director and Commissioner remain unchanged for now; no further information available at this time
- Mileage reimbursement from the State of Michigan has increased from .50 to .51 per mile beginning January 1, 2011
- Anytime there are items of concern they can be sent to NMLS Ombudsman, CSBS, and/or AARMR

NMLS Discussion:

- Cost savings (efficiencies) with using NMLS are still forthcoming; OFIR is still running two programs (NMLS and OBase); companies have all transitioned over to NMLS
- Fees will continue to be set by the Commissioner; OFIR doesn't anticipate any fee reductions
- If licensing population continues to decline there is the possibility of moving staff
- OFIR has been approached by the Industry to look into the possibility of releasing the fee cap so that the fee structure can become more equitable; currently polling all 50 states for Mortgage Fee information; final information will be shared with NMLS and AARMR; as well as any state that requests it
- Discussion regarding the cost savings of outsourcing Credit Reports to NMLS
- Discussion on Processing Fees paid to NMLS; no changes anticipated
- Discussion relating to the cost per loan charge; some would see an increase in fees, while others would see a decrease if this were to happen
- Anecdotal evidence of frustration with fees and lack of industry voice
- Items of concern may be sent to NMLS Ombudsman – Chairperson Deb Bortner; she is from the State of Washington
- Fees NMLS Vicki Slater – as of right now the collection of renewal fees for this year will still not be available to do through the NMLS site; hopefully this is not the final answer; ideally OFIR would like to have one place for renewals using credit card/ACH

Other Issues:

- Pava inquired if anyone was participating in the Appraisal Management Company Registration & Regulation Model Act (AMC Regulation) work group; she will send copies of what is being proposed in Michigan; it was introduced last year and is now being re-introduced; it will affect the industry; she will research who the sponsor is and try to join the work group

Action Item:

- The MIAB Board will be emailing a letter to the NMLS Ombudsman regarding their support of NMLS accepting Variable Fees for Renewals

Next Meetings:

- May 11, 2011 @ 8:30am – 11:00am face to face
- August 17, 2011 @ 8:30am – 11:00am face to face
- Elections of Officers will take place at the May meeting

Adjourned @ 10:35am



Pava Leyrer, Secretary

Date

Diane Lane, Recording Secretary

Date