

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

Mortgage Industry Advisory Board

BOARD MEETING MINUTES

February 23, 2022

Present: Audrey Acquisti
Daniel Grzywacz
Teri Heindrichs
Allison Johnston
Timothy Kleyla
Phil Mastin
Dr. Phares Noel - absent

DIFS Staff: Alex Dornberg
Brenda Gardner
Marissa Hendee
Brienne Kemm – absent
Elliott Purty
Michelle Tullar
Jim Westrin

Guests: Zaneta Adams
Director Fox
Patricia Hannan
Tabitha Zimny

Meeting conducted via Microsoft Teams due to COVID

Call to order at 8:30 am

- Motion to approve 11/10/21 minutes; motion passed

Michigan Veterans Affairs Agency Introduction and Presentation

- Director Fox started the meeting with morning hellos and a warm welcome to Zaneta Adams, Director of the Michigan Veterans Affairs Agency (MVAA) and Patricia Hannon, also of MVAA.
- Director Adams, also a Veteran, gave a brief overview of importance of the agency and how they work to connect veterans with underutilized benefits which can lower the risk of suicide.
- Veterans Benefits Administration, PowerPoint Presentation
 - VA Loan Guaranty Service Program Overview topics included:
 - Mission, Vision, Strategic Plan of VA
 - The VA-guaranteed home loan program which helps Veterans, their families, Service members, and eligible Reservists to obtain, retain, adapt, or refinance a home.

- Eligibility Requirements for Home Loan Guaranty
- Loan Production programs available for Active-Duty Service members, Veterans, National Guard and Reserve members.
- Attractiveness to borrowers and lenders (no-down payment and default assistance)
- Native American Direct Loan Program
- Specially adapted housing helping Veteran to enhance independent living
- Loan Management
- Post-Forbearance Home Retention Options
- VA Loan Education is needed. Ideas generated were to include prelicensure education for mortgage licensees, mortgage loan originators, and the Michigan Realtors Association.

Board Appointments – May 2022

- Audrey Acquisti, last day, Feb 23, 2022
- Allison Johnston, Chairperson term expires
- Daniel Grzywacz approved as the new Chairperson, effective in May
- DIFS is actively recruiting for the two board vacancies; nomination due date is April 29, 2022.

Current licensee population/statistics/applications

- MLO Licensees
 - February 2022: Total 20,542 – 19,524 approved, 1,018 approved-inactive
 - February 2021: Total 16,255 – 15,846 approved, 409 approved-inactive
 - Applications currently pending: 892
- First Mortgage Licensees and Registrants
 - February 2022: Total 1,204 – 939 licensees, 265 registrants
 - February 2021: Total 956 – 716 licensees, 240 registrants
 - Applications currently pending: 79 (69 licensees/10 registrants)
- Secondary Mortgage Licensees and Registrants
 - February 2022: Total 343 – 2 licensee, 341 registrants
 - February 2021: Total 302 – 2 licensees, 300 registrants
 - Applications currently pending: 20 (5 licensee/15 registrants)
- CFS Licensees
 - February 2022: 5
 - February 2021: 4
 - Applications currently pending: 0
- New Applications Volume
 - MLOs
 - 2022 year-to-date: 1,501
 - 2021 total: 9,104
 - First Mortgage Licensees and Registrants
 - 2022 year-to-date: 63
 - 2021 total: 343

- Secondary Mortgage Licensees and Registrants
 - 2022 year-to-date: 14
 - 2021 total: 59
- CFS
 - 2022 year-to-date: 0
 - 2021 total: 1
- 2022 Renewals
 - CFS
 - Issued: 5
 - Approved: 5
 - On-hold/Requested: 0
 - % Approved: 100
 - Anticipated Run-Off: 0%
 - First Mortgage Licensees and Registrants
 - Issued: 1,171
 - Approved: 1,142
 - On-hold/Requested: 0
 - % Approved: 98
 - Anticipated Run-Off: 5%
 - Second Mortgage Licensees and Registrants
 - Issued: 338
 - Approved: 331
 - On-hold/Requested: 0
 - % Approved: 98
 - Anticipated Run-Off: 5%
 - Mortgage Loan Originator
 - Issued: 22,191
 - Approved: 18,436
 - On-hold/Requested: 550
 - % Approved: 83
 - Anticipated Run-Off: 20%
- Licensing Discussion
 - MLO Renewal fee was lowered to \$50.00
 - Rising interest rates and refinance market could cause license surrenders, Brenda will track surrenders
 - New license approvals are taking 3-4 days

Compliance/Examination/Enforcement Discussion

- Mortgage Examination and Investigation Section (MEIS) Year End Statistics
 - Examinations
 - 2020 = 179
 - 2021 = 136
 - Investigations
 - 2020 = 28
 - 2021 = 44

- Visitations for new licensees
 - 2020 = 144
 - 2021 = 226
- Examination Discussion
 - Hot Topic: An increase of unlicensed independent contractor loan processors and mortgage loan originators have been discovered during examinations.
 - Title companies given incorrect fees.
 - Discussion held regarding escrow projections for summer and winter taxes and how to calculate correctly, wrong calculations can result in a violation.
 - Industry asked DIFS to create a list of documents which need to be provided for file review during examinations.

Agenda Items Discussion

- Stacking order for audits and file review discussion
 - DIFS does not require documents to be uploaded in a certain order; labeling documents appropriate, clean, and consistently is helpful.
 - DIFS definition of a complete file is everything in the file.
 - Industry suggested creating a general checklist of documents needed for audits might be helpful, though checklists can create more work. More thought will be put into how to help companies prepare for audits in an organized and efficient manner for everyone.
- Second home and cash-out changes
 - New second home occupancy fraud is expected to increase to cover interest rates.
 - Underserved Market: Lenders do not like buying \$50,000 loans. Fanny & Freddie need to help with the \$85,000 or less home-loan market.
 - MSHDA
 - Interest rate increase
 - Home sale price limit changed from \$225,000 to \$290,000, opening the path for more people to use the program & assisting more underserved populations.

Tabitha Zimny, Karoub Associates

- Provided a legislative update
- Discussion held regarding the following topics:
 - Budget update
 - Redistricting and open Senate seats
 - HAAP Program
 - Housing Community Development Fund
 - Desktop appraisals
 - HB 5419: Lead-based paint inspection act
 - SB 4722: Michigan zoning enabling act
 - HB 5605: Taxation: excise taxes; excise tax on business of providing accommodations to include certain short-term rentals; modify. Creates new act.

- SB 880: Short-term rental regulation act

Meeting adjourned at 10:30 am

Next Meetings

- May 11, 2022 – via Microsoft Teams
- August 2022 – TBD

Teri L Heindrichs

Teri Heindrichs, MIAB Secretary

Michelle Tullar

Michelle Tullar, DIFS Recording Secretary