

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

**Mortgage Industry Advisory Board**

**BOARD MEETING MINUTES**

**February 8, 2017**

**ROLL CALL**

Present: Donald Calcaterra Jr.  
Teri Heindrichs  
Allison Johnston  
Michelle Kirsten  
Timothy Kleyla  
Michael Kus  
Bill Roberts

DIFS Staff: Brenda Gardner  
Kirt Gundry  
Barbara Strefling  
Michelle Tullar  
Mark Weigold

**Call to order at 8:29 am**

- Motion to approve 11/9/16 minutes; motion passed
- Motion to approve 2/8/17 agenda; motion passed

**DIFS Updates**

- Current licensee population/statistics
  - MLO Licensees
    - 1/31/17: Total 10,247 – 9,899 approved, 1 approved-conditional, 347 approved-inactive
    - 1/31/16: Total 8,817 – 8,603 approved, 1 approved-conditional, 213 approved-inactive
    - Applications currently pending: 175
  - First Mortgage Licensees and Registrants
    - 1/31/17: Total 665 – 450 Licensees, 215 Registrants
    - 1/31/16: Total 620 – 415 Licensees, 205 Registrants
    - Applications currently pending: 14 (11 licensees/3 registrants)
  - Secondary Mortgage Licensees and Registrants
    - 1/31/17: Total 222 – 1 Licensee; 221 Registrants
    - 1/31/16: Total 196 – 1 Licensee; 195 Registrants
    - Applications currently pending: 4 (1 licensee/3 registrants)
  - CFS Licensees
    - 1/31/17: 13
    - 1/31/16: 13
    - Applications currently pending: 0

- New Applications Received
  - MLOs
    - 2017 year-to-date: 407 (approximately 300/month)
    - 2016 total: 3,845
  - First Mortgage Licensees and Registrants
    - 2017 year-to-date: 7
    - 2016 total: 110
  - Secondary Mortgage Licensees and Registrants
    - 2017 year-to-date: 1
    - 2016 total: 35
  - CFS
    - 2017 year-to-date: 0
    - 2016 total: 1
- Application Denials
  - MLOs
    - 2017 year-to-date: 0
    - 2016: 4
  - Companies
    - 2017 year-to-date: 0
    - 2016: 1
- Application denial discussion: Michigan's license application process through NMLS requires review of criminal history records and independent credit reports on company owners, directors and other control persons. A felony conviction of an owner, director or other control person may prevent company licensure.
- 2017 Renewal Statistics as of 2/6/17
  - MLOs: 9,578/11,389 (84% renewal rate; 84% in prior year)
  - First Mortgage: 657/679 (97% renewal rate; 94% in prior year)
  - Second Mortgage: 222/225 (99% renewal rate; 98% in prior year)
  - CFS: 13/13 (100% renewal rate; 93% in prior year)
  - Renewal reinstatement period runs from January 1, 2017 through February 28, 2017. Currently, 240 MLO renewal applications are on hold due to bond deficiencies; three company applications are on hold for various reasons.
- Federally Registered MLOs in Michigan as of 9/30/16: 13,431

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

- Mortgage Examination and Investigation Section
  - Examinations
    - 159 in 2016; 118 in 2015
  - Investigations
    - 60 in 2016; 48 in 2015
  - Visitations for new licensees
    - 74 in 2016; 70 in 2015
  - Increased number of examinations in 2016 as compared to 2015 is primarily due to scheduling of smaller companies with less activity and

shorter exam times. Visitations are conducted for new companies within six months of licensure.

- Current Issues
  - DIFS examinations to date have not identified major TRID violations.
  - Various board members indicated the loan operating systems used by their respective organizations appear to function well overall and provide appropriate alerts.

### **NMLS Electronic Bond Update**

- NMLS project applies to company bonds only
- DIFS' goal to implement receipt of electronic surety bonds in mid-2017 has been delayed. The new NMLS functionality only accepts surety bonds written without an expiration date; Michigan statutes specifically provide for expiration of a surety bond tied to expiration of a license.
- DIFS will review how other states are addressing this issue and determine next steps.

### **State Legislation**

- PA 135 of 1977 Modernization: MMLA and DIFS plan to discuss in 2017

### **CFPB**

- TRID discussion: To date, no TRID enforcement actions have been issued by DIFS; TRID violations noted during exams have been fairly minor in nature. Board members noted that brokers must take steps to ensure TRID compliance; they cannot rely on lenders to meet all compliance requirements.
- General discussion held regarding recent high-profile CFPB enforcement actions
- General discussion held regarding PHH vs CFPB lawsuit

### **Industry Updates**

- H.R. 5907 Community Mortgage Lender Regulatory Act of 2016: bill may be reintroduced in the new Congress
- GSE Reform: various ideas for reform are under discussion; effort is in its infancy
- FHA MMPI Fund Adequacy: review and discussion regarding the Fund and future MIP rates is continuing in Washington, D.C.
- FNMA/Blackstone Transaction: In a recently announced transaction, FNMA will be backing \$1 billion in debt collateralized by single-family rental homes owned by Blackstone

### **Other**

- Officer elections will be held during August 2017 board meeting; board terms do not end until 2018 and later
- MMLA/DIFS Compliance Seminar is scheduled for May 16, 2017

### **Next meetings**

- May 10, 2017 at 8:30 am in Lansing
- August 9, 2017 at 8:30 am in Lansing

- November 2017 – date to be determined

**Meeting Adjourned at 10:00 am**

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Allison Johnston, MIAB Secretary

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Michelle Tullar, DIFS Recording Secretary

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

**Mortgage Industry Advisory Board**

**BOARD MEETING MINUTES**

**May 10, 2017**

**ROLL CALL**

Present: Donald Calcaterra Jr.  
Teri Heindrichs  
Timothy Kleyla  
Michael Kus  
Bill Roberts  
Allison Johnston - Excused  
Michelle Kirsten - Excused

DIFS Staff: Brenda Gardner  
Kirt Gundry  
Barbara Strefling  
Michelle Tullar  
Mark Weigold

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

- Motion to approve 2/8/17 minutes; motion passed
- Motion to approve 5/10/17 agenda; motion passed

**DIFS Updates**

- Current licensee population/statistics
  - MLO Licensees
    - 5/1/17: Total 11,151 – 10,113 approved, 1 approved-conditional, 1,037 approved-inactive
    - 5/1/16: Total 9,679 – 9,040 approved, 1 approved-conditional, 638 approved-inactive
    - Applications currently pending: 135
  - First Mortgage Licensees and Registrants
    - 5/1/17: Total 692
    - 5/1/16: Total 646
    - Applications currently pending: 20 (14 licensees/6 registrants)
  - Secondary Mortgage Licensees and Registrants
    - 5/1/17: Total 234
    - 5/1/16: Total 206
    - Applications currently pending: 4 (0 licensees/4 registrants)
  - CFS Licensees
    - 5/1/17: 13
    - 5/1/16: 13
    - Applications currently pending: 0

- New Applications Received
  - MLOs
    - 2017 year-to-date: 1,348 (approximately 325/month; volume has remained steady)
    - 2016 total: 3,845
  - First Mortgage Licensees and Registrants
    - 2017 year-to-date: 43 (33 licensees, 10 registrants)
    - 2016 total: 110
  - Secondary Mortgage Licensees and Registrants
    - 2017 year-to-date: 15 (0 licensees, 15 registrants)
    - 2016 total: 35
  - CFS
    - 2017 year-to-date: 0
    - 2016 total: 1
- Application Denials
  - MLOs
    - 2017 year-to-date: 0
    - 2016: 4
  - Companies
    - 2017 year-to-date: 0
    - 2016: 1
- Federally registered MLOs as of 12/31/16 per NMLS: 13,487
- Renewal Statistics for 2017
  - Renewal period ended December 31, 2016. Renewal rates were strong as compared to prior years: MLOs 87%; first mortgage 97%; second mortgage 99%; CFS 100%.
  - Late penalty of \$25 per day is charged for late renewals, beginning January 1. DIFS sent several emails to remind licensees of filing deadlines.
- Annual activity reports for 2016 were due March 1. Annual report form is available from the DIFS website. Late filings were high this year despite several e-mail reminders sent by DIFS; discussion was held regarding possible reasons for the late filings. Late penalty of \$25 per day is charged.
- Company financial statements for year ending December 31, 2016 were due March 31 (statute requires filing within 90 days of company fiscal year-end). Companies must file statements through NMLS. Late penalty of \$25 per day is charged.

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

- Mortgage Examination and Investigation Section
  - Examinations as of 4/30/17
    - 73
  - Investigations as of 4/30/17
    - 7
  - Visitations for new licensees as of 4/30/17

- 24 – high due to the large number of new companies
- Current Issues
  - TRID violations noted in DIFS' examinations generally have been minor in nature and relate to proper completion of forms. Board members noted that companies must carefully review software updates to ensure proper implementation of changes at the company level.
  - DIFS has not identified major TRID violations in its examinations; no enforcement actions relating to TRID have been taken by DIFS to date.

### **NMLS Update**

- Electronic Surety Bond Implementation: Discussion held regarding implementation in Michigan. DIFS continues to participate as a member of the NMLS Electronic Bond Committee. DIFS' Office of General Counsel is reviewing Michigan statutes regarding bond expiration dates to determine whether any legal impediments exist in accepting perpetual bonds. DIFS' goal is to implement electronic bond functionality in 2018.

### **State Legislation**

- PA 135 of 1977: Discussion held regarding modernization of this Act; minimum loan size required by statute is a primary industry concern. Industry/DIFS meeting to discuss possible amendments is scheduled for 6/13/17.

### **CFPB**

- General discussion held regarding PHH vs CFPB en banc hearing, scheduled for 5/24/17.

### **Industry Updates**

- H.R. 1964: Community Mortgage Lender Regulatory Act of 2017 (Williams Bill). Introduced 4/5/17. General discussion held.
- H.R. 10: Financial CHOICE Act of 2017. Introduced 4/26/17. General discussion held; future of the bill as currently drafted is unclear. Changes may be made in the committee process.
- GSE Reform: General discussion held regarding new MBA recommendations.
- H.R. 1958: PACE Act of 2017. Introduced and referred to committee 4/5/17. Bill would amend the Truth-in-Lending Act to include real property retrofit loans; these loans are popular in some states, but the program is not offered in Michigan.
- H.R. 1694: Fannie and Freddie Open Records Act of 2017. Introduced 3/23/17; passed House 4/27/17. Bill would make Fannie Mae and Freddie Mac subject to the requirements of the Freedom of Information Act.
- FHA MMPI Fund Adequacy: Review and discussion regarding the Fund and future MIP rates is continuing in Washington, D.C.

### **Other**

- Officer elections will be held at August 2017 board meeting; board terms do not end until 2018 and later.

- DIFS Mortgage Seminar scheduled for May 2017 was cancelled due to cancellation of MMLA conference; both events may be rescheduled for later in the year.

**Next meetings**

- August 9, 2017 at 8:30 am in Lansing
- November 8, 2017 at 8:30 am in Lansing

**Meeting Adjourned at 10:36 am**

(excused)

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Allison Johnston, MIAB Secretary

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Michelle Tullar, DIFS Recording Secretary

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

**Mortgage Industry Advisory Board**

**BOARD MEETING MINUTES**

**August 9, 2017**

**ROLL CALL**

Present: Donald Calcaterra Jr.  
Teri Heindrichs  
Allison Johnston  
Michelle Kirsten – via telephone  
Timothy Kleyla – via telephone  
Michael Kus  
Bill Roberts

DIFS Staff: Brenda Gardner  
Kirt Gundry  
Barbara Strefling  
Michelle Tullar  
Mark Weigold

**Call to order at 8:35 am**

- Motion to approve 5/10/17 minutes; motion passed
- Motion to approve 8/9/17 agenda; motion passed

**DIFS Updates**

- Current licensee population/statistics
  - MLO Licensees
    - 8/7/17: Total 12,018 – 10,392 approved, 1 approved-conditional, 1,625 approved-inactive
    - 8/7/16: Total 10,382 – 9,255 approved, 1 approved-conditional, 1,126 approved-inactive
    - Applications currently pending: 165
  - First Mortgage Licensees and Registrants
    - 8/7/17: Total 711 – 486 licensees, 225 registrants
    - 8/7/16: Total 661 – 446 licensees, 215 registrants
    - Applications currently pending: 11 (7 licensees, 4 registrants)
  - Secondary Mortgage Licensees and Registrants
    - 8/7/17: Total 231 – 1 licensee, 230 registrants
    - 8/7/16: Total 213 – 1 licensee, 212 registrants
    - Applications currently pending: 2 (0 licensees, 2 registrants)
  - CFS Licensees
    - 8/7/17: 13
    - 8/7/16: 13
    - Applications currently pending: 0

- New Applications Received
  - MLOs
    - 2017 year-to-date: 2,433 (averaging 335/month; volume has remained steady)
    - 2016 total: 3,845
  - First Mortgage Licensees and Registrants
    - 2017 year-to-date: 78
    - 2016 total: 110
  - Secondary Mortgage Licensees and Registrants
    - 2017 year-to-date: 19
    - 2016 total: 35
  - CFS
    - 2017 year-to-date: 2
    - 2016 total: 1
- Discussion held regarding MLO “approved-inactive” license status:
  - A licensee is eligible for approved-inactive status when he/she meets all license requirements except sponsorship.
  - Licensee must file a bond and complete all continuing education requirements, or license will be placed into “terminated” status.
  - Approved-inactive status has been growing with the population, as more MLOs elect to renew licenses without a sponsor.
- Discussion held regarding the steady increase in the licensed MLO population. Over 12,000 MLOs are currently licensed – a record number for the program.
- AARMR Annual Regulatory Conference
  - Conference was held August 1-3, 2017 in San Antonio, Texas
  - Attendance was strong, with 317 participants including regulators, industry members, and NMLS staff
  - NMLS “2.0”: An updated NMLS platform – termed “NMLS 2.0”- is expected to launch in an initial phase in Fall 2018. DIFS is a member of the State Regulators Working Group; two Industry working groups have also been formed: the Industry Development Working Group and the Large Institutions Working Group
  - Mortgage Call Report: Changes have been proposed; 60-day public comment period is scheduled to open in September 2017
- Upcoming Conferences for Regulators and Industry
  - NMLS 10<sup>th</sup> Annual Conference: February 6-9, 2018, New Orleans, Louisiana. Topics to include NMLS Modernization, User Training, Mortgage Call Report, and State Examinations
  - AARMR 29th Annual Regulatory Conference: July 31 - August 2, 2018, Boston, MA

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

- Mortgage Examination and Investigation Section
  - Examinations as of 7/31/17
    - 112

- Investigations as of 7/31/17
  - 26
- Visitations for new licensees as of 7/31/17
  - 44 – reflects the large number of newly licensed companies
- Current Issues
  - DIFS has not identified major TRID errors or violations during examinations; no enforcement actions relating to TRID have been taken by DIFS to date

### **State Legislation**

- PA 135 of 1977: Industry/DIFS meeting was held on 6/13/17 to discuss possible amendments to this Act. Discussion will continue in the coming months.

### **CFPB**

- PHH vs CFPB: General discussion held. En banc hearing completed in May; awaiting a decision; a key issue under review is constitutionality of the CFPB structure

### **Industry Updates**

- H.R. 10 Financial CHOICE Act of 2017: Passed House of Representatives on 6/8/17
- GSE Reform: General discussion held; various reform models have been proposed
- HR 2948 (Transitional Licensing): No movement on the bill since introduction on 6/20/17
- Marketing Services Agreements: General discussion held. Additional clarification and definitions are needed to provide better guidance regarding permissible marketing activities.
- General discussion held regarding credit repair companies soliciting real estate agents and mortgage loan originators for business, with payment of referral fees. DIFS has not received any complaints regarding this issue.

### **Election of Officers**

- Formal nominations for the coming year were made and votes taken. The following officers were elected by unanimous vote:
  - Bill Roberts – Chairman
  - Don Calcaterra, Jr. – Vice Chairman
  - Allison Johnston – Secretary

### **Other**

- DIFS staff members will be guest speakers at the MMLA Annual Compliance Seminar scheduled for 9/13/17 in Howell. Topics will include licensing updates and examination best practices.

**Next meetings**

- November 8, 2017: 8:30 am in Lansing
- February 14, 2018: 8:30 am in Lansing
- May 2018: date to be determined

**Meeting adjourned at 11:01 am**

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Allison Johnston, MIAB Secretary

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Michelle Tullar, DIFS Recording Secretary

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

**Mortgage Industry Advisory Board**

**BOARD MEETING MINUTES**

**November 8, 2017**

**ROLL CALL**

Present: Donald Calcaterra Jr.  
Teri Heindrichs  
Allison Johnston– via telephone  
Michelle Kirsten – via telephone  
Timothy Kleyla  
Bill Roberts  
Michael Kus - excused

DIFS Staff: Brenda Gardner  
Kirt Gundry  
Barbara Strefling  
Michelle Tullar  
Mark Weigold

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

- Motion to approve 8/9/17 minutes; motion passed
- Motion to approve 11/8/17 agenda; motion passed

**DIFS Updates**

- Current licensee population/statistics
  - MLO Licensees
    - 11/3/17: Total 12,795 – 10,719 approved, 0 approved-conditional, 2,051 approved-inactive, 25 approved-surrendered
    - 11/3/16: Total 11,186 – 9,754 approved, 1 approved-conditional, 1,428 approved-inactive, 3 approved-surrendered
    - Applications currently pending: 153
  - First Mortgage Licensees and Registrants
    - 11/3/17: Total 726 – 502 licensees, 224 registrants
    - 11/3/16: Total 671 – 454 licensees, 217 registrants
    - Applications currently pending: 23 (16 licenses, 7 registrations)
  - Secondary Mortgage Licensees and Registrants
    - 11/3/17: Total 236 – 1 licensee, 235 registrants
    - 11/3/16: Total 219 – 1 licensee, 218 registrants
    - Applications currently pending: 5 (1 license, 4 registrations)
  - CFS Licensees
    - 11/3/17: 9
    - 11/3/16: 13
    - Applications currently pending: 0

- New Applications Received
  - MLOs
    - 2017 year-to-date: 3,447 (averaging 360/month)
    - 2016 total: 3,845
  - First Mortgage Licensees and Registrants
    - 2017 year-to-date: 114
    - 2016 total: 110
  - Secondary Mortgage Licensees and Registrants
    - 2017 year-to-date: 29
    - 2016 total: 35
  - CFS
    - 2017 year-to-date: 2
    - 2016 total: 1
- Current Renewal Statistics as of 11/7/17
  - MLO Licensees
    - 12,793 issued; 3,134 processed
    - Inactive/Future non-renewal: 44
  - First Mortgage Licensees and Registrants
    - 731 issued; 153 processed
    - Inactive/Future non-renewal: 3
  - Secondary Mortgage Licensees and Registrants
    - 239 issued; 53 processed
    - Inactive/Future non-renewal: 1
  - CFS Licensees
    - 10 issued; 3 processed
    - Inactive/Future non-renewal: 1
  - DIFS sent renewal packets via the GovDelivery system this year, which enables DIFS to track the number of successfully delivered emails and the number of emails opened by recipients. As of 11/7/17, 91% of company renewal emails were successfully delivered with 51% opened by the recipients; 95% of MLO renewal emails were successfully delivered with 21% opened by recipients. Companies and MLOs are encouraged to add the GovDelivery address to their address book to ensure delivery of DIFS messages.
  - Renewal period runs 11/1/17 through 12/31/17. Second notices will be mailed in mid-November.
- MMLA Annual Compliance Seminar
  - Seminar was held 9/13/17 in Howell.
  - DIFS presented licensing updates and information on examination best practices; PowerPoint presentation is posted on the DIFS website.
- ComplianceEase Software: Discussion held regarding this software program. DIFS finds it efficient to use during examinations when available; however, DIFS does not require a licensee to use ComplianceEase or any other specific software program.

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

- Mortgage Examination and Investigation Section (MEIS) Statistics as of 10/31/17
  - Examinations
    - 145
  - Investigations
    - 35
  - Visitations for new licensees
    - 63
- Current Issues
  - General discussion held regarding complaints received by DIFS. Year-to-date, DIFS Office of Consumer Services referred 23 complaints to MEIS staff for further review. Most are business-to-business complaints; consumer complaints generally concern loan servicing. Licensees are encouraged to keep their contact persons for complaint referrals up-to-date in NMLS. Use the “Primary Complaint Contact” field in NMLS to update this information.
  - No TRID-related enforcement actions have been taken by DIFS to date.

## **NMLS**

- Electronic Surety Bonds
  - NMLS functionality is in place for filing of electronic surety bonds by companies; functionality is not yet available for MLOs.
  - As of 1/1/18, DIFS will require that new company applications submitted through NMLS include an electronic bond. Existing company licensees and registrants with a paper bond must convert to an electronic bond by 12/31/18.
  - New electronic surety bonds are perpetual with no expiration date. If cancelled by the surety, bond must be replaced within 60 days.
  - A surety bond that has been cancelled may still be called upon by DIFS for violations that occurred during the coverage period.
  - Electronic surety bond history will be trackable in NMLS.

## **State Legislation**

- PA 135 of 1977: General discussion held regarding modernization of the Act. Industry is developing language for DIFS consideration.

## **CFPB**

- Uniform Residential Loan Application Form 1003: Roll out of the redesigned form has been delayed.
- HMDA: Industry is seeking delay of 1/1/18 implementation date for new data collection requirements.

## **Industry Updates**

- GSE Reform: General discussion held; work is ongoing.
- Pre-Examination Questionnaire: Industry has asked DIFS to create a specific questionnaire for secondary mortgage program, separate from first mortgage program. DIFS will consider.

- FHA MMPI Fund Adequacy: Discussions continue in Washington, D.C.

#### **Other**

- Board Configuration: General discussion held regarding board member terms; terms of three board members will expire in May 2018.
- Annual Report Filings: Beginning in 2018, annual activity report data will be gathered through the NMLS Mortgage Call Report. A separate annual activity report will no longer be required by DIFS.
- Federal Tax Reform: Discussion held regarding current proposals under review by Congress.
- NMLS 10th Annual Conference: February 6-9, 2018, New Orleans, Louisiana. Topics to include NMLS Modernization, User Training, Mortgage Call Report, and State Examination System (SES).

#### **Next meetings**

- February 14, 2018: 8:30 am in Lansing
- May 9, 2018: 8:30 am in Lansing
- August 2018: date to be determined

#### **Meeting adjourned at 10:51 am**

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Allison Johnston, MIAB Secretary

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Michelle Tullar, DIFS Recording Secretary