

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

**Mortgage Industry Advisory Board**

**BOARD MEETING MINUTES**

**February 27, 2019**

**ROLL CALL**

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

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

**Call to order at 8:36 am**

- Motion to approve 11/7/18 minutes; motion passed
- Motion to approve 2/27/19 agenda; motion passed

**DIFS Updates**

- Current licensee population/statistics
  - MLO Licensees
    - 2/13/19: Total 10,924 – 10,372 approved, 1 approved-surrendered, 551 approved-inactive
    - 2/13/18: Total 11,331 – 10,873 approved, 1 approved-surrendered, 457 approved-inactive
    - Applications currently pending: 136
  - First Mortgage Licensees and Registrants
    - 2/13/19: Total 755 – 534 licensees, 221 registrants
    - 2/13/18: Total 722 – 501 licensees, 221 registrants
    - Applications currently pending: 25 (21 licensees/4 registrants)
  - Secondary Mortgage Licensees and Registrants
    - 2/13/19: Total 257 – 1 licensee, 256 registrants
    - 2/13/18: Total 238 – 1 licensee, 237 registrants
    - Applications currently pending: 8 (3 licensees/5 registrants)
  - CFS Licensees
    - 2/13/19: 6
    - 2/13/18: 7
    - Applications currently pending: 0

- New Applications Received
  - MLOs
    - 2019 year-to-date: 402
    - 2018 total: 4,014
  - First Mortgage Licensees and Registrants
    - 2019 year-to-date: 26
    - 2018 total: 148
  - Secondary Mortgage Licensees and Registrants
    - 2019 year-to-date: 5
    - 2018 total: 44
  - CFS
    - 2019 year-to-date: 0
    - 2018 total: 1
- Federally Registered MLOs for Michigan
  - 12/31/18: 13,400
- Summary of 2018 Renewal Statistics, as of 2/12/19
  - MLO Licensees
    - Eligible for renewal: 13,992
    - Processed and approved: 10,390
    - Terminated: 3,602
    - Run-off percentage: 26%
  - First Mortgage Licensees and Registrants
    - Eligible for renewal: 784
    - Processed and approved: 739
    - Terminated: 45
    - Run-off percentage: 6%
  - Secondary Mortgage Licensees and Registrants
    - Eligible for renewal: 265
    - Processed and approved: 255
    - Terminated: 10
    - Run-off percentage: 4%
  - CFS Licensees
    - Eligible for renewal: 7
    - Processed and approved: 6
    - Terminated: 1
    - Run-off percentage: 14%
  - Renewal update
    - Renewal notices were issued on 10/23/18 with reminder notices sent 11/27/18; final notices were issued on 12/12/18. DIFS staff reached out to companies with deficiencies via telephone beginning on 11/27/18.
    - MLOs and Companies may reinstate expired licenses during the 1/1/19 through 2/28/19 reinstatement period; late penalty fees of \$25 per day up to a \$1,000 maximum will apply. All licenses not renewed

by 2/28/19 will reflect an NMLS status of “terminated-expired” as of 3/1/19.

- NMLS Annual Conference and Training
  - National conference held 2/18/19 through 2/21/19; six staff members from DIFS attended.
  - NMLS 2.0: Launch date was not yet announced for new system, currently under development.
  - MLO Temporary Authority to Operate (TAO)
    - Several breakout sessions were held regarding TAO
    - NMLS has posted TAO Frequently Asked Questions on its website
    - NMLS will determine initial eligibility and sponsorship for an MLO applicant requesting TAO status. Applicant State will conduct background checks. Generally, States will have the ability to send a Notice of Denial to applicants who do not meet requirements.
    - NMLS expects two status types for TAO applicants: TA eligible and TA granted. TAOs must be employees of sponsor; independent contractors paid via 1099 will not be eligible for TAO status.
  - State Examination System (SES)
    - NMLS is targeting the initial launch of SES in late 2019.
    - SES will serve as an exam management system that will help standardize workflows, facilitate communication between licensees and state regulators, and allow for confidential collaboration and sharing of data between and among state regulators and Federal agencies.
  - DIFS was recognized during the conference for its Mortgage Visitation Program. Visitations are used to introduce DIFS examination staff to newly licensed mortgage companies in an effort to create open lines of communication and inform licensees of best practices and common violations of state and federal laws. A visitation is voluntary for the licensee and is usually conducted within the first six months of licensure.
- MLO Temporary Authority to Operate: General discussion held regarding future implementation of the TAO program. DIFS is currently developing language to amend MLOLA to comport with changes in the SAFE Act. An MMLA representative has also contacted DIFS regarding MLOLA amendments. The change in federal law becomes effective 11/24/19.

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

- Mortgage Examination and Investigation Section (MEIS) Statistics
  - Examinations
    - 2018: 129
    - 2017: 166
  - Investigations
    - 2018: 67
    - 2017: 37

- Visitations for new licensees
  - 2018: 104
  - 2017: 85
- Current Issues
  - DIFS has seen a significant number of new applications filed by companies seeking mortgage broker licenses. Increased activity by MLOs moving from loan origination as individuals to broker licenses under the MBLSLA has been noted. Discussion was held regarding challenges some MLOs face in transitioning to this new authority. The Board reported that there are firms in the marketplace offering products to assist brokers with compliance, including technology platforms, advertising templates, and other compliance tools.
  - General discussion held regarding non-qualified mortgage loans and the increasing demand in the marketplace.

### **Industry Updates and Agenda Items**

- Discussion held regarding loan data points requested by DIFS during examinations, which may differ from data collected in some loan operating systems. Industry requested publication of data points so licensees may track this data if they wish. DIFS advised that a list of loan data points is contained in the Officer/Manager Questionnaire on the DIFS website.
- Discussion held regarding advertising and marketing practices. DIFS will not issue Frequently Asked Questions on federal regulations, but will continue to work with licensees during examinations to discuss acceptable marketing practices.
- GSE Reforms: Ongoing discussions are being held in Washington, D.C.
- GNMA Guidelines: Discussion held regarding GNMA's changing requirements that favor large lenders and present concerns for small community lenders.
- CFPB: Discussion held regarding Industry concerns with loan officer compensation. Industry groups have reached out to CFPB in an effort to engage on this topic.

### **Next meetings**

- May 15, 2019: 8:30 am in Lansing
- August 14, 2019: 8:30 am in Lansing

### **Meeting adjourned at 10:56 am**

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Allison Johnston, MIAB Secretary

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Michelle Tullar, DIFS Recording Secretary