

Mortgage Advisory Board Meeting

June 29, 2023

Department Representative Attendees:

Erin Van Engelen – Consumer Finance Bureau Chief
Erik Shaner – Deputy Attorney General
Daniel Kline – Supervising Examiner/Investigator
Carey Phillips – Supervising Examiner/Investigator

Advisory Board Member Attendees:

Michelle Guth
Diane Vanoverbeke
Tyler Porter
Joseph Pattee

Mortgage Trade Association Attendees:

Kevin Rice
Ryan Froehlich

The Mortgage Advisory Board Meeting was called to order at 2:33pm on June 29, 2023 by Consumer Finance Bureau Chief, Erin Van Engelen.

1. Erin welcomed everyone and stated that there was an amendment needed to the agenda to correct the year (from 2022 to 2023). Kevin Rice joined the meeting virtually.
2. Erin reported that the Department has been reviewing and processing MLO license applications during the same week they were received since the beginning of January 2023.
3. Erin advised that Department examiners have resumed going back out on the road to conduct in-person MBL exams.
4. Mortgage Advisory Board Industry Discussion
 - a. Michelle stated that it's been a tough market with the increased interest rates and others echoed her observation.
 - b. Diane said that Idaho Housing is doing great things with their offered programs.
 - c. Joe mentioned that he is still seeing a shift to the broker model rather than lending. Compensation seems to be the reason why.
 - d. Dan discussed the challenges he is seeing of Brokers meeting compliance timelines.
5. Kevin asked for clarification regarding MLOs being 1099 vs. W-2.
 - a. Dan advised that the IRMPA does not prohibit an MLO from being 1099, however, when it comes to compensation, the individual MLO must be the one being compensated, not another entity, like an LLC, which is a violation the Department has seen.
6. Topic of Brokers and their disclosure responsibilities were further discussed. Dan advised that once the Broker has the TRID 6, they have they responsibility to get the information to a lender or they must make the proper disclosures themselves. This includes adverse actions.

7. Erin reiterated that although the IRMPA does not address 1099 vs. W-2 employment of MLOs, the Department of Labor should be contacted for the state the MLO resides in to ensure they do not have specific requirements. Ryan stated that W-2 MLOs are overtime eligible in Idaho.
8. Dan and Carey talked about the requirement of an MLO to be a W-2 employee to qualify for Temporary Authority (TAO).
9. Erin re-introduced Erick Shaner – Deputy Attorney General. They spoke about the Department's Intent to Deny process re: MLO applications and how that affects TAO. Carey mentioned the issues the Department has seen with "repeat filers".
10. Erin stated that the number of incomplete applications being deemed withdrawn has increased since TAO went into effect.
11. Erin called everyone's attention to the graphs included with the agenda that showed the number of MLO new applications appear to be slowing down, however, MBL applications have increased compared to years prior.
12. Michelle and Joe both asked for an AD-HOC report that shows how many individuals with Idaho MLO licenses reside in Idaho.
13. Carey spoke about what kind of amendments the Department sees submitted through the NMLS.
14. Dan gave an update on what type of MBL exam violations the Department has been seeing:
 - a. Social Media = lack of oversight, prohibited representations and triggering terms.
 - b. Inaccuracy of loan logs in how they compare to MCRs.
 - c. Missing other business disclosures (Company and Individuals).
 - d. Password sharing to pull credit reports (i.e., unlicensed individuals pulling credit bureaus).
15. Carey reviewed MLO graphs with the attendees to provide an update to the Mortgage Loan Originator Program.
16. Erin advised the group to be on the look out for the Departments Newsletter and that Carey and Dan will be attending the AARMR conference in Baltimore, MD in August.
17. Michelle asked if the Mortgage Recovery Fund has made any disbursements to consumers – No.
18. Erin spoke about how the Mortgage Recovery Fund can be used to sponsor education events for Mortgage industry and consumers.
 - a. Tyler said he can conduct a one-hour CE credit training on Reverse Mortgages.

19. Tentative plan was discussed about scheduling the next Mortgage Advisory Board Meeting for November 2023.

20. Kevin asked how many members can be on the Board – Erin will review statute.

The meeting adjourned at 3:59pm.

Sincerely,

Carey Phillips
Supervising Examiner/Investigator – Mortgage Loan Originator Licensing
Idaho Department of Finance
Consumer Finance Bureau