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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In re Mortgage Loan Originator License)	Docket No. 2012-16-05
Renewal Application of:)	
)	ORDER DENYING MORTGAGE
MARY ELIZABETH ANNE SPERRY,)	LOAN ORIGINATOR LICENSE
)	RENEWAL APPLICATION
Applicant.)	AND NOTICE OF THE
)	OPPORTUNITY TO INITIATE A
)	CONTESTED CASE AND REQUEST
)	A HEARING
)	

The Director of the State of Idaho, Department of Finance (Director), pursuant to the Idaho Residential Mortgage Practices Act, Idaho Code § 26-31-101 *et seq.* (the Act), and in particular §§ 26-31-313(1)(a) and –(b), and 26-31-306(1)(c), of the Act, hereby issues the following Findings of Fact, Conclusions of Law, and Order Denying Mortgage Loan Originator License Application and Notice of the Opportunity to Initiate a Contested Case and Request a Hearing (Order).

This Order is effective fifteen days (15) days from the date of issuance, unless MARY ELIZABETH ANNE SPERRY (the Applicant) initiates a contested case and requests a hearing pursuant to Idaho Code § 67-5254. The Order is based on the following:

FINDINGS OF FACT

1. The Applicant is a resident of the state of Idaho and has held Idaho Mortgage Loan Originator License No. MLO-13249 (NMLS No. 181262) to conduct business in the state of Idaho as a mortgage loan originator since April 13, 2011.

2. Idaho Code § 26-31-304 provides that an individual shall not engage in the business of a mortgage loan originator without first obtaining and maintaining annually a license.

3. Idaho Code § 26-31-305 sets forth the information that needs to be included in an application for a license. Idaho Code § 26-31-305(3)(b)(i) provides that applicants must submit to the Nationwide Mortgage License System and Registry (NMLSR) “[p]ersonal history and experience ... [and an] independent credit report obtained from a consumer reporting agency....”

4. On November 1, 2010, the State of Idaho, Department of Finance, Consumer Finance Bureau (Department) began reviewing credit reports of licensed mortgage loan originators as required by the Act. Part 3 of the Act is referred to as the “The Idaho Secure and Fair Enforcement for Mortgage Licensing Act of 2009 (commonly referred to as the “S.A.F.E. Act”).

5. Idaho Department of Finance Policy Statement 2011-01 discusses the Department’s policy for determining an individual’s financial responsibility/fitness to maintain an Idaho mortgage loan originator license. Such policy states that “if an Individual’s credit report or response to any application disclosure question contains adverse information, the Department will notify the Individual in writing of the specific items that must be addressed, and will specify the documentation that must be provided for the Department’s consideration and review.”

6. The Department reviewed the Applicant's credit report in conjunction with its review of credit reports of licensed mortgage loan originators, as referenced above.

7. After reviewing the Applicant's credit report, on May 17, 2011, the Department sent her a letter outlining specific concerns that appeared to show that the Applicant lacked financial responsibility, character and general fitness to warrant the renewal of the license. The Department asked the Applicant to respond and explain each of the deficiencies disclosed in the letter. Because the Applicant had moved, the May 17 letter was not delivered. Finally, on October 17, 2011, the Department, after ascertaining the Applicant's new address, was able to mail its May 17, 2011 letter to the Applicant.

8. The letter outlined the Department's financial responsibility review of the Applicant. This process consisted of a review of the information available to the Department, including her application and credit report, to determine her financial fitness to maintain a license. The review disclosed a number of debts that were past due, delinquent, or had been charged off. The Applicant's records disclosed eight specific consumer accounts that were delinquent or charged off and the total amount of several past due balances from these accounts exceeded \$13,000. In addition, there were several outstanding judgments for unpaid accounts.

9. On October 26, 2011, the Applicant provided a response that admitted the debts and provided an explanation. Though the Applicant addressed each debt, her explanation can be summarized as providing two basic reasons for the financial problems. She went through a divorce and this resulted in several unpaid debts. She ended up paying some of the obligations for both her and her ex-husband, and as a result she had to take out some payday loans. She defaulted on these loans and on some of them she was able to eventually pay off, but others ended up as a judgment against her. The other explanation offered by the Applicant for her

financial problems was a large tax debt. She did pay off the tax obligation, but again incurred other debt as a result, which she was unable to pay off in a timely manner. The combination of the divorce obligations and the large tax debt resulted in several judgments being entered against her.

10. While the Applicant explained that her financial problems were due to the divorce and a tax obligation, she did not provide a plan to satisfy her outstanding obligations.

11. On November 9, 2011, the Department wrote to the Applicant advising her that she does not meet the requirements of the Idaho S.A.F.E. Act because of her failure to provide any plan to satisfy her outstanding obligations. The Department informed the Applicant of options regarding her license due to her failure to meet the requirements of the Idaho S.A.F.E. Act.

12. On December 8, 2011, the Applicant filed for renewal of her loan origination license.

CONCLUSIONS OF LAW

13. Paragraphs 1 through 12 above are fully incorporated herein by this reference.

14. Idaho Code § 26-31-309(1)(c) provides that to renew a mortgage loan originator license, an applicant must file with the Director, through the NMLSR on or before December 31 of each year, a renewal form containing such information as the Director may require.

15. Pursuant to Idaho Code § 26-31-309(1)(a), an applicant for renewal must meet the minimum standards for licensure pursuant to Idaho Code § 26-31-306.

16. Idaho Code § 26-31-306(1)(c) provides that the Director shall not issue a mortgage loan originator license under the Act unless the Director makes a finding that the applicant has demonstrated financial responsibility, character and general fitness sufficient to

command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of the Act.

17. The Applicant has not provided adequate explanation or documentation to the Department regarding her outstanding debts. There are a number of judgments entered against her and there are a number of delinquent accounts. The Applicant did not provide any plan to satisfy the outstanding obligations or that she will not incur a similar tax obligation in the future.

18. The only information the Department has available to evaluate the Applicant's financial fitness is her credit report and her explanation regarding her outstanding obligations. This information demonstrates that the Applicant has no specific plan to clear the outstanding obligations and no assurance that the tax problems will was an isolated incident and will not occur in the future. Accordingly, the Department lacks the necessary information to determine that the Applicant has demonstrated financial responsibility, character and general fitness sufficient to command the confidence of the community and to warrant a determination that she will operate honestly, fairly, and efficiently within the purposes of the Idaho S.A.F.E. Act to justify a renewal of his license.

ORDER

NOW, THEREFORE, BASED ON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND PURSUANT TO IDAHO CODE §§ 26-31-309, 26-31-306 AND 67-5254, IT IS HEREBY ORDERED THAT THE RENEWAL APPLICATION FOR A MORTGAGE LOAN ORIGINATOR LICENSE SUBMITTED TO THE DEPARTMENT ON DECEMBER 8, 2011 BY MARY ELIZABETH ANNE SPERRY IS HEREBY DENIED.

NOTICE

19. The Applicant is HEREBY NOTIFIED that the foregoing ORDER DENYING MORTGAGE LOAN ORIGINATOR LICENSE RENEWAL APPLICATION is a final order of the Director, subject to the Applicant's right to timely initiate a contested case and request for hearing pursuant to Idaho Code § 67-5254. Such request for a must be in writing and submitted to the Department within fifteen (15) days after the service of this Order. A copy of the request for contested case and hearing shall be served on Michael Larsen, Consumer Finance Bureau Chief, at the following address:

Michael Larsen
Consumer Finance Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of the request for contested case and hearing shall also be served on the Department's counsel in this matter, Brian D. Nicholas, Deputy Attorney General, at the same address.

20. If the Applicant timely initiates a contested case and request for hearing, the Department will notify the Applicant of the date, time and place of the hearing, as well as the name and contact information of the presiding officer.

21. Any hearing and subsequent proceedings in this matter will be conducted in accordance with the Idaho Administrative Procedure Act, Idaho Code § 67-5201 *et seq.*

22. Pursuant to Idaho Code § 26-31-305(6)(b), if a hearing is held, the Applicant shall reimburse, pro rata, the Director for his reasonable and necessary expenses incurred as a result of the hearing.

IT IS SO ORDERED.

DATED this 28TH day of MARCH, 2012.



STATE OF IDAHO
DEPARTMENT OF FINANCE

GAVIN M. GEE, Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 29 day of March, 2012, I caused a true and correct fully-executed copy of the foregoing ORDER DENYING MORTGAGE LOAN ORIGINATOR LICENSE RENEWAL APPLICATION AND NOTICE OF THE OPPORTUNITY TO INITIATE A CONTESTED CASE AND REQUEST A HEARING to be served on the following by the designated means:

Mary Elizabeth Anne Sperry
1712 N. Eagleview St.
Nampa, ID 83651

- U.S. mail, postage prepaid
- certified mail
- facsimile:
- email: marysperry@rocketmail.com

Paralegal