Introduction Letter from the Bureau Chief

The Consumer Finance Bureau has been searching for a forum to provide our licensees, permittees and other interested parties with information to assist them in operating their businesses in compliance with state and federal laws and regulations. The various items within this newsletter are common issues, questions and concerns posed to the Bureau staff or found during the examination process.

As part of the Bureau’s efforts to improve communication with the companies we regulate, we hope the newsletter will be beneficial to you. This, and future issues will be available on the Department’s website at www.idahofinance.com.

We invite you to make comments and suggestions for future issues.

Michael Larsen
Consumer Finance Bureau Chief

New Appointments!

The Director of the Idaho Department of Finance, Gavin Gee, has appointed Chuck Anderson of Northwest Mortgage; Susan Semba of Idaho Housing and Finance Association; Kathy Smith of Millennium Mortgage; and Becky Thomas of Home Federal Savings to the 2004 Idaho Mortgage Broker/Lender Advisory Board. The Board works with Department representatives and will meet on a periodic basis to discuss industry concerns and make recommendations.


Licensee Outreach and Training

The Consumer Finance Bureau is assembling a new outreach and training program to be presented to licensees around the state. The training program is designed to provide information on topics ranging from what to expect in an exam, to compliance with state and federal laws. This initial training is NO COST to you! Seating is limited, so call 332-8090 or 1-888-346-3378 to reserve space no later than May 1st. Please provide names of all who will attend and a company email so we may send you a reminder notice.

Morning sessions for mortgage brokers and lenders will have sign-in at 8:30 a.m. and will run from 9:00 a.m. until noon. Afternoon session for payday, title, and regulated lenders will have sign-in at 1:00 p.m. and will run from 1:30 p.m. until 4:30 p.m.

Locations:

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
<th>Location Details</th>
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<tbody>
<tr>
<td>Coeur d’ Alene</td>
<td>May 14, 2004</td>
<td>Ameritel Inn, 333 Ironwood Ave.</td>
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<tr>
<td>Boise</td>
<td>May 19, 2004</td>
<td>East Conference Room, ground level, Joe R. Williams Bldg., 700 W State ST.</td>
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<tr>
<td>Idaho Falls</td>
<td>May 20, 2004</td>
<td>Shilo Inn, 780 Lindsay Blvd</td>
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Suggestions and comments concerning the newsletter or its contents should be sent to the Bureau at PO Box 83720, Boise, Idaho 83720-0031 or via email to kschaler@fin.state.id.us.
Meet the Consumer Finance Bureau Staff

**Michael Larsen** is the Consumer Finance Bureau Chief and previously served the Department as a Deputy Attorney General. Mike has been employed in the Attorney General’s Consumer Protection Unit, as well as being former chief legal counsel to the Idaho State Board of Education. Mike is involved with many industry trade organizations.

**Anthony Polidori** is a Supervising Examiner/Investigator and has been involved in the mortgage lending and financial services arena for eight years as both a provider of services and in a regulatory capacity. Anthony is involved with many industry trade organizations and is frequently called upon to give presentations to industry and consumer groups on topics related to residential mortgage lending and consumer finance.

**K.C. Schaler** is a Supervising Examiner over licensing and has been employed primarily in the residential mortgage lending arena for over twenty years, as both a provider of services in origination and secondary marketing, and in a regulatory capacity. K.C. is involved with several trade organizations.

**Brian Cox** is an Examiner/Investigator and has been primarily involved in the consumer credit arena for over nine years as both a provider of services and in a regulatory capacity. Brian was in the first graduating class of Idaho’s Certified Public Manager Program and frequently gives presentations to industry and consumers on topics related to residential mortgage lending and consumer finance.

**Jim Mariman** is a new addition to the Bureau as an Examiner/Investigator. He brings fourteen years of consumer and commercial banking experience as well as an MBA from Boise State.

**Richard Rowley** is also a new addition to the Bureau as an Examiner/Investigator. He brings twelve years of consumer and commercial banking experience, as well as a BA in Public Administration.

**Marti Cooper** is the Supervising Administrative Assistant to the examiners and has been with the Department of Finance for over twelve years. Marti began as a receptionist advancing to office specialist and legal secretary. Marti is devoted primarily to mortgage activity and the maintenance of the mortgage license database. She also provides license verification and status checks, answers to general questions, processes name and address changes, and prints and mails the mortgage licenses.

**Billie Kay Havery** is an Administrative Assistant to the examiners and has been with the Department of Finance for seven years. Billie Kay is devoted primarily to regulated lender, debt counselor and collection agency activity and the maintenance of the license database. She also provides license verification, answers to general questions, processes name and address changes, and prints and mails licenses and permits.

**Neta Nichols** is a Legal Office Specialist assigned as an assistant to the Deputies’ Attorney General that are assigned to the Department. Neta brings ten years of experience in the legal arena and has been with the Department for two years.
Top Consumer Complaints  
(no specific order)

**Mortgage**
- Misrepresentation of services to be provided or benefits of the loan
- Misrepresentation of effects of rescission
- Failure to transfer documents upon request by consumer
- Failure to close the loan in expected time frame
- Failure to fund immediately after closing or expiration of rescission
- Unexpected changes in loan terms at closing
- Errors in the servicing of a mortgage loan or related escrow account
- Failure to lock in loan interest rate as requested or expected

**Collection Agencies**
- Telephone harassment of debtors, family members and acquaintances
- Use of abusive language
- Use of abusive tactics prior to validation of debt owed
- Expectation of account to be paid in full at first contact

**Regulated Lenders (includes title and payday)**
- Auto dealers requiring additional down payment in order to secure financing, weeks after vehicle delivery
- Lack of understanding of loan documents
- Untrained employees

Top Exam Findings  
(no specific order)

**Mortgage**
- Misrepresentations made in connection with a transaction
- Charges for nominal services or not directly related to services provided (overcharging)
- No pre-disclosure of fees to be charged or received by licensee at closing
- Inadequate disclosure or action upon taking adverse action
- Omission of material information on truth-in-lending disclosure (accurate APR, etc)
- Documents signed by borrowers with blanks remaining
- Inadequate record keeping
- Missing state-specific early disclosure documents
- Missing rate lock-in confirmation agreement

**Collection Agencies**
- Lack of 30-day remittance of consumer-received funds to creditors
- Untrained employees

**Regulated Lenders (includes title and payday)**
- Funds loaned to consumers without consideration of repayment ability
- Payday lenders not adhering to requirements of new lending law
- Inadequate recordkeeping by title lenders in repossession files and repayment ability of consumers
- Untrained employees

Frequently Asked Questions

**Q:** What is the maximum NSF fee I can charge on a returned check?
**A:** $20. Idaho Code 28-22-105

**Q:** Where will my license or permit be mailed?
**A:** To the listed licensed address.

**Q:** How many loans may be done in Idaho without a license?
**A:** None. Neither the Idaho Residential Mortgage Practices Act nor the Idaho Credit Code have provisions for any production-related exemptions.

**Q:** Does approval by FNMA, FHLMC, HUD/FHA or VA exempt an entity from licensing?
**A:** No

**Q:** If we are a foreign corporation do we need to get a license?
**A:** For mortgage brokering, mortgage lending and consumer lending (including payday and title), foreign corporation status does not eliminate the requirement to be licensed. For collection agencies and debt counselors, permit requirements will differ if there is no in-state presence.

**Q:** Does Idaho require a brick and mortar physical presence in Idaho for mortgage or consumer lending?
**A:** No

**Q:** How do I change an address on my license?
**A:** Fax or mail a letter providing the old address, new address and any changes to phone and fax numbers, and effective date, 15 days prior to the change. There is no fee.

Did you know...

Idaho is among the first states to adopt the uniform residential mortgage broker and lender license application form designed by the American Association of Residential Mortgage Regulators? Benefits include ease of reproduction of duplicative information required in most state applications and reduction of regulatory burden for entities conducting business in multiple states.
IMPORTANT DATES TO REMEMBER

Renewals and Annual Notifications

- Regulated Lenders (includes title & payday lenders, sellers and assignees): January 31
- Collection Agencies & Debt Counselors: March 15
- Mortgage Brokers & Lenders: August 31

Annual Reports of Activity

- Regulated Lenders (includes title & payday lenders): May 31
- Collection Agencies & Debt Counselors: March 15
- Mortgage Brokers & Lenders: August 31

Quotable Quotes

“How would the department find out if we closed a loan without a license?”
“I can’t come to the hearing--I locked my keys in the car.”
“What does ‘APR’ mean and how do you spell it?”
“It says to put the name of the person to contact. Well, that would be me. Do you want me to put that?”
“I just got this renewal in the mail. Can you check and see if I already sent it?”
The form says it’s due January 31. This is February. If I sent it today would it be late?”
“What is ‘C/S/Z’ in the address section?”

found on a resume

“he owns 29% of company, does Banking and fiance” (We’re sure the fiance is glad to be on the resume!)

and...the number one favorite, overheard during an exam, from a loan officer to a borrower:

“The APR is the ‘average person’s rate’ but that’s not the rate you’ll get.”

Contact Information for the Idaho Department of Finance

Main phone number (208)-332-8000
Consumer Finance Bureau (208) 332-8002
Facsimile (208) 332-8099

USPS (regular Mail)
Idaho Department of Finance
PO Box 83720
Boise ID 83720-0031

Overnight Delivery
Idaho Department of Finance
700 W State Street 2nd Floor
Boise ID 83702

BUREAU STATISTICS

Licensees
- Mortgage Brokers 710
- Mortgage Lenders 786
- Dual/2nd mtg 243
- Regulated Lenders 247
- Payday Lenders 152
- Sellers 1420
- Assignees 68
- Collection Agencies 145
- Foreign Permittee 344
- Debt/Credit Counselors 29

Enforcement Actions (7/1/2003-12/31/2003)
- Mortgage Brokers/Lenders
  - Agreement & Order 8
  - Cease & Desist Order 1
  - Revocation Order 0
  - Denial Order 3
- Regulated Lenders (all types)
  - Agreement & Order 0
  - Cease & Desist Order 0
  - Revocation Order 1
  - Denial Order 2
- Collection Agencies/Debt Counselors
  - Agreement & Order 1
  - Cease & Desist Order 3
  - Revocation Order 0
  - Denial Order 0

Complaints (written)
7/1/2003-12/31/2003 148

Exams - on site
7/1/2003-12/31/2003 170