



# THE IDAHO COMPLIANCE CONNECTION

FALL 2012

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## 2013 LEGISLATIVE PROPOSALS FROM THE DEPARTMENT OF FINANCE

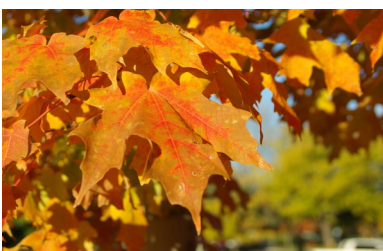
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The Department regularly evaluates whether it should propose amendments to the laws it administers for the purposes of reducing regulatory burden and improving efficiencies in the Department's regulatory activities. Also, the Department must consider whether statutory amendments are necessary to comply with applicable federal laws and regulations in areas such as loan originator licensing. This year, the Department is proposing a few statutory amendments to meet the above goals. The Department's proposed amendments for the upcoming legislative session come after consulting with financial services and mortgage industry representatives. The Department appreciates the valuable input it has received from industry participants in this process.

The following is a general description of the Department's proposed amendments to the Idaho Residential Mortgage Practices Act and the Idaho Credit Code and the purposes for the proposed amendments:

### **Idaho Residential Mortgage Practices Act (IRMPA) –**

- Amend licensing renewal provisions for mortgage brokers, lenders, and loan originators to provide a reinstatement period for licensees who fail to renew on time. The purpose of this proposed amendment is to allow a licensee who fails to renew on time, or who cannot clear renewal deficiencies by the renewal deadline, to reinstate a license within 60 days after the renewal deadline. This amendment would reduce the amount of documentation required for a reinstatement as opposed to requiring a person to resubmit an application for licensure after the expiration of a prior license. The total cost to a person for reinstatement should be no greater than the overall cost of applying for a new license. The benefit to the licensee of a reinstatement period is not having to submit a new license application after missing a license renewal deadline.
- Create a provision allowing the Department to consider a license application to be withdrawn after a 60-day time period during which a license applicant has failed to clear all license application deficiencies. The purpose of the proposed amendment is to allow the Department to treat a license application as abandoned or withdrawn in instances where the applicant cannot timely meet deficiency requirements. The benefit to license applicants is the avoidance of a formal administrative order denying license applications that are never completed. Such orders, when issued, are reportable actions that must be reported in future license applications. By this proposal, the Department is seeking to help license applicants avoid administrative denial orders resulting merely from a failure to submit a complete license application within a 60-day window.



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- Provide additional definitions and clarifications of exemptions. The proposed amendments add definitions for “control persons,” “financial services,” “expungement,” and the “NMLS Policy Guidebook.” These definitions will assist the Department in applying uniform licensing standards. The amendments also clarify that mortgage license exemptions apply to attorneys and accountants licensed in Idaho in the representation of their clients. Additionally, the proposed amendment removes an exception from the definition of “mortgage loan originator” that is inconsistent with federal SAFE Act requirements relating to manufactured home dealers and provides an exemption for government entities and their employees.
- Finally, proposed amendments to the IRMPA include a provision that prohibits individuals from violating test taking or required education credit procedures associated with obtaining or retaining a mortgage loan originator license. Also, the proposed amendments provide investigative authority to the Department in instances where entities or individuals engage in unlicensed mortgage related activities.

#### **Idaho Credit Code (ICC) –**

- The proposed amendments to the ICC will create license reinstatement provisions similar to those proposed for the IRMPA. The purpose of this proposed amendment is to allow regulated and payday lender licensees who fail to renew on time, or who cannot clear renewal deficiencies by the renewal deadline, to reinstate a license within 60 days after the renewal deadline. This change also reduces the amount of documentation required for a license reinstatement. The total cost to a person for reinstatement should be no greater than the overall cost of applying for a new license. The benefit to the licensee of a reinstatement period is not having to submit a new license application after missing a license renewal deadline.

- The proposed amendments also establish that a regulated or payday lender license application shall be abandoned or withdrawn after a 60-day period during which an applicant has been unable to clear deficiencies. As with the proposed amendment to the IRMPA, by this proposed amendment the Department is seeking to help license applicants avoid administrative denial orders resulting merely from a failure to submit a complete license application within a 60-day window.
- Additional proposed amendments will apply advertising and solicitation prohibitions against unlicensed regulated, payday, and title lenders. The purpose of these amendments is to ensure that unlicensed entities that engage in advertising, soliciting, or offering consumer loans in Idaho can be held accountable for failing to comply with the provisions of the ICC.

#### **Online License Maintenance –**

- The Department is also proposing statutory language that will allow license applicants and licensees the option of utilizing an online nationwide licensing system for maintaining their license records. The purpose of this proposed amendment is to provide all licensees and license applicants the ability to utilize the benefits of online license maintenance. Those benefits include being able to establish a single licensing record for use among various state jurisdictions and to utilize an online technology platform for submitting required licensing information.

Keeping in mind its objectives of promoting financial services in Idaho while also engaging in prudent regulation of those activities, the Department will work with various representatives of financial services industries to ensure that these proposed amendments meet the goals of reducing regulatory burden and promoting efficient oversight of the industries the Department regulates.

## **Notice of Mail Delivery**

***Please pick up certified mail!*** Certain communications are sent to licensees via certified mail. *This information is usually time sensitive and requires action from the licensee within a specified time period.* If a certified mailing is returned to the Department, contact will be made with the licensee to verify the address. After three failed delivery attempts, the licensee will be required to arrange delivery of the communication at his or her own

“None is more impoverished than the one who has no gratitude.

Gratitude is a currency that we can mint for ourselves, and spend without fear of bankruptcy.”

Fred De Witt Van Amburgh

.... Did You Know ....



Credit Reports are required of mortgage entity control persons (Form MU2) and MLOs (Form MU4) for each application and every annual license renewal. Everyone should become familiar with Idaho Policy 2011-01 pertaining to financial responsibility and the requirements to obtain or retain a license.



The Bureau does not mail annual renewal forms. For the past four years the Bureau has sent courtesy email notifications as a reminder to renew licenses and how to obtain necessary forms. It is important that all licensees keep current (preferably personal) email addresses on file with the Bureau. If your internal control systems block batch or bulk emails you may want to consider changing that or adding the department’s domain as a safe sender.

WELCOME TO THE DEPARTMENT OF FINANCE



MARY DAMBITIS — as a temporary Office Specialist II specifically to help with data input for the collection agencies and their individual agents

BETTY ADCOCK — as a temporary Office Specialist II specifically to help in the document scanning project for the licensing and examination records



The Bureau does not issue paper licenses except in the case of mortgage broker broker/lender licensees. Mortgage broker/lender licensees are still required by law to display their current license(s). All approved license information is displayed on the Department’s website at http://finance.idaho.gov, as well as renewal confirmation and other detailed information. Licenses may additionally be verified in the NMLS Consumer Access at http://www.nmlsconsumeraccess.org for mortgage brokers and lenders, mortgage loan originators and registered regulated lenders and exempt entities.



The Nationwide Mortgage Licensing System (NMLS) can be reached by phone at (240) 386-4444 AND email at NMLS.CallCenter@statemortgageregistry.com.



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# CONSUMER FINANCE BUREAU STATISTICS

## AS OF OCTOBER 31, 2012

**Active Licensees** (as of 10/31/2012)

Mortgage Brokers/Lenders	587
Mortgage Loan Originators (Approved-Active)	1520
Mortgage Loan Originator (Approved-Inactive)	240
Regulated Lenders (includes title lenders)	528
Payday Lenders	211
Collection Agencies	652
Debt/Credit Counselors	53
Debt Buyers	121
Credit Repair Company/Organization	8
Collection Agency Agents/Solicitors	44,130

**New Applications Received** (6/1/2012 – 10/31/2012)

Mortgage Brokers/Lenders	84
Mortgage Loan Originators	329
Regulated Lenders (includes payday/title)	37
Collection Agencies (all categories)	95

**Revocations/Denials** (6/1/2012 – 10/31/2012) 0

**Withdrawals** (6/1/2012 – 10/31/2012)

Mortgage Broker/Lenders	44
Mortgage Loan Originators	78
Regulated Lenders (includes payday/title)	24
Collection (all categories)	41

**Terminations (failed to renew licenses)** (6/1/2012 – 10/31/2012)

Mortgage Broker/Lenders	0
Mortgage Loan Originators	0
Regulated Lenders (includes payday/title)	8
Collection (all categories)	0

**Exams Conducted** (6/1/2012 – 10/31/2012)

Mortgage Brokers/Lenders	15
Regulated Lenders (includes payday/title)	69
Collection Agency	29

**Complaints filed (written)** (6/1/2012 – 10/31/2012)

Mortgage (origination/servicing)	16
Loan Originators	2
Collection Agency	49
Regulated Lender (finance co., payday, title)	26
Idaho/Federal chartered banks and credit unions	46
Unlicensed activity (all categories)	104

**Complaints Closed** (6/1/2012 – 10/31/2012) 136



**There is a new license prefix of "CDS" for the Collection Agency licensees to identify companies that are primarily (or solely) engaged in debt settlement.**



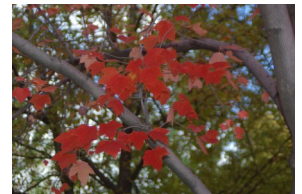
## Online Licensing Coming!

Beginning in July 2013, it is anticipated that online license application and renewal filings for applicants and licensees under the Idaho Credit Code (ICC) and Idaho Collection Agency Act (ICAA) will become available on a voluntary basis through the NMLS—a nationwide state-owned online licensing system. The NMLS has been operational since January 2008 with the goal of accommodating multiple industry licensing programs. To date the NMLS has primarily been associated with the mortgage industry. However, in 2012 several states, including Idaho, began offering the online license maintenance benefits of the NMLS to additional industries, including money service providers, collection agencies, and consumer lenders.

In May of this year the Department sent out a survey to licensees under the ICC and ICAA to gauge licensees' interest in utilizing the NMLS for online license maintenance. The response rate was in excess of twenty-percent with most responses indicating at least some level of interest in voluntarily utilizing the NMLS for online maintenance of license records. Based on these responses, the Department is pursuing a statutory amendment to authorize voluntary use of the NMLS by licensees under the ICC and ICAA for online license maintenance.

During the second quarter of 2013 the Department will begin sending information to interested licensees about the transition process of their license records to the NMLS. This information will also be posted on the Department's website for easy access. Licensees can view information about the NMLS and states' plans for expansion on the NMLS website at <http://mortgage.nationwidelicencingsystem.org> or by using the "NMLS" link on the Department's website. Also available is the link to "[Consumer Access](#)" which displays certain public information on licensees for consumers and other interested parties.

Please watch for more information to come in early 2013.



## "TIP" OVER BOX

Please keep your email addresses and contact personnel information current! The Department's primary method of communication and information distribution is electronic. Electronic communications include, but are not limited to:

- ⇒ training notices
- ⇒ newsletters
- ⇒ renewal reminders and information
- ⇒ application and license deficiency notifications

Companies are encouraged to have a **general** email on record that more than one person at their business can access (not a third party entity) and is not subject to change due to employee turnover. Individual licensees are encouraged to keep a personal, non-work related email address current. Ultimately, it is the licensee's responsibility to know the requirements of the law, rules and policies to maintain their licenses and operate their business activities within those standards.



### PERSONAL IDENTIFICATION SEQUENCES

- ☛ UNITED STATES —  
###-##-#### (SSN)
- ☛ CANADA —  
###-###-### (SIN)
- ☛ INDIA —  
LLLL####L (PAN)
- ☛ PHILLIPINES —  
##-#####-# OR  
#-#####-# (TIN)
- ☛ WEST INDIES —  
#####
- ☛ MEXICO —  
LLLL#####LLLLL##  
(CURP)
- ☛ HONDURAS  
####-####-#####
- ☛ COSTA RICA  
#-#####  
(CEDULA)
- ☛ AUSTRALIA  
###-###-###

# = NUMBER L = LETTER

**Social Security Number or Other Country Equivalent**



(Continued from page 3)

### \*\*\*\*\*

Bureau examiners participated in eight consumer education conferences, high school and college financial education training programs reaching over 407 participants and attendees between June 1, 2012 and October 31, 2012.

### \*\*\*\*\*

The Bureau has processed 33,032 loan originator sponsorship/relationship requests since January 2, 2008, when the NMLS went live.

### \*\*\*\*\*

The Department has expanded its involvement on the NMLS to include licensing money transmitters on a voluntary basis as of September 1, 2012. More expansion news coming!

### \*\*\*\*\*

The number one complaint received by the Department this period was for unlicensed activity. If you become aware of an entity that may need to be licensed in order to conduct business in Idaho please contact the Department by email at [mortgage@finance.idaho.gov](mailto:mortgage@finance.idaho.gov) or by calling (208) 332-8002.

**Collection Agency Licensees**—did you receive a warning letter for not filing the Notification of Agents report in the required format? Or for not filing timely? Did you receive a deficiency notice for failing to include your RPIC in the Notification of Agents or including the registration fee? Please take that extra moment to review the instructions that accompany this report form and call Karen Carlyle at 208-332-8085 prior to filing if you have questions.

Forms and instructions are available on the Department’s website at <http://finance.idaho.gov> in the Collection Agency Forms section. Quarterly reports should be filed **no earlier** than a week prior to the deadline in order to provide the most current and accurate information. Quarterly filing dates should target between June 8-15, September 8-15 and December 8-15. Font size and format requirements are contained within the form instructions—please comply with the instructions to avoid having a filing returned.

**ENFORCEMENT ACTIONS**

June 1 , 2012 through October 31, 2012

**COLLECTION AGENCIES, DEBT/CREDIT COUNSELORS, DEBT BUYERS, CREDIT REPAIR COMPANIES**

**AUTOVEST, LLC** (Southfield, Michigan) – July 30, 2012 – Consent Order entered for violations of the Idaho Collection Agency Act. The company paid \$6,000 to the Department in penalties, investigative costs, and attorney fees. The company was subsequently licensed.

**BINGHAM COLLECTIONS, INC.** (Blackfoot, Idaho) – August 10, 2012 – Consent Order entered for violations of the Idaho Collection Agency Act. The company paid \$6,000 to the Department in penalties, investigative costs, and attorney fees. The company remains licensed.

**TRINITY ENTERPRISES, LLC also doing business as TRINITY ENTERPRISES PARTNERS LLC** (Oviedo, Florida and Winter Park, Florida) – August 20, 2012 – Order to Cease and Desist issued against Trinity Enterprises, LLC, also doing business as Trinity Enterprises Partners LLC, for violations of the Idaho Collection Agency Act. The company had engaged in unlicensed credit repair activities and charged for services before such services were fully performed.

**MCGUIGAN LAW OFFICE, LLC** (Levittown, Pennsylvania) – September 17, 2012 – Consent Order entered for violations of the Idaho Collection Agency Act. The company paid \$3,500 to the Department in penalties, investigative costs, and attorney fees. The company was subsequently licensed.

**MJOLLNIR GROUP, INC.** (Bountiful, Utah) – September 24, 2012 – Consent Order entered for violations of the Idaho Collection Agency Act. The company paid \$1,500 to the Department in penalties, investigative costs, and attorney fees. The company was subsequently licensed.

**CREDIT BUREAU OF JAMESTOWN, INC., dba CBJ CREDIT RECOVERY** (Jamestown, New York) – September 25, 2012 – Consent Order entered for violations of the Idaho Collection Agency Act. The company paid \$1,500 to the Department in penalties, investigative costs, and attorney fees. The company was subsequently licensed.

**EMPIRE COLLECTION AUTHORITIES, INC.** (Aberdeen, Washington) – October 2, 2012 – Consent Order entered for violations of the Idaho Collection Agency Act. The company paid \$3,500 to the Department in penalties, investigative costs, and attorney fees. The company was subsequently licensed.

**COAST TO COAST FINANCIAL SOLUTIONS, INC.** (Thousand Oaks, California) – October 18, 2012 – Consent Order entered for violations of the Idaho Collection Agency Act. The company paid

\$11,000 to the Department in penalties, investigative costs, and attorney fees. The company was subsequently licensed.

**LAW OFFICES OF ANDREU, PALMA & ANDREU, PL** (Miami, Florida) – October 29, 2012 – Consent Order entered for violations of the Idaho Collection Agency Act and federal Fair Debt Collection Practices Act. The company paid \$11,000 to the Department in penalties, investigative costs, and attorney fees. The company was subsequently licensed.

**MORTGAGE BROKER/LENDERS**

**SMART FUNDING CORP** (Santa Ana, California) – June 26, 2012 – Order issued denying the company's mortgage license renewal application based on a failure to meet statutory requirements for license renewal.

**PINNACLE CAPITAL MORTGAGE CORPORATION** (Roseville, California) – August 30, 2012 – Consent Order entered for violations of the Idaho Residential Mortgage Practices Act. The company paid \$75,000 to the Department in penalties, investigative costs, and attorney fees. The company remains licensed.

**MORTGAGE LOAN ORIGINATORS**

**AUDREY P. D'ORAZIO** (Nampa, Idaho) – September 5, 2012 – Order denying Ms. D'Orazio's mortgage loan originator renewal application based on her application and based on requirements of the SAFE Act. Ms. D'Orazio requested a hearing to appeal the order. Prior to the hearing date Ms. D'Orazio withdrew her renewal application. The parties subsequently stipulated to dismiss the appeal, and on September 5, 2012, the hearing officer filed a corresponding order.

Good things are coming down the road. Just don't stop walking.



Robert Warren Painter, Jr.



**Idaho Department  
of Finance**



**USPS  
(Regular Mail)**

IDAHO DEPARTMENT OF FINANCE  
P O BOX 83720  
BOISE ID 83720-0031

**OVERNIGHT DELIVERY**

IDAHO DEPARTMENT OF FINANCE  
800 PARK BLVD STE 200  
BOISE ID 83712

**Phone:**  
(208) 332-8000

**Consumer Finance Bureau:**  
(208) 332-8002

**Facsimile:**  
(208) 332-8096

**Website:**  
<http://finance.idaho.gov>

**Email Contacts**  
[mortgage@finance.idaho.gov](mailto:mortgage@finance.idaho.gov)  
or [mlo@finance.idaho.gov](mailto:mlo@finance.idaho.gov)



This newsletter is produced semi-annually as a part of the Consumer Finance Bureau's continued communication outreach with the companies it regulates. Delivery is provided by electronic notification of its availability on the Department's website at <http://finance.idaho.gov>.

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 [kc.schaler@finance.idaho.gov](mailto:kc.schaler@finance.idaho.gov)

**IMPORTANT DATES TO REMEMBER!**

**Annual License Renewals Last Date to Complete**

Collection Agencies .....	March 15 <sup>th</sup>
Regulated Lenders (includes payday and title lenders) .....	May 31 <sup>st</sup>
Mortgage Brokers/Lenders .....	December 31 <sup>st</sup>
Mortgage Loan Originators .....	December 31 <sup>st</sup>

**Annual Reporting of Activity Final Date To File**

Collection Agencies .....	March 15 <sup>th</sup>
Mortgage Brokers/Lenders Call Reports .....	Qtr1-May 15th Qtr2 –August 14th Qtr3 – November 14th Qtr4–February 14th
Regulated Lenders .....	May 31 <sup>st</sup>

\*Idaho Collection Agency Quarterly Agent Report filings are due on June 15, September 15 and **December 15**. These should be filed **as close to the 15<sup>th</sup>** as possible to report accurate hiring additions and terminations **as of that date**—not weeks in advance or after. ***Please mark your calendar.***

**Please make a note on your Calendar**