



THE IDAHO COMPLIANCE CONNECTION

Winter 2015

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Operation Collection Protection” (OCP)

The Idaho Department of Finance participated in “Operation Collection Protection” (OCP), a coalition of federal, state, and local enforcement and regulatory organizations committed to working cooperatively and devoting greater resources to address illegal debt collection practices. In addition to the Department more than 73 organizations participated in OCP, including the Federal Trade Commission, Consumer Financial Protection Bureau, Department of Justice, 47 state attorneys general and the District of Columbia, 17 state regulatory agencies, one Canadian provincial regulatory agency, and a number of local authorities. As a result, the agencies have announced more than 115 actions against illegal debt collection operations taken since the first of the year. These actions include filings in state and federal court, administrative consent agreements, cease and desist orders, and license revocations. Many of these actions were taken jointly by OCP participants.

Committed to the enforcement of Idaho’s collection laws, the Department took five administrative actions against unlicensed debt collectors, which included four administrative consent orders and one order to cease and desist from collection activities against Idaho consumers. Director Gavin Gee stated, “Unlicensed debt collection activity can be harmful to consumers, creditors and the credit services market. Unlicensed entities attempting to collect invalid debt or otherwise failing to comply with Idaho law can cause significant financial hardship for consumers. Moreover, even where a debt may be valid, illegal collection activities negatively impact those agencies who comply with Idaho law.”

Gee also noted that, “Whether you’re a consumer receiving collection calls or a business attempting to find a third-party debt collector to assist in recovering on overdue accounts, you can always contact the Idaho Department of Finance to determine if a collection agency is licensed or to report unscrupulous and unlicensed collection attempts.”

A number of agencies have also taken non-public actions to correct problems occurring within their jurisdictions to assure the companies involved are




Sawtooth Mountains

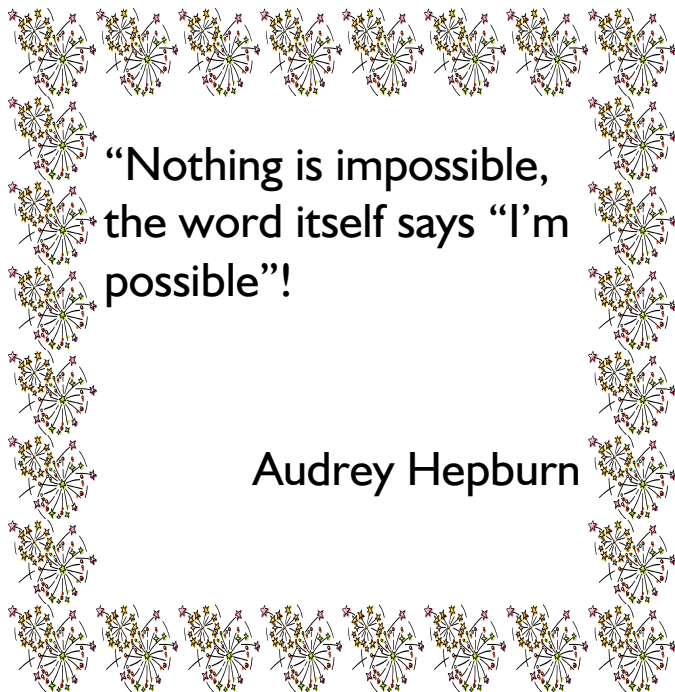
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following the law. A link to the information on OCP participants and the actions taken by those agencies can be found at this [link](#) on the Department’s website at www.finance.idaho.gov.

On the Department’s website under “Financial Literacy,” the Department also provides educational brochures related to the debt collection process. Idahoans may peruse brochure topics that include the Federal Fair Debt Collection Practices Act, debt collection Q&A brochure, as well as a sample debt collection response letter. The Department also provides a variety of informational brochures on topics such as credit repair, debt settlement, and how to dispute credit reporting errors.

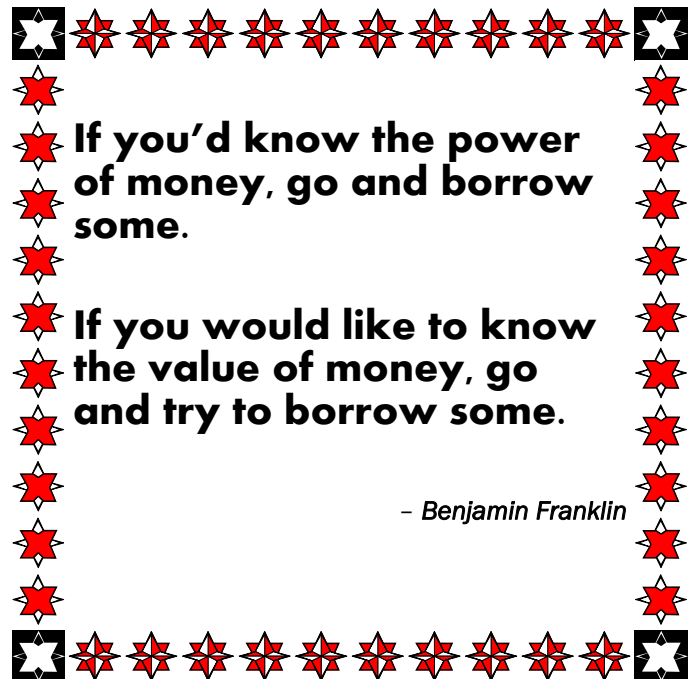
**Top Consumer Complaints
June 1 through October 15, 2015**

<p>Mortgage Servicers Account disputes</p> <p>Mortgage Loan Originators Account disputes and advertising</p> <p>Debt/Credit Counseling and Collection Agencies Unlicensed activity</p>	<p>Mortgage Broker/Lender Communication and customer service</p> <p>Payday/Title and Consumer Lenders Payment and account disputes</p> 
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“Nothing is impossible,
the word itself says “I’m
possible”!

Audrey Hepburn



**If you’d know the power
of money, go and borrow
some.**

**If you would like to know
the value of money, go
and try to borrow some.**

- Benjamin Franklin

CONSUMER FINANCE BUREAU STATISTICS

AS OF OCTOBER 31, 2015

Active Licensees (as of 10-31-2015)

Mortgage Brokers/Lender	831
Mortgage Loan Originators (Approved-Active)	2549
Mortgage Loan Originators (Approved-Inactive)	370
Regulated Lenders (including Title Lenders)	652
Payday Lenders	192
Collection Agencies	616
Debt/Credit Counselors	42
Debt Buyers	105
Credit Repair Company/Organizations	8
Debt Settlement Companies	9
Collection Agency Agents/Solicitors	47,170

New Applications Received (6-1-15 to 10-31-15)

Mortgage Brokers/Lenders	115
Mortgage Loan Originators	554
Regulated Lenders (including payday/title)	40
Collection Agencies	75

Revocations/Denials (6-1-15 to 10-31-15)

1

Withdrawals (6-1-15 to 10-31-15)

Mortgage Broker/Lenders	61
Mortgage Loan Originators	112
Regulated Lenders (including Payday/Title)	4
Collection Agencies	7

Terminations (failed to renew licenses) (6-1-15 to 10-31-15)

Mortgage Broker/Lenders	0
Mortgage Loan Originators	0
Regulated Lenders (including Payday/Title)	31
Collection (all categories)	0

Exams Conducted (6-1-15 to 10-31-15)

Mortgage Brokers/Lenders	39
Branches	58
MLOs	295
Regulated Lenders (including payday/title)	18
Branches	53
Collection Agency	1

Complaints filed (written) (6-1-15 to 10-31-15)

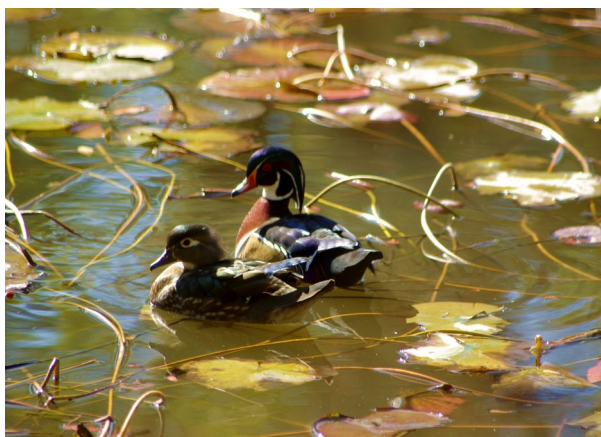
Mortgage (Origination/servicing)	10
Loan Originators	2
Collection Agency	42
Payday Lender, Regulated Lender (Finance Co., Payday, Title)	17
Idaho/Federal Chartered Banks and Credit Unions	14
Unlicensed Activity (all categories)	29

Complaints Closed (6-1-15 to 10-31-15)

108

Financial Impact to consumers from closed complaints (6-1-15 through 10-31-15)

\$22,084



Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible.

Francis of Assisi

Wild Ducks in Katherine Albertson Park

Supervisory Expectations Regarding the Use of Electronic Examinations Tools

The Multi-state Mortgage Committee (MMC) is issuing an industry bulletin to mortgage lenders to make their supervisory expectations regarding the use of electronic examination tools clear.

The MMC relies heavily upon technology that provides for a complete loan review. The use of this technology allows regulators to more efficiently and effectively evaluate risk and minimizes costs associated with examinations. State regulators expect mortgage lenders and brokers to provide data that completely and accurately reflects the status of their loan portfolios in a timely manner and in an acceptable format.

During some recent examinations, the MMC has observed that certain companies were unable to provide comprehensive and accurate data in an acceptable format. These exams are more costly and disruptive to companies as the exam team typically spends additional time attempting to resolve the data issues including, at times, manually entering data into the system. Moving forward, the MMC will consider companies that provide incomplete and inaccurate data to be non-compliant with state requirements regarding records production, including the adequacy and accuracy of those records. As a result, the MMC will cite in multi-state examination reports any problems obtaining useable electronic data during the exam and will recommend state regulators take enforcement action as necessary.

The MMC began an initiative in 2008 to modernize the examination platform used by state regulators. The MMC achieved this goal by utilizing technology that assists examiners in reviewing loan transaction data. An automated compliance review system allows for computational and transactional review of a larger statistical sample. This review includes an analysis of virtually every loan originated or funded by the institution. This automated approach provides pre-screening for file review and assists in determining the ultimate scope of the examination, thereby allowing for a more targeted and risk-based approach to the examination.

State regulators issued letters to the industry in October 2009 setting expectations with regard to the use of this new technology, while acknowledging that a certain passage of time would be necessary for licensees to meet expected data integrity levels. The regulators set an expectation that full participation in this electronic examination process be in place by early 2011.

To date, despite years of preparation and anticipated compliance, the mortgage industry has regularly failed to provide clean data in a format acceptable to the regulators' technology platform. A common problem with data uploads revolves around the way the loan fields are arranged, and a lack of data reconciliation by the institutions with regard to post close files. Adjustments to the transaction that occur at, or after the time of closing are part of the transaction record and must be included within the data uploaded in order for the records to be complete and accurate.

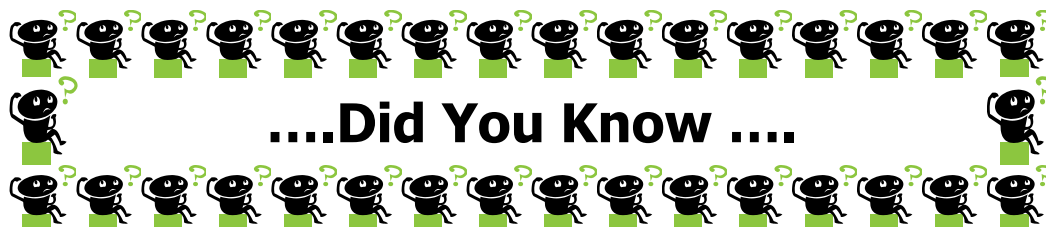
The mortgage crisis made clear that a sampling of a *de minimis* segment of a company's loan portfolio is inadequate for identifying pervasive systemic risk. The use of technology to scan a loan portfolio for violations has been in existence for many years, and will increasingly be an approach used by regulators in assessing a company's level of compliance.

The MMC will continue to rely heavily upon this technology, and will consider companies that cannot provide complete, accurate and properly formatted data to be non-compliant with respect to records production. In an effort to move those in the industry that remain unable or unwilling to provide the data as requested, the MMC has elected to recommend to state regulators to take an enforcement action should a company be unable to timely provide data that accurately reflects the status of its loan

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portfolio. The states may take action for the non-compliance. The issues that have impeded the regulators' ability to conduct electronic examinations must be rectified, and when resolved, will enable a more efficient and timely regulatory process.



● **The Department is now on social media? Follow us on:**

● Regulated Lender, Payday Lender and Collection Agency licensees continue to transition their license records to the NMLS and maintain their licenses electronically. Licensees and applicants have access to their records nearly 24/7 from any location with internet access allowing true convenience and mobility to file amendment updates, renewals, new applications, access training information, reports and more. Visit <http://mortgage.nationwidelicencingsystem.org> for more information.

● Credit Reports are required of mortgage company **control persons** (Form MU2), which include QPICs and branch managers, as well as **MLOs** (Form MU4) for each new application and **every annual license renewal**. Credit reports must be authorized **prior** to attesting to the filing. Licensees & perspective licensees are encouraged become familiar with [Idaho Policy 2011-01](#) pertaining to financial responsibility and the requirements to obtain or retain a license.

● Criminal Background Checks for mortgage control persons will NOT be required until the functionality is available in the NMLS. Watch for updates in 2016!

● The Department's Consumer Finance Bureau (Bureau) does not mail annual renewal forms. For over six 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 email addresses on file with the Bureau.** If your internal control systems block batch or bulk emails you may want to consider contacting your IT department about changing that or adding the department's domain as a safe sender.

● The Bureau does not issue paper licenses. All approved license information, including a renewed through date, is displayed on the Department's website at www.finance.idaho.gov. For licensees on NMLS, licenses may additionally be verified in NMLS Consumer Access at <http://www.nmlsconsumeraccess.org>.

● The Nationwide Multistate Licensing System and Registry (NMLS) can be reached by phone at 1-855-NMLS-123 (1-855-665-7123) **AND** email at NMLS_CallCenter@statemortgageregistry.com.

● Bureau examiners participated in five consumer and community education programs reaching over 900 participants and attendees between June 1, 2015 and October 31, 2015.

● As of October 31, 2015 the Bureau has processed over 53,200 loan originator sponsorship/relationship requests since January 2, 2008 when the NMLS went live. *These transactions are solely related to employment changes.*


● Unlicensed activity is still the number one complaint received by the Department. If you become aware of an entity that may need to be licensed to conduct business in Idaho, please contact the Department by email at mortgage@finance.idaho.gov or phone call at (208) 332-8002 option 1.

PERSONAL

IDENTIFICATION

SEQUENCES FOR INPUT INTO THE ACCESS IDAHO SITE Always put the dashes in the number sequence

 UNITED STATES —
###-##-#### (SSN)

 CANADA —
###-###-### (SIN)

 INDIA —
LLLL####L (PAN)

 PHILLIPINES —
##-#####-# OR
#-#####-# (TIN)

 WEST INDIES —
#####

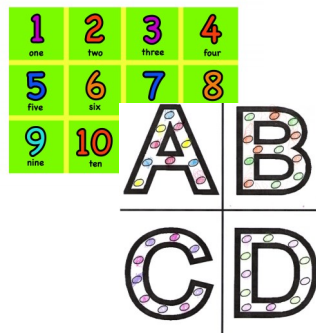
 MEXICO —
LLLL#####LLLLL##
(CURP)

 HONDURAS
####-####-####

 COSTA RICA
#-####-####
(CEDULA)

 AUSTRALLIA
###-###-###

= NUMBER L= LETTER
Social Security Number or
Other Country equivalent



Tips...

A few tips for Collection Agency licensees filing Quarterly and Annual Notification of Agent forms:

- * Forms cannot be dated and submitted more than 30 days prior to the due date. Those received outside that time frame will be required to file an amendment certifying to current information within that window period.
- * Agent U.S. Social Security Numbers must only be reflected in the boxes marked SSN. Agents that hold identification numbers from countries other than the U.S. must list those numbers in the section for “Other ID”.
- Agent start dates are to be the date that the agent/collector began licensable activities in Idaho—not their hire date with the company.

Agent Reporting can be done either through Access Idaho or by the paper format—[Notification of Agents](#) form can be found on the department’s website.

Mortgage inquiries and information not required in NMLS may be sent to mortgage@finance.idaho.gov.

Loan originator inquiries and information not required in NMLS may be submitted to mlo@finance.idaho.gov.

Regulated lender, title lender, and payday lender inquiries and information may be submitted to ICC.mail@finance.idaho.gov.

Collection agency inquiries and information may be submitted to collections@finance.idaho.gov.

Access Idaho Agent inquiries, problems and information may be submitted to agents@finance.idaho.gov.

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 party in 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.

ENFORCEMENT ACTIONS

June 1, 2015 through October 31, 2015

Collection Agencies, Debt/Credit Counselors, Debt Buyers, Debt Settlement Companies, Credit Repair Companies

COMMERCIAL INDUSTRIES SERVICE, INC., dba CISCO, INC. (Houston, Texas) – July 7, 2015 – Consent Order entered into addressing unlicensed activity under the Idaho Collection Agency Act (the Act). Under the terms of the consent order, the company admitted to engaging in violations of §§ 26-2223(1) and –(2) of the Act to include collecting against Idaho residents without a license; agreed to cease and desist from all collection activities in Idaho until the company maintains a license to do so in Idaho; and agreed to pay to the Department an administrative penalty of \$2,000 and attorney fees and investigative costs in the amount of \$500.

The company applied for and was granted an Idaho collection agency license.

JSD MANAGEMENT, INC. dba JAMES, STEVENS & DANIELS (Dover, Delaware) – July 27, 2015 – Consent Order entered into addressing unlicensed activity under the Idaho Collection Agency Act (the Act). Under the terms of the consent order, the company admitted to engaging in violations of §§ 26-2223(1) and –(2) of the Act to include collecting against at least seventy-two (72) Idaho residents between 2014 and 2015 without a license; agreed to cease and desist from all collection activities in Idaho until the company maintains a license to do so in Idaho; and agreed to pay to the Department an administrative penalty of \$2,000 and attorney fees and investigative costs in the amount of \$500.

The company applied for and was granted an Idaho collection agency license.

INTERMOUNTAIN CREDIT SERVICES, LLC and AKBERET MEHERTAB, individually (Boise, Idaho) – October 15, 2015 – Consent Order entered into addressing unlicensed activity under the Idaho Collection Agency Act (the Act). Under the terms of the consent order, Intermountain and Mehertab admitted to the allegations contained in the consent order, to include collecting against Idaho residents without a license and also agreed to pay to the Department an administrative penalty of \$1,000 and attorney fees and investigative costs in the amount of \$500.

Intermountain and Mehertab applied for and were granted an Idaho collection agency license.

MORTGAGE BROKER/LENDERS

LEGAL LOAN REPAIR, LLC (Cottonwood Heights, Utah) – August of 2014 – Consent Order entered into addressing unlicensed activity under the Idaho Residential Mortgage Practices Act (the Act). Under the terms of the consent order, the company admitted the unlicensed activity and agreed to pay restitution in the amount of \$13,316.00 directly to the affected Idaho consumers.

MORTGAGE LOAN ORIGINATORS

STEVEN MICHAEL HALL (Boise, Idaho) – October 13, 2015 – Final Order issued concluding the denial of Steven Michael Hall's loan originator license application. A Notice of Denial of Mortgage Loan Originator License Application and Notice of the Opportunity to Request a Hearing (the Notice) was issued on June 12, 2015 after Hall failed to disclose on the license application action that had previously been taken against him, as well as a material misstatement. Hall contested the denial order. On August 24, 2015, a Hearing Officer's Findings of Fact, Conclusions of Law, and Preliminary Order was issued, upholding the Department's denial of the license application. Hall did not timely file a motion for reconsideration or appeal and the denial became final on October 13, 2015.

Important Dates to Remember

Renewals

Last Date to Complete

Collection Agencies -- Paper Submissions	March 15, 2016
Collection Agencies-- NMLS	December 31, 2015
Regulated Lenders (includes payday and title lenders) – Paper Submissions	May 31, 2016
Paper Submissions reinstatement with fee	July 31, 2016
Regulated Lenders (includes payday and title lenders) - NMLS	December 31, 2015
reinstatement with fee	February 29, 2016
Mortgage Brokers/Lenders	December 31, 2015
Reinstatement with fee	February 29, 2016
Mortgage Loan Originators	December 31, 2015
Reinstatement with fee	February 29, 2016

Annual Reporting of Activity Final Date to File

Collection Agencies (“paper” or NMLS licensees)	March 15 th
Mortgage Broker/Lenders Call Reports (MCR)	Qtr1--May 15 th
	Qtr2--August 14 th
	Qtr3--November 14 th
	Qtr4--February 14 th
Regulated Lenders (“paper” or NMLS licensees)	May 31
Reinstatement with fee	July 31

*Idaho Collection Agency **Annual** Agent Report filings are due March 15 and **Quarterly** Agent Report filings are due on June 15, September 15 and December 15 regardless of whether company license records are maintained in a “paper” format or electronically on NMLS, or whether agent filings are reported on paper or electronically through Access Idaho. These must be filed **as close to the 15th** as possible to report accurate hiring additions and terminations **as of that date** and cannot be dated more than 30 days in advance of the due date.

Please mark your calendar.

QUARTERLY REPORT INSTRUCTIONS: If you file via the paper report

- ✓ Quarterly Notifications are **DUE** June 15, September 15, and December 15;
- ✓ Send the Quarterly Report only once a quarter **no more than 30 days prior to the due date**;
- ✓ Complete the entire top left portion of the report and mark the box on the right indicating which quarter reporting for;
- ✓✓ The list must be in alphabetical order and by location order;
- ✓ List terminated employees at the end of the Quarterly Report in alphabetical order and location order;
- ✓ Attach Legal Dispositions and explanations for checked Felony or Misdemeanor answers;
- ✓ A fee of \$20.00 (each) for all **new** active agents, or newly hired over 30 days terminated agents must accompany this report for reporting on June 15th, September 15th and December 15th;
- ✓ Attach **ONE** check payable to the Idaho Department of Finance for the total fees due (\$20 for **each new** agent you are registering);
- ✓ The Quarterly Report form may be copied or downloaded as needed; be sure the form is signed.



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

For General Mortgage Company
email:
mortgage@finance.idaho.gov

For Mortgage Loan Originator
email:
mlo@finance.idaho.gov

For Regulated Lenders, Title
Lenders, Payday Lenders:
ICC.mail@finance.idaho.gov

Collection Agency Licenses:
Collections@finance.idaho.gov

Access Idaho Agent Filings
Agents@finance.idaho.gov



Yes, it is cold here in Boise, Idaho

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 www.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