



THE IDAHO COMPLIANCE CONNECTION

SUMMER 2014

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CONSUMER PROTECTIONS ADDED TO IDAHO'S PAYDAY LOAN ACT

EFFECTIVE JULY 1, 2014

The Idaho Department of Finance announced changes to Idaho's Payday Loan Act that went into effect on Tuesday, July 1st. The 2014 Idaho Legislature passed Senate Bill 1314, amending Idaho's Payday Loan Act to include new consumer protections for payday loan borrowers.

The new provisions provide the following protections:

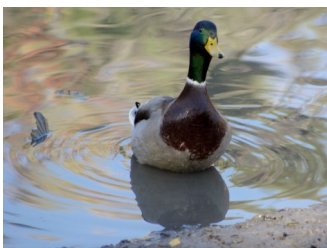
The amount of a payday loan is now restricted to *the lesser of 25 percent of a borrower's gross monthly income or \$1,000.*

Payday lenders are limited in the number of times they may present a borrower's check for payment. A payday lender may only make one initial presentment of a check and two subsequent re-presentments if the check remains unpaid.

Payday lenders are required to provide an extended payment plan for borrowers who experience difficulties paying off their loans. An extended payment plan must be timely requested by the borrower and involves no additional fees. An extended payment plan allows borrowers to repay a payday loan over a 60 day period in four equal installments. Borrowers may request an extended payment plan only once per 12-month period.

The law's new amendments enhance existing consumer protection disclosures and require all such disclosures to be in 12-point bold and capitalized type.

The availability of an extended payment plan, individual borrower loan limits tied to monthly income, as well as other new provisions of the law, limit some risks associated with payday loans. But consumers should be aware that payday loans can still be costly and are intended only to address short-term credit needs.




(Continued from page 1)

From data provided to the Department by Idaho licensed payday lenders, in calendar year 2013 Idaho’s licensed payday lenders made 446,704 payday loans to Idaho borrowers in the total dollar amount of \$169,446,196. A total of 2,684 payday loans made in Idaho during 2013 were rescinded by the borrower by the close of the next business day at no cost to the borrower. The average estimated size of a payday loan in 2013 was \$363, and the average payday loan term was 20 days. The average fee, weighted by loan volume, for a 14 day \$100 payday loan was \$19.64 with fees ranging from a low of \$15 to a high of \$30.

In addition to the new requirements of Senate Bill 1314, the Idaho Payday Loan Act prohibits payday lenders from engaging in certain activities, including:

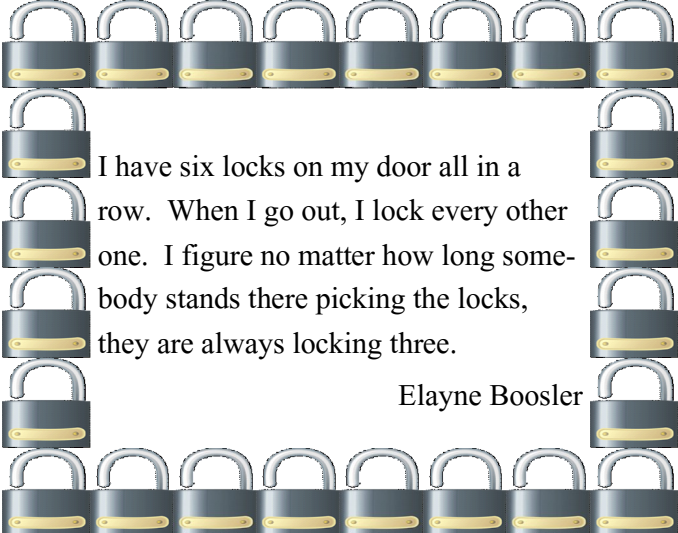
- Making a payday loan in Idaho without first holding a license issued by the Department;
- Accepting payment for a payday loan through the proceeds of another payday loan made by the same payday lender;
- Engaging in unfair or deceptive acts or practices in advertising or conducting business;
- Accepting any property, title to property, or any other type of collateral, aside from a post-dated check or its electronic equivalent, for a payday loan;
- Renewing a payday loan more than three (3) consecutive times. After three (3) renewals the loan must be paid in full before another payday loan is extended; and,
- Imposing any other fee to a payday loan borrower other than the agreed-upon finance charge.

Payday lenders doing business in Idaho are licensed, examined, and regulated by the Idaho Department of Finance. The Department urges borrowers who may be considering a payday loan to become aware of their rights under the newly amended law and consider all choices and alternatives before using a payday loan. An informational brochure, “Payday Loans in Idaho,” is available on the Department’s Website at <http://finance.idaho.gov/Education/Documents/Payday-Loans-in-Idaho.pdf> and copies are available by contacting the Department. Payday loan borrowers are also urged to comparison shop because payday loan fees do vary between lenders and are negotiable under Idaho law.



Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time.

Thomas A Edison



I have six locks on my door all in a row. When I go out, I lock every other one. I figure no matter how long somebody stands there picking the locks, they are always locking three.

Elayne Boosler

Access Idaho Tip for Collection Agency Licensees When Filing Agent Notification Forms



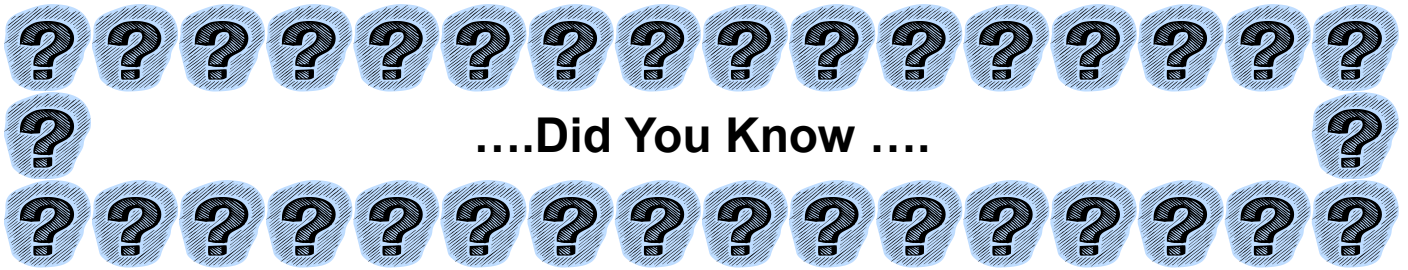
A few collection agency Quarterly Notification filers through the Access Idaho website have been experiencing account “lock-outs” once a single location has been “finalized” and paid but filings for additional locations have not been completed. When a company “Finalizes” the report and enters payment information, it is indicating that it is submitting the filings for the company and all of its locations for that quarter. This triggers a safety function that will lock out that company for the remainder of that quarter filing period so that double filings and payments cannot occur.

EXAMPLE: A company has a “Home” office and five “Branch” offices that each have reportable agents. After completing the filing for one of the branches, the filer goes to “Finalize” and sends a payment for that one branch. The company then attempts to go back through the system to complete the filing reports for the home office and the remaining four branches, only to find that it is now locked out of any additional reporting. The payment and reporting is set up for only ONE “Finalization” per company for a reporting period. Once a company “finalizes” and submits payment through Access Idaho for a given quarter, the only remaining option to complete the agent reporting and corresponding payments is for the company to file a “paper” report with the Department for the remaining locations for that quarter.




To avoid a lock-out when the report for one location is finished, “SAVE” the work and go on to the other locations to complete and then “finalize” the entire report.

Humor as noted by a licensee: License status definition translation for “Approved-Deficient”: “Approved-” allows a licensee to conduct business. “-Deficient” means the Department still gets to pester the licensee.





....Did You Know

- ◆ 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. Everyone should become familiar with [Idaho Policy 2011-01](#) pertaining to financial responsibility and the requirements to obtain or retain a license.
- ◆ Criminal background checks for control persons will NOT be required until the functionality is available through the NMLS.
- ◆ The 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 for **any** of its license programs. 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 NMLS Consumer Access at <http://www.nmlsconsumeraccess.org> for mortgage broker/lenders, mortgage loan originators, and transitioned regulated lenders, payday lender and collection agencies. 
- ◆ The Nationwide Mortgage Licensing System (NMLS) can be reached by phone at (240) 386-4444 AND email at NMLS_CallCenter@statemortgageregistry.com.
- ◆ Bureau examiners participated in 11 consumer education conferences, high school and college financial education training programs reaching over 2,378 participants and attendees between June 1, 2013, and May 31, 2014. 
- ◆ As of May 31, 2014, the Bureau processed over 44,000 mortgage loan originator sponsorship/relationship requests since January 2, 2008, when the NMLS went live.
- ◆ Unlicensed activity is still the number one mortgage-related complaint received by the Department. 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 or phone call at (208) 332-8002 option 1. 

CONSUMER FINANCE BUREAU STATISTICS

AS OF MAY 31, 2014

Active Licensees (as of 5-31-2014)

Mortgage Brokers/Lenders	651
Mortgage Loan Originators (Approved-Active)	2056
Mortgage Loan Originators (Approved-Inactive)	420
Regulated Lenders (inc Title Lenders)	468
Payday Lenders	167
Collection Agencies	632
Debt/Credit Counselors	41
Debt Buyers	111
Credit Repair Company/Organizations	6
Debt Settlement Companies	8
Collection Agency Agents/Solicitors	44,899

New Applications Received (6-1-13 to 5-31-14)

Mortgage Brokers/Lenders	266
Mortgage Loan Originators	1256
Regulated Lenders (inc. payday/title)	118
Collection Agencies	175

Revocations/Denials (6-1-13 to 5-31-14)

	1
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Withdrawals (6-1-13 to 5-31-14)

Mortgage Broker/Lenders	197
Mortgage Loan Originators	383
Regulated Lenders (includes payday/title lenders)	56
Collections (all categories)	61

**Terminations (failed to timely renew licenses)
(6-1-13 to 5-31-14)**

Mortgage Broker/Lenders	62
Mortgage Loan Originators	550
Regulated Lenders (includes payday/title lenders)	17
Collection (all categories)	41

Exams Conducted (6-1-13 to 5-31-14)

Mortgage Brokers/Lenders	57
Regulated Lenders (includes payday/title lenders)	23
Collection Agency	17


Complaints filed (written) (6-1-13 to 5-31-14)

Mortgage (origination/servicing)	55
Loan Originators	2
Collection Agency	165
Regulated Lenders (includes payday/title lenders)	64
Idaho/Federal Chartered Banks and Credit Unions	39
Unlicensed Activity (all categories)	139

Complaints Closed (6-1-13 to 5-31-14)

	414
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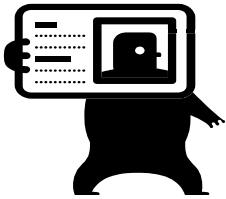


*If one does not know to
which port one is sailing,
no wind is favorable.*

Lucius Annaeus Seneca

A little bit about Idaho—

- * Nearly 85% of all commercial trout sold in the U.S. is produced in Idaho's Hagerman Valley.
- * Idaho's population is around 1.5 million with about 600,000 living in the Boise metro area.
- * Idaho is the 13th largest state in the U.S.
- * The statehouse in Boise is geothermally heated from underground hot springs.
- * Arco was the first city lit by atomic energy, July, 1955.
- * The Fosbury Flop, a high jumping technique, was invented by Ketchum resident Dick Fosbury.



PERSONAL IDENTIFICATION SEQUENCES FOR INPUT INTO THE ACCESS IDAHO SITE

-  **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”

Please Help the Bureau Expedite License Applications and License Renewal Application Requests.

All license application and license renewal requests, whether for a company’s home office, branch office, or for an individual are processed as quickly as possible in the date order received. Unfortunately, over 90 percent of license applications and license renewal applications are received by the Department with deficiencies, which slows down the process approval for everyone. Not only are the applications initially reviewed, but then the amendments and additional submissions that come in have to be reviewed. Department instructions to respond to application deficiencies in a single and complete re-submission are seldom adhered to—which means one application may have to be reviewed three or more times. If license applications were submitted to the Department in a correct and complete form initially, turn-around time for approvals *would be greatly reduced and licenses would be approved much faster*, which would be beneficial to everyone. The Department kindly requests that companies and individuals double check license applications and license renewal applications for accuracy and completeness before sending them to the Department. Please read the Department’s instructions carefully.

Remember—*Read* is an action verb and not a 4-letter word.

Additionally, each license status inquiry reduces the time Department staff can review applications or respond to email inquiries. Sending multiple requests to multiple persons in the Bureau or leaving a voice mail immediately followed by an email delays reviews further as the people contacted have to coordinate communication with other Bureau employees to avoid duplication of efforts. Communication on any license application is primarily made through email or the NMLS. Additionally, if an examiner needs to talk to an applicant, the contact will be made through the contact person listed on the MU1/ICC1/CA1 or the individual if related to an MU2-4/ICC2/CA2. *Issues related to a branch application are handled through the main/corporate office contact person and not branch managers or employees.* Please make sure branch employees understand this process.

- ◆ 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

(Continued on page 7)

(Continued from page 6)



be submitted to ICC.mail@finance.idaho.gov.

◆ Collection Agency Licensees' inquiries and requests for information may be submitted to: Collections@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, (i) training notices; (ii) newsletters; (iii) renewal reminders and information; and (iv) 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, licensees are responsible to know the requirements of laws, rules, and policies to maintain their licenses and operate their business activities within those requirements.

Top Consumer Complaints

Mortgage Servicers

Foreclosure issues; general customer service

Mortgage Loan Originators

Advertising; communication

Debt/Credit Counseling and Collection Agencies

Unlicensed activity; customer service

Mortgage Broker/Lender

Customer service; Communication

Payday/Title and Consumer Lenders

Unlicensed activity; Customer Service relative to borrower inability to meet payment obligation

Mortgage Company and MLO Licensees Anticipate a Recovery Fund Fee Holiday at Renewal!

The Idaho Residential Mortgage Practices Act allows the Director to offer a Mortgage Recovery Fund fee proration to licensees during the annual license renewal process once that fund reaches a balance of \$1,550,000.00. That amount has been reached and exceeded in 2014! Accordingly, so long as the Mortgage Recovery Fund maintains the necessary balance leading up to the license renewal process, the Director anticipates authorizing a waiver of the full Mortgage Recovery Fund fee payment amount for all mortgage company, branch, and individual licensees for the renewal of their licenses for 2015.

Idaho Department of Finance Receives Certificate of Mortgage Accreditation

The Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) announced on December 30, 2013, that the Idaho Department of Finance has received a certificate of accreditation for mortgage supervision. This accreditation certifies that the Department maintains the highest standards and practices in mortgage supervision set by the CSBS and AARMR Mortgage Accreditation Program.

The Department was the 13th state agency to receive this mortgage accreditation and by so doing is now recognized along with other accredited agencies as being on the leading-edge of mortgage supervision. The goal of the Mortgage Accreditation Program is to strengthen and promote excellence in state mortgage supervision while minimizing regulatory burden. Upon completion of a comprehensive review of the Department's mortgage division and its personnel, the accreditation team determined the Department satisfies the high standards necessary to receive mortgage accreditation.

To achieve mortgage accreditation, state agencies must undergo a voluntary comprehensive review by the CSBS and AARMR accreditation team. The accreditation process begins with the completion of an extensive self-evaluation questionnaire on all Department operations, including administration and finance, personnel, training, examination, supervision, and legislative powers. Next, an external review team comprised of veteran state regulators performs an on-site review and presents its findings to an audit team and to the Performance Standards Committee, the members then vote on the reports of the review team and the audit team.



ENFORCEMENT ACTIONS

June 1, 2013, through May 31, 2014.

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

ALPHA SERVICES, INC. (New Milford, Connecticut) – June 24, 2013 -- Consent order issued addressing corporation’s acts of engaging in debt settlement business in Idaho without the required license under the Idaho Collection Agency Act. The company paid an administrative penalty of \$2,500 to the Department and agreed to cease and desist from all debt settlement activities on behalf of Idaho residents until the company obtained a license.

G. REYNOLD SIMS AND ASSOCIATES (Troy, Michigan) – July 22, 2013 -- Consent order issued addressing law firm’s acts of operating a collection agency business in Idaho without the required license under the Idaho Collection Agency Act. The company paid an administrative penalty of \$25,000 to the Department and agreed to cease and desist from all collection activities in Idaho until the company obtained a license.

TAKHAR COLLECTION SERVICES, LTD (Cambridge, Ontario, Canada) – January 9, 2014 -- Order of Revocation issued against the company, revoking its Idaho collection agency license for failure to maintain a required surety bond under the Idaho Collection Agency Act.



REGULATED LENDERS, TITLE LENDERS, PAYDAY LENDERS

AAA PAYDAY ADVANCE UT LLC (Salt Lake City, UT) – October 31, 2013 -- Order to Cease and Desist issued against AAA Payday Advance UT LLC alleging unlicensed activity from its website, www.aaapaydaycash.com. The Order requires the company to immediately cease and desist from

engaging in payday lending activities without the license required by the Idaho Credit Code and Idaho Payday Lending Act.

LIBERTY LOANS, LLC (St. Anthony, Idaho) – January 9, 2014 -- Consent order issued addressing company’s acts of operating a payday lending business in Idaho without the required license under the Idaho Credit Code. The company paid an administrative penalty of \$1,500 to the Department and subsequently applied for and received a license.



MORTGAGE LOAN ORIGINATORS

JOSE IGNACIO CORTEZ (Huntington Beach, California) – November 22, 2013 -- Order of Denial issued for an Idaho mortgage loan originator license based on application material misstatements.

Cortez filed a motion for reconsideration and a hearing was held. On March 14, 2014, the Findings of Fact, Conclusions of Law, and a Preliminary Order was issued upholding the denial order, followed by a Final Order.



MORTGAGE BROKER/LENDERS

MORTGAGE INVESTORS CORPORATION d/b/ a AMERIGROUP MORTGAGE CORPORATION (St. Petersburg, Florida) – April 7, 2014 -- Consent Order issued addressing the company’s act of providing misleading information to Idaho consumers regarding its mortgage loan product. The company paid an administrative penalty of \$6,000 to the Department.

Important Dates to Remember

Renewals

Last Date to Complete

Collection Agencies – Paper Submissions	March 15, 2015
Collection Agencies – NMLS	December 31, 2014
Regulated Lenders (includes payday and title lenders) Paper Submissions reinstatement with fee	May 31, 2014 July 31, 2014
Regulated Lenders (includes payday and title lenders) - NMLS reinstatement with transition and fee	December 31, 2014 February 28, 2015
Mortgage Brokers/Lenders Reinstatement with fee	December 31, 2014 February 28, 2015
Mortgage Loan Originators Reinstatement with fee	December 31, 2014 February 28, 2015

Annual Reporting of Activity

Final Date to File

Collection Agencies (“paper” or NMLS licensees)	March 15 th
Mortgage Broker/Lenders Call Reports	Qtr1 – May 15 th Qtr2 – August 14 th Qtr3 – November 14 th Qtr4 – February 14 th
Regulated Lenders (“paper” or NMLS licensees) Reinstatement with fee	May 31 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** – not weeks in advance or after. **Please mark your calendar.**



MARK YOUR CALENDAR!

IAMP, IMLA & NAPMW in conjunction with the Idaho Department of Finance present

8 Hours of Continuing Education (NMLS Approved)!

WHEN & WHERE: (8:00 am to 5:00 pm, lunch break from 12-1 pm)

Coeur d'Alene – October 9, 2014

Boise - Thursday, October 16, 2014

MK Plaza Auditorium, 720 Park Blvd. Event Parking is across the street.

Class Includes:

3 Hours Federal

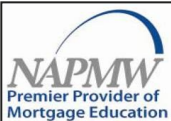
1 Hour State

2 Hours Ethics

2 Hours Non-Traditional



SAVE THE DATES!!



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www.napmw.org

www.idahomortgagelenders.org/

Phone: 208-321-9309

Fax: 208-321-4819



**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

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



Thousand Springs Hagerman Canyon near Twin Falls 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: <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