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

In re Mortgage Loan Originator
License of:

DANIEL LANE FULLMER,
NMLS ID No. 37010; MLO No - 3709,

Licensee.

Docket No. 2017-16-02

**NOTICE OF INTENT TO ISSUE
ORDER REVOKING MORTGAGE
LOAN ORIGINATOR LICENSE**

AND

**NOTICE OF THE OPPORTUNITY
TO REQUEST A HEARING**

The Director of the Idaho Department of Finance (Director), pursuant to the Idaho Residential Mortgage Practices Act, Idaho Code § 26-31-101 *et seq.* (the Act), in particular Idaho Code §§ 26-31-313(1)(c) and 26-31-317(8); applicable rules pursuant to the Act; the Idaho Administrative Procedures Act, Idaho Code § 67-5201 *et seq.*; and Regulation Z, 12 CFR § 1026.42 (Reg. Z), hereby issues the following Notice of Intent to Issue Order Revoking Mortgage Loan Originator License and Notice of the Opportunity to Request a Hearing.

Pursuant to Idaho Code § 67-5254, DANIEL LANE FULLMER (the Licensee) has the right to a hearing on the revocation of his mortgage loan originator license, but to do so he must make a written request for a hearing within fifteen (14) days after the date this Notice was mailed him.

The Notice is based on the following:

MATTERS ASSERTED

1. At all times relevant herein, the Licensee was licensed by the Idaho Department of Finance (Department) to engage in mortgage loan origination activities in Idaho and was employed as a Branch Manager and Qualified Person in Charge (QPIC) for Mann Mortgage, LLC (Mann), which is licensed by the Department to conduct mortgage brokering/lending activities in Idaho.

2. On September 28, 2016, the Department received an email from a real-estate appraiser regarding contact he had with the Licensee. The Licensee had sent an email to the appraiser in which the Licensee asked the appraiser to “remember to have a team member reach out to me on refinances to see rough value we are shooting for.”

3. Department Examiners reviewed the email from the Licensee to the appraiser and concluded that the Licensee had violated the Act and Reg. Z by attempting to influence the appraiser’s valuation of properties in cases where Mann mortgage was processing residential mortgage loan applications. The Act and Regulation Z, 12 CFR § 1026.42 (Reg. Z), prohibit mortgage loan originators from this type of conduct in connection with completing residential mortgage loan transactions.

4. During an on-site examination of Mann in December 2016, a Department Examiner discussed the issue of the Licensee’s email to the appraiser with Mann’s Director of Compliance/Risk Management, Justin Flake. Flake indicated that Mann was made aware of the Licensee’s email to the appraiser and had advised the Licensee that it was a violation.

5. On December 6, 2016, the Department requested copies of all emails of Mann’s staff for the previous six months from the branch site where the Licensee was a Branch Manager.

6. In a letter of explanation authored by Flake, which was forwarded to the Department from Mann on December 8, 2016, Flake indicated that he had discussed the matter with the Licensee on September 28, 2016, and the Licensee indicated to Flake that he understood Mann's policy against such conduct and that he would not do it again. Flake also stated that the Licensee's "offense was serious, however, it was the first time [the Licensee] had any violation" of Mann's policy against such conduct. The letter went on further to state that it could find no other evidence of its other loan originators or branch managers conducting the same violation and that Flake and Mann considered the issue an isolated incident and had closed the matter.

7. On December 19, 2016, the Department received the emails it had requested on December 6, 2016. The Examiners conducted an analysis of the emails, particularly those of the Licensee.

8. The Examiners noted 20 instances within a six month period, May 2016 through November 2016, where the Licensee and another real-estate appraiser, Jason Torpey, communicated via email about property values prior to the appraisals being conducted. Eight of those instances occurred after the Licensee was advised by Flake against such conduct on September 28, 2016.

9. The Examiners noted that Torpey initiated contact with the Licensee through emails with a subject line that included property addresses and the last names of the borrowers. Within the body of the emails, Torpey would ask the Licensee what he thought about the property, and the Licensee would respond with a dollar amount that he thought the property was worth. In some of the emails, the Licensee and Torpey would continue to discuss the valuations of the properties made by either of them and determine if those valuations were either too high or too low.

10. The Examiners, in reviewing the emails, found no evidence that any of the other loan originators employed by Mann were engaged in the prohibited communication with Torpey or any other appraisers.

CONCLUSIONS OF LAW AND VIOLATIONS

11. Paragraphs 1 through 10 above are fully incorporated herein by this reference.

12. 12 CFR § 1026.42(c)(1)(i)(A) - Valuation Independence – states in pertinent part that:

...

c. Valuation of Consumer's Principal Dwelling

1. Coercion - In connection with a covered transaction, no covered person shall or shall attempt to directly or indirectly cause the value assigned to the consumer's principal dwelling to be based on any factor other than the independent judgment of a person that prepares valuations, through coercion, extortion, inducement, bribery, or intimidation of, compensation or instruction to, or collusion with a person that prepares valuations or performs valuation management functions.

(i) Examples of actions that violate paragraph (c)(1) include:

A. Seeking to influence a person that prepares a valuation to report a minimum or maximum value for the consumer's principal dwelling.

13. Regulation Z 1026.42(b)(1) defines a “covered person” as “a creditor with respect to a covered transaction or a person that provides ‘settlement services,’”...“in connection with a covered transaction.” The Official Interpretation to Reg. Z 1026.42(b)(1) goes on further to state that examples of covered persons includes “creditors, mortgage brokers, appraisers, appraisal management companies, real estate agents, and other persons that provide “settlement services””¹.

14. Regulation Z 1026.42(b)(2) defines a “covered transaction” as an “extension of consumer credit that is or will be secured by the consumer's principal dwelling.”

¹ 12 U.S.C. 2602(3) defines the term “settlement services” as “any service provided in connection with a real estate settlement including, but not limited to”...“the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a real estate agent or broker, the origination of a federally related mortgage loan (including, but not limited to, the taking of loan applications, loan processing, and the underwriting and funding of loans), and the handling of the processing, and closing or settlement.”

15. Department Examiners determined that at least 20 emails between the Licensee and Torpey show the Licensee suggesting valuations for the appraiser to use when appraising residential properties for mortgage loans that Mann was originating. Those emails, intended to influence the appraisers' valuation of the properties, is in violation of 12 CFR § 1026.42(c)(1)(i)(A).

16. IDAPA 12.01.10.005, Rules Pursuant to the Idaho Residential Mortgage Practices Act, incorporates by reference the full text of Regulation Z. The Licensee is in violation of 12 CFR § 1026.42(c)(1)(i)(A), Regulation Z and IDAPA 12.01.10.005.

17. The Licensee's valuation emails to the appraisers were also in violation of Idaho Code § 26-31-317, which provides the following:

26-31-317. PROHIBITED ACTS AND PRACTICES. It is a violation of this part for a person or individual subject to this part, in connection with mortgage loan origination activity in this state, to:

...

(8) Fail to comply with provisions of this part or rules promulgated under this part, or fail to comply with any other state or federal law, including the rules and regulations promulgated thereunder, applicable to any business authorized or conducted under this part;

18. Pursuant to Idaho Code § 26-31-313(1)(c): "In order to ensure the effective supervision and enforcement of this part, the director may...[d]eny, suspend, revoke, condition or decline to renew a license if the applicant has violated any state or federal law, rule or regulation pertaining to mortgage brokering, mortgage lending or loan origination activities."

19. The Director finds it appropriate to revoke the Licensee's Idaho mortgage loan originator license because the Licensee violated Idaho Code § 26-31-317 and federal Reg. Z by attempting to influence real-estate appraisers' valuation of properties in connection with residential mortgage loans that he was originating.

NOTICE OF THE OPPORTUNITY TO REQUEST A HEARING

20. The Licensee is HEREBY NOTIFIED that the foregoing NOTICE OF INTENT TO ISSUE ORDER REVOKING MORTGAGE LOAN ORIGINATOR LICENSE will become a final order of the Director, unless the Licensee timely submits a request for hearing pursuant to Idaho Code § 67-5254. Such request for a hearing must be in writing and submitted to the Department within fourteen (14) days after the service of this NOTICE. 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.

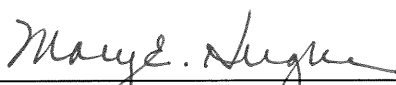
21. If the Licensee timely requests a hearing, the Department will notify the Licensee of the date, time and place of the hearing, as well as the name and contact information of the presiding officer.

22. 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.*

DATED this 13th day of April, 2017.



STATE OF IDAHO
DEPARTMENT OF FINANCE



MARY E. HUGHES, Acting Director

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

In re Mortgage Loan Originator
License of:

Plaintiff(s):

AFFIDAVIT OF SERVICE

vs.

Defendant(s):

Case Number: 2017-16-02

Daniel Lane Fullmer

For:
Attorney General's Office - Department of Finance
Department of Finance
P.O. Box 83720
Boise, ID 83720-0031

STATE OF IDAHO)
):**ss**
COUNTY OF ADA)

Received by Tri-County Process Serving LLC on April 13, 2017 to be served on **DANIEL LANE FULLMER**.

I, Antonio Roque, who being duly sworn, depose and say that on Sunday, April 16, 2017, at 8:08 PM, I:

SERVED the within named person(s) by delivering to and leaving with **DANIEL LANE FULLMER** a true copy of the **Notice of Intent to Issue Order Revoking Mortgage Loan Originator License and Notice of the Opportunity to Request a Hearing** . Said service was effected at **2608 E. Tybalt Dr., Meridian, ID 83642**.

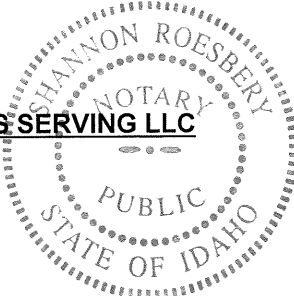
I hereby acknowledge that I am a Process Server in the county in which service was effected. I am over the age of Eighteen years and not a party to the action.

Our Reference Number: 159025
Client Reference: Brian D. Nicholas

Subscribed and sworn before me today
Monday, April 17, 2017



TRI-COUNTY PROCESS SERVING LLC
P.O. Box 1224
Boise, ID, 83701
(208) 344-4132



Shannon Roesbery
Notary Public for the State of Idaho
Residing at Boise, Idaho
My Commission Expires on November 20, 2018