

LAWRENCE WASDEN
Attorney General

Thomas A. Donovan – I.S.B. #4377
Deputy Attorney General
State of Idaho
Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031
Telephone: (208) 332-8091
Facsimile: (208) 332-8016
Tom.donovan@finance.idaho.gov

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

In re Mortgage Loan Originator
License Application of:

KENNETH REID, JR.,
NMLS ID No. 1284031,

Applicant.

Docket No. 2019-16-33

**NOTICE OF INTENT TO ISSUE ORDER OF
DENIAL OF MORTGAGE LOAN
ORIGINATOR LICENSE APPLICATION**

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), and in particular §§ 26-31-306(1)(d) and (h) and 26-31-313(1)(a) and (b) of the Act, hereby issues the following Notice of Intent to Issue Order of Denial of Mortgage Loan Originator License Application and Notice of the Opportunity to Request a Hearing (Notice).

Pursuant to Idaho Code § 26-31-305(6), KENNETH REID, JR. (the Applicant) has the right to a hearing on the question of his qualifications, but to do so he must make a written request

for a hearing within fifteen (15) days after the date of mailing of this Notice. If the written request is not timely made, the Director shall issue a Final Order of Denial of Mortgage Loan Originator License Application.

The Notice is based on the following:

MATTERS ASSERTED

1. The Applicant, a resident of the state of Arizona, holds NMLS number 1284031 and applied for an Idaho Mortgage Loan Originator license by filing a Form MU4 through the online Nationwide Mortgage Licensing System and Registry (NMLSR) on June 4, 2019.
2. The application Form MU4, seeks information about an applicant's qualifications to be licensed as a mortgage loan originator. Section 6 of the application form is entitled "Disclosure Questions" and it consists of a series of questions that inquire into an applicant's history regarding financial, criminal, civil, judicial and regulatory matters. Pertinent to the Applicant's qualifications is question (D) inquiring: "Do you have any unsatisfied liens or judgments against you?"
3. The Applicant responded with a "no" response to question (D).
4. Consistent with normal practice, a Department examiner conducted an assessment of the Applicant using various sources of public information to determine if the Applicant demonstrates sufficient financial responsibility, character, and general fitness in order to be licensed as a mortgage loan originator.¹

¹ Conducted pursuant to Part 3 of the Act titled "The Idaho Secure and Fair Enforcement for Mortgage Licensing Act" (Idaho S.A.F.E. Mortgage Licensing Act), Idaho Code § 26-31-305.

5. The examiner obtained a public record background information report through LexisNexis. Following this, the examiner obtained a copy of a Notice of Federal Tax Lien recorded with Maricopa County Recorder, State of Arizona, which shows a tax lien against the Applicant held by the Internal Revenue Service in the amount of \$19,756.95 recorded on March 8, 2010. No satisfaction or release of the tax lien was located.

6. The failure to disclose the above-described federal tax lien is a relevant omission in the Applicant's responses to the Form MU4 application disclosure question (D).

LEGAL CONCLUSIONS

7. Paragraphs 1 through 6 above are fully incorporated herein by this reference.

8. Idaho Code § 26-31-304 provides that an individual shall not engage in the business of a mortgage loan originator without first obtaining, and maintaining annually, a license.

9. Idaho Code § 26-31-305(1) provides that an applicant for a mortgage loan originator license must apply through the Nationwide Mortgage Licensing System and Registry (NMLSR), in a form required by the Director.

10. Pursuant to Idaho Code § 26-31-306(1)(h), before an application for license can be approved, an applicant must provide all information on the application as required per Idaho Code § 26-31-305. Idaho Code § 26-31-305(10) further provides that an applicant shall make complete disclosure of all information as set forth in the application.

11. Idaho Code § 26-31-306(1)(d) provides that the Director shall not issue a mortgage loan originator license under the Act unless the Director makes a finding that an applicant has

demonstrated financial responsibility, character and general fitness sufficient to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of the Act.

12. Pursuant to Idaho Code § 26-31-313(1)(b), the Director may deny a license if an applicant withholds information or makes a material misstatement in an application for a license.

13. The Applicant made a material misstatement of fact in his application, which is grounds to deny his application for licensure. He failed to disclose the federal tax lien recorded in the Maricopa County Recorder's Office, State of Arizona. The failure to disclose the tax lien prohibits the Director from issuing a license to the Applicant pursuant to Idaho Code § 26-31-306(1)(h).

14. The Director finds it appropriate to deny the application because the Applicant's failure to disclose on the Form MU4 the judgment demonstrates that the Applicant lacks the appropriate character and fitness sufficient to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of the Act. Because the Director cannot make the requisite findings under Idaho Code § 26-31-306(1)(d), it is appropriate to deny the Applicant's request for an Idaho mortgage loan originator license, pursuant to Idaho Code § 26-31-313(1).

NOTICE OF THE OPPORTUNITY TO REQUEST A HEARING

15. The Applicant is HEREBY NOTIFIED that the foregoing NOTICE OF INTENT TO ISSUE ORDER OF DENIAL OF MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION will become a final order of the Director, unless the Applicant timely submits a request for hearing pursuant to Idaho Code § 26-31-305(6)(a). Such request for a hearing must be in writing and submitted to the

Department within fifteen (15) days after the service of this NOTICE. A copy of the request for contested case and hearing shall be served on Anthony Polidori, Consumer Finance Bureau Chief, at the following address:

Anthony Polidori
Consumer Finance Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

Alternatively, the Applicant may email the request for hearing to: CFLegal@finance.idaho.gov.

A copy of the request for contested case and hearing shall also be served on the Department's counsel in this matter:

Thomas A. Donovan
Deputy Attorney General
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

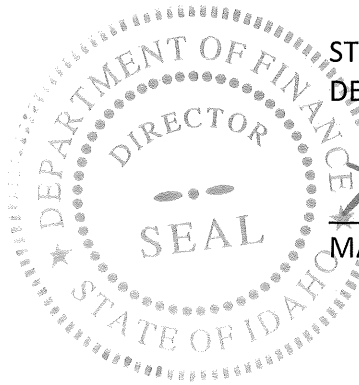
16. If the Applicant timely requests a hearing, the Department will notify the Applicant of the date, time and place of the hearing, as well as the name and contact information of the presiding officer.

17. 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.* and the Idaho Rules of Administrative Procedure (IDAPA 04.11.01).

18. Alternatively, the Applicant can withdraw the application he submitted on June 4, 2019. If the Applicant withdraws the application before the deadline to submit a request for a hearing, the Department will not issue a Final Order of Denial of Mortgage Loan Originator

License Application. The Applicant can then submit a new complete application, which will be reviewed by the Department.

DATED this 29th day of June, 2019.



STATE OF IDAHO
DEPARTMENT OF FINANCE

Mary E. Hughes
MARY E. HUGHES, Acting Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 15th day of July, 2019, I caused a true and correct fully-executed copy of the foregoing NOTICE OF INTENT TO ISSUE ORDER OF DENIAL OF MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION AND NOTICE OF THE OPPORTUNITY TO REQUEST A HEARING to be served on the following by the designated means:

Kenneth Reid, Jr.
1510 E. Gary Way
Phoenix, AZ 85042

- U.S. mail, postage prepaid
- certified mail
- facsimile _____
- email: Kenny.reid@supremelending.com

[Signature]
Paralegal