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

)	
)	Docket No. 2015-16-02
In re Mortgage Loan Originator)	
License Application of:)	NOTICE OF DENIAL OF
)	MORTGAGE LOAN ORIGINATOR
STEVEN MICHAEL HALL,)	LICENSE APPLICATION
NMLS ID No. 171832)	
)	AND
Applicant.)	
)	NOTICE OF THE OPPORTUNITY
)	TO REQUEST A HEARING
)	

The Director of the State of 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 §§ 26-31-313(1)(b) and 26-31-306(1)(h), of the Act, hereby issues the following Notice of Denial of Mortgage Loan Originator License Application and Notice of the Opportunity to Request a Hearing.

Pursuant to Idaho Code § 26-31-305(6), STEVEN MICHAEL HALL (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 this Notice was mailed him.

The Notice is based on the following:

MATTERS ASSERTED

1. The Applicant is a resident of the state of Idaho who held Idaho Mortgage Loan Originator License MLO-11616 from June 15, 2009 through December 31, 2010, at which time the license lapsed and was not renewed.

2. On April 2, 2015, the Applicant applied for a new Idaho mortgage loan originator license. The application Form MU4 contains a section called "Disclosure Questions" and it consists of a series of questions that inquire into the applicant's history regarding financial, criminal, civil judicial and regulatory matters. The form reads, in pertinent part, as follows:

(K) Has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever:

- (1) found you to have made a false statement or omission or been dishonest, unfair or unethical?
- (2) found you to have been involved in a violation of a financial services-related regulation(s) or statute(s)?
- (3) found you to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked or restricted?
- (4) entered an order against you in connection with a financial services-related activity?
- (5) revoked your registration or license?
- (6) denied or suspended your registration or license or application for licensure, disciplined you, or otherwise by order, prevented you from associating with a financial services-related business or restricted your activities?
- (7) barred your from association with an entity regulated by such commissions, authority, agency, or officer, or from engaging in a financial services-related business?
- (8) issued a final order against you based on violations of any law or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

(9) entered an order against you in connection with any license or registration?

3. The Applicant responded with a “no” to all of the questions above on the MU Form.

4. As with all application reviews, a Department examiner conducted a credit report assessment on the Applicant using information provided from a credit reporting agency to determine whether the Applicant demonstrated the requisite financial responsibility, character, and general fitness in order to be licensed as a mortgage loan originator.¹

5. The examiner’s search revealed several delinquent accounts on the applicant’s credit report. The examiner requested that the Applicant provide detailed explanations and statuses regarding each of the delinquent accounts.² In his response explanations, the Applicant referenced one collection account, in particular, that pertained to an action taken against him by the Idaho Real Estate Commission (the Commission).

6. Since no regulatory actions were reported by the Applicant in his licensure application, the examiner requested additional information from the Commission regarding its enforcement action against the Applicant.

7. On May 11, 2015, the examiner received copies of the Commission’s Complaint against the Applicant, dated November 19, 2010, and an Affidavit of Service indicating that the Applicant was served with the Complaint on December 5, 2010. The Commission also forwarded to the Department copies of a Notice of Proposed Default Order, issued January 20, 2011, and a Final Order, entered on February 2, 2011.

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 § 26-31-301, *et seq.*

² The Idaho Department of Finance Policy Statement 2011-01, which also outlines the factors used to determine financial responsibility, character and general fitness, states that “If an Individual’s credit report or response to any application disclosure question contains adverse information, the Department will notify the Individual in writing of the specific items that must be addressed, and will specify the documentation that must be provided for the Department’s consideration and review.”

8. According to the Complaint, the Applicant, at all times relevant, was a mortgage broker that allegedly engaged in unlicensed real-estate activity by promoting and marketing Idaho properties for sale on the internet under the name of the mortgage company that the Applicant was affiliated with at the time. The Applicant subsequently failed to respond to the Complaint and a default Final Order was entered on February 2, 2011. The Applicant was ordered to pay to the Commission \$3,500 in civil penalties, and \$925.95 for attorney's fees and costs based upon the allegations found in the Complaint that the Applicant had engaged in real-estate activity without the required license.

LEGAL CONCLUSIONS

9. Paragraphs 1 through 8 above are fully incorporated herein by this reference.

10. 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.

11. Idaho Code § 26-31-305(1) provides that an Applicant for a mortgage loan originator license must apply through the Nationwide Mortgage License System and Registry (NMLSR), in a form required by the Director. Idaho Code § 26-31-305(3)(b)(ii) provides that applicants must submit to the Nationwide Mortgage License System and Registry (NMLSR) “[p]ersonal history and experience ... [and] information related to any administrative, civil or criminal findings by any governmental jurisdiction. . . .”

12. Pursuant to Idaho Code § 26-31-306(1)(h), before an application for license can be approved, the Applicant must provide all information on the application.

13. 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 the

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.

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

15. As defined under the Act, “financial services” includes “any activity pertaining to ...real estate...” Idaho Code § 26-31-102(6).

16. The Applicant has made a material misstatement of fact in his application which is grounds to deny his application for licensure. He indicated that no self-regulatory organization had ever entered an order against him in connection with financial services-related activity. A final order, however, was ordered against the Applicant by Idaho Real Estate Commission on February 2, 2011, which ordered the Applicant to pay \$3,500 in penalties and \$925.95 in fees for engaging in real-estate activity without the required license, in violation of the, Idaho Code § 54-2002, which states that “No person shall engage in the business or act in the capacity of real estate broker or real estate salesperson in this state without an active Idaho real estate license therefore.” Failure to disclose the final order of the Real Estate Commission is a violation of Idaho Code § 26-31-305(3)(b)(ii) and, thus, is grounds for the license application to be denied pursuant to Idaho Code § 26-31-313.

17. The Director finds it appropriate to deny the application because the Applicant’s failure to disclose on the Form MU4 that the Commission issued an order against him shows 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.

DENIAL OF MORTGAGE LOAN ORIGINATOR

LICENSE APPLICATION

NOW, THEREFORE, BASED ON THE FOREGOING, AND PURSUANT TO IDAHO CODE §§ 26-31-305 AND 26-31-313, THE APPLICATION FOR A MORTGAGE LOAN ORIGINATOR LICENSE SUBMITTED TO THE DEPARTMENT ON APRIL 2, 2015, BY STEVEN MICHAEL HALL IS HEREBY DENIED.

NOTICE OF THE OPPORTUNITY TO REQUEST A HEARING

18. The Applicant is HEREBY NOTIFIED that the foregoing DENIAL OF MORTGAGE LOAN ORIGINATOR 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 Proposed Order. 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.


19. 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.

20. 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 11th day of JUNE, 2015.



STATE OF IDAHO
DEPARTMENT OF FINANCE


GAVIN M. GEE, Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12th day of June, 2015, I caused a true and correct fully-executed copy of the foregoing ORDER DENYING MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION AND NOTICE OF THE OPPORTUNITY TO REQUEST A HEARING to be served on the following by the designated means:

Steven Michael Hall
1407 N 23rd
Boise, ID 83702

- U.S. mail, postage prepaid
- certified mail
- facsimile _____
- email: shall@alpinemc.com


Paralegal