The Compliance Connection is part of the Bureau’s efforts to improve communication with the companies we regulate. It is distributed to Virginia mortgage and industrial loan association licensees, and other interested parties. It is the licensee’s responsibility to read this newsletter and to be familiar with the positions and interpretations stated herein.

Suggestions and comments concerning the newsletter or its contents should be addressed to the Bureau at P.O. Box 640, Richmond, VA 23218-0640 or via email at bfquestions@scc.virginia.gov.

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Mortgage and MLO Regulations Effective May 15, 2017

On May 15, 2017, changes to 10 VAC 5-160 and 10 VAC 5-161 became effective. The proposed regulations were sent out via email last November and licensees and other interested parties were given an opportunity to review them and provide comments on the proposed changes/additions. A few comments were received and taken into consideration before issuing the final regulations on March 30, 2017. An email was sent to the primary contact person listed in NMLS for each licensee with notification of the final regulations.

The Amendments to 10 VAC 5-160 include, but are not limited to:

- Definitions of the terms bona fide employee, lead generator, stockholder and changes to the definition of mortgage broker in Section 10
- Additional information regarding surety bonds
- Clarification that the initial requirements and standards for licensure must be continuously maintained and that the licensee must remain authorized to transact business in the Commonwealth pursuant to Title 13.1 of the Code of Virginia
- Clarification of the Bureau’s position on electronic records
- A requirement that licensees maintain a loan transaction journal or loan log
- A requirement that if a commitment agreement is issued and accepted, the agreement must contain the mortgage lender’s name and be signed by both the consumer and a person authorized to sign such agreement on behalf of the lender
- A requirement that if a lock-in agreement is issued, the agreement must contain the name of the mortgage lender or mortgage broker who issued the lock-in agreement

May 25 Annual Assessment Due

Annual assessments were sent via NMLS to all mortgage licensees on April 25, 2017, as required by § 6.2-1612 of the Code of Virginia. The assessment is shown as a deficiency on the company’s NMLS record. To obtain the details of the assessment amount owed, you will need to look at the external notes section of the deficiency. Please note -- companies licensed as both a mortgage lender and a mortgage broker, will only receive one invoice and it will appear as a deficiency on the company’s mortgage broker license.

Assessments are calculated based on the schedule published in Virginia Regulation 10 VAC 5-160-40. Assessment payments are due by May 25, 2017 and they can be paid through the NMLS either by ACH or with a credit card. Credit card payments will be assessed a 2.5% service fee by NMLS, which covers the cost NMLS incurs to process the credit card payment. Failure to pay by the due date can result in a recommendation to the Commission to impose regulatory action pursuant to §§ 6.2-1619 or 6.2-1624 of the Code of Virginia.
Single License Now Issued

As noted in another article appearing in this issue, the Virginia State Corporation Commission adopted several amendments to the Commission’s Rules Governing Mortgage Lenders and Brokers, which are set forth in Chapter 160 of Title 10 of the Virginia Administrative Code, 10 VAC 5-160-10 et seq. The new rules took effect May 15, 2017.

A new license has been issued to each mortgage company licensee in connection with the implementation of 10 VAC 5-160-90 K. This new rule provides that each licensee shall receive a single license from the Commission that states the full legal name of the licensee as well as any fictitious names under which the licensee is conducting business under Chapter 16 of Title 6.2 of the Code of Virginia. The new single license also clarifies that the licensee is authorized to engage in business under the provisions of Chapter 16 at or in the approved office location(s) of the licensee as set forth in NMLS (i.e., the physical address listed on the each licensee’s MU1 form and each approved branch MU3 form).

Going forward, the Bureau will no longer issue individual certificates of authority for mortgage branch offices. Licensees are not required to return their previously issued certificates of authority. However, any old certificates of authority that are not retained by licensees should be destroyed.

Please note that licensees still must apply for and obtain Commission approval prior to opening additional offices. Applications for additional office approvals must be made by submitting form MU3 through NMLS. Additionally, licensees still must notify the Bureau of office closures by requesting surrender of the relevant branch license in NMLS. Changes to the licensee’s address (both main office and any branches) must be reported in NMLS as soon as is practicable, but in no event later than five business days from when the change takes effect.

Please feel free to contact the Bureau’s Licensing Section at (804) 371-9690 if you have any questions concerning this matter.

FTC Site Helps Small Businesses Avoid Scams and Cyber Attacks

(The following are excerpts from a press release issued by the Federal Trade Commission on May 9, 2017.)

The Federal Trade Commission has launched a new website – ftc.gov/SmallBusiness – with articles, videos, and other information aimed at helping small business owners avoid scams and protect their computers and networks from cyberattacks and other threats.

The FTC’s new web page offers specific information to help small businesses protect their networks and their customer data. This includes a new Small Business Computer Security Basics guide, which shares computer security basics to help companies protect their files and devices, train employees to think twice before sharing the business’ account information, and keep their wireless network protected, as well as how to respond to a data breach. It also has information on other cyber threats such as ransomware, and phishing schemes targeting small businesses. The FTC is continuing to work with the SBA on additional ways to help small businesses.

IMPORTANT COMMISSION TELEPHONE NUMBERS

- Licensing (applications, name changes, relocations) (804) 371-9690
- Non-Depository Supervision (mortgage examinations) (804) 371-9701
- Non-Depository Consumer Complaints (804) 371-9701
- Depository Supervision (banks/credit union exams) (804) 371-9704
- Corporate Information – Clerk’s Office (804) 371-9733
- FAX Number - Bureau of Financial Institutions (804) 371-9416
License Update

The following is a list of companies and individuals that have been barred, had their license revoked, had an application denied, or paid a fine or civil penalty since October 5, 2016. This list should be helpful to keep track of companies with which you do business. These lists are accurate as of May 8, 2017. Call the Bureau if you have a question concerning a recent denial or regulatory action taken by the Commission.

Cease and Desist Orders

Timothy Scott Wenk (a/k/a Tim Scott, a/k/a Tim Wink, a/k/a Premier Credit Consultants, a/k/a Premier Consulting Services) – cease and desist order entered April 21, 2017 requiring the defendant to cease and desist from engaging in business as a mortgage broker and mortgage loan originator without the required licenses and from accepting money, fees, or other compensation for negotiating, placing or finding mortgage loans for others, or offering to negotiate, place or find mortgage loans for others without a mortgage broker license. See also “Persons Barred” below.

Persons Barred from Employment, Management or Control of any licensee (pursuant to § 6.2-1620 of the Code of Virginia)

Alma Preciado – order entered November 18, 2016
Timothy Scott Wenk – order entered February 10, 2017
Rhonda L. Wyland (aka Rhonda Lynn Jefferson) – order entered March 21, 2017
David R. Burrus, Jr. – order entered April 5, 2017
Brenda Ann Blair – order entered April 5, 2017

Revocation Orders


Settlement Orders

MC – 5923 TJC Mortgage, Inc. – order entered November 18, 2016. Paid $12,500 for violations of §§ 6.2-1614 (8) (a) and (8)(b) of the Code of Virginia as well as 10 VAC 5-160-60 A 1, A 2, E, F and G of the Commission’s Rules Governing Mortgage Lenders and Brokers.


MC – 2496 Universal Mortgage & Finance, Inc. – order entered February 23, 2017. Paid $5,000 for violations of § 6.2-1614 (8) (a) of the Code of Virginia as well as 10 VAC 5-160-60 A (1), (2), (4) and 10 VAC 5-160-60 E of the Commission’s Rules Governing Mortgage Lenders and Brokers.


Alan Sagetelyan – order entered March 10, 2017. Paid $2,500 for failing to obtain Commission approval prior to acquiring 25% or more of the ownership of Parkside Lending, LLC (MC – 5810) in violation of § 6.2-1608 of the Code of Virginia.

Patricia L. Arvielo – order entered April 13, 2017. Paid $2,500 for failing to obtain Commission approval prior to acquiring 25% or more of the ownership of Broker Solutions, Inc. d/b/a New American Funding (MC – 3638) in violation of § 6.2-1608 of the Code of Virginia.

Revised Mortgage and MLO Regs  (Continued from page 1)

- Replacement of “annual report” with “quarterly mortgage call reports filed through the Registry” as the basis for the licensee’s assessment
- Clarification that in a radio or television advertisement the NMLS ID and Consumer Access website address must be provided after the name of the mortgage lender or mortgage broker is disclosed
- Clarification that:
  - mortgage lender and mortgage broker licensees (“mortgage licensees”) must file quarterly mortgage call reports and information pertaining to the licensee’s financial condition as required by the Registry
  - mortgage lender or mortgage broker licenses expire at the end of each calendar year unless they are renewed by December 31 of each year; any such mortgage licenses issued between November 1 and December 31 do not expire until the end of the year after the date the license was issued; and renewal will be granted as long as the licensee has requested renewal through the registry and has met all requirements associated with renewal imposed by the Registry
  - a mortgage licensee’s approved office locations are subject to renewal each calendar year, except for those additional office locations that were issued between November 1 and December 31 (which expire at the end of the year after the date of issuance); and renewal will be granted as long as the licensee has requested renewal through the Registry and has met all requirements associated with the renewal imposed by the Registry
  - if a mortgage licensee fails to timely meet the renewal requirements by December 31 but meets them before March 1 of the following calendar year, the licensee or approved location will be reinstated and renewed; however, if an approved office is not renewed before March 1 the office location will be considered closed as of the preceding January 1 by the licensee
  - a mortgage licensee shall not engage in business as a mortgage lender or mortgage broker from an office location that has not been approved by the Commission AND renewed by the licensee as required in the Regulation. Any mortgage loan made or brokered by a licensee in violation of this subsection shall constitute a separate violation
  - only one single license will be issued by the Commission for each mortgage licensee that will include the full legal name of the licensee and any registered fictitious names that are used by the licensee in Virginia and state that the licensee can conduct business at locations approved as noted in the Registry

The amendments to Virginia Regulation 10 VAC 5-161-60 (relating to Mortgage Loan Originators) replaced the annual report and report of condition filing requirements for mortgage loan originators with a requirement that quarterly mortgage call reports be filed by mortgage company licensees through the Registry.