
The Compliance Connection

State Corporation Commission - Bureau of Financial Institutions
Regulatory News for Virginia Mortgage and Consumer Finance Licensees

Fall 2001



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The Compliance Connection is published quarterly and is part of the Bureau's efforts to improve communication with the companies we regulate. It is distributed to Virginia mortgage, consumer finance, industrial loan and non-profit debt counseling agency licensees and other interested parties. We encourage you to read each newsletter and distribute the information to all staff members.

Suggestions and comments concerning the newsletter or its contents should be addressed to the Bureau at P.O. Box 640, Richmond, Virginia 23218-0640 or via e-mail at: nwalker@scc.state.va.us.

Special thanks to Susan Hancock and Jon Orne, for their contributions to this issue!

In Remembrance: Paul "Bud" West:

On Thursday, November 29th, Bud West, an 18-year veteran of the Bureau of Financial Institutions, lost his battle with cancer. As a senior financial analyst with the Bureau, Bud handled thousands of complaints and inquiries from Virginians regarding mortgage and consumer finance licensees, as well as state-chartered banks and credit unions.

The remarkable thing about Bud, according to Commissioner Joe Face, is that he never once complained about his work and always "went the extra mile to help a consumer, even when the Bureau had no jurisdiction." Bud often became the consumer's last hope and he clearly made a difference. The Bureau has received numerous letters and telephone calls of thanks as a result of Bud's work over the years.

A proud native of Texas, every March 2nd Bud treated Bureau staff to a Texas shaped cake to celebrate Texas' Independence Day. His secretary of many years, Evelyn Taylor, said that Bud told some wonderful stories about his life as a young man growing up in Texas and added that his life in Texas was "anything but dull".

Bud leaves a wife, two daughters, two grandchildren, a sister and many friends.

Note from the Commissioner – E.J. Face:

As you read in the last edition, long-time Senior Counsel Bill Schutt retired effective October 1, 2001. After interviewing several candidates, the internal interview panel selected Jonathan B. Orne to fill the vacant position of Senior Counsel.

Mr. Orne is not new to the State Corporation Commission or the Bureau. He joined the SCC in 1986 after many years in private general law practice. Mr. Orne was also the former Assistant Director and Staff Attorney for the Metropolitan Richmond Legal Aid Project. Jon holds an undergraduate degree in Economics from Oberlin College in Oberlin, Ohio, and a law degree from the University of North Carolina School of Law.

As Senior Counsel, John's responsibilities will be advising the Bureau on all legal matters related to financial institutions regulated by the Bureau of Financial Institutions, including depository and non-depository institutions. Congratulations to Jon Orne.

Attention New Mortgage Licensees:

Friday, February 8, 2002 is the date of the next orientation for new mortgage licensees. Companies who are licensed between October 1, 2001 and December 31, 2001 will receive information about the session. Orientation begins at 9:30 a.m. at our office and concludes around 3:00 p.m. Licensees who were unable to attend previous sessions should also register. Space is limited, but we will make every attempt to accommodate interested parties. Call Carol Foster at (804) 371-9701 to register!

**Mortgage Reminders:**

- Mortgage Brokers beware! Failure to obtain the borrower's signature on a contract for compensation (broker agreement) prior to receiving the broker fee and/or failure to correctly specify the broker fee(s) on the agreement continue to be the most common broker error. Analysts continue to cite this violation as an overcharge and reimbursement is required.
- The office has received several calls from brokers concerning co-brokering arrangements. Please remember that all brokers who receive compensation in connection with a Virginia mortgage loan must be licensed by our office in the Commonwealth of Virginia, each broker must obtain an agreement for their compensation, retain the required documents and properly report this business on their annual report filed with the Bureau. Brokers and lenders should also be aware of RESPA's Statement of Policy 1999-1, which provides guidance in determining whether a payment from a lender to a mortgage broker is permissible. HUD requires that mortgage brokers answer two questions: were goods or facilities actually furnished or services actually performed and are the payments reasonably related to the value of the goods or facilities actually furnished or services actually performed. Check out HUD's web site to read more about this policy statement (www.hud.gov).
- Mortgage brokers who originate mortgage loans on Virginia residential property must be licensed prior to conducting this type of business in the Commonwealth. This includes internet brokers. Licensees must conduct due diligence to determine if companies they do business with are properly licensed in Virginia. Compensating or offering to compensate unlicensed mortgage brokers is a violation of Administrative Ruling 1603.

Surety Bond Claims:

Since July 2000, the following surety bond claims were filed by the Bureau and paid to borrowers:

MLB – 257 NF Investments, Inc. -- \$536 claim paid on 8/22/00 – License surrendered 5/5/00

ML – 287 National Home Loan Corporation -- \$3,189.34 claim paid on 7/18/00 -- License revoked 5/17/00

MB – 504 Centurion Financial, Ltd. -- \$1,920 claim paid on 7/25/00 – License revoked 5/17/00

ML – 183 Altiva Financial Corporation (formerly Mego Mortgage Corporation) -- \$5,577 claim paid on 10/12/00 – License surrendered 4/14/00

MLB – 438 National Finance Corporation -- \$411 claim paid on 11/22/00 – License revoked 5/17/00

MB – 78 The Phoenix Financial Corporation of Virginia, Inc. -- \$1,185 claim paid on 12/1/00 – License revoked 5/17/00

MB – 181 Firstport Mortgage Corp. -- \$3,532.25 claim paid on 3/13/01 – License surrendered 4/27/01

MB -- 1310 Platinum Mortgage, Inc. -- \$5,000 claim paid on 5/14/01 – License revoked 10/30/01

SURETY BOND CLAIMS (continued)

- MLB – 445 First Home Acceptance Mortgage Corp. -- \$1,130.17 claim paid on 5/8/01 – License revoked 5/17/00
- MB – 895 American Funding Network -- \$3,193.00 claim paid on 5/21/01 – License revoked 5/17/00
- MLB – 601 Landmark Financial Service, Inc. d/b/a 1-800-HOME-LOAN -- \$7,118.33 claim paid on 6/1/01 – License revoked 2/12/01
- MLB – 449 Consumer Security Mortgage, Inc. -- \$10,000 claim paid on 6/14/01 -- License surrendered 4/8/99
- MB – 1064 Home Lending, LC d/b/a American Mortgage Partners -- \$2,551.85 claim paid on 7/16/01 – License surrendered 7/23/99
- MB – 908 The Loan Company -- \$3,410 claim paid -- License surrendered 2/4/00
- ML – 277 MG Investments, Inc. -- \$1,092 claim paid on 10/30/01 – license revoked 6/19/01

U.S. Customs Awards Plaque:

On November 8, 2001, the United States Customs Service in Washington D.C. recognized Deputy Commissioner Nicholas Kyrus of the Bureau of Financial Institutions for his “outstanding contribution to a US Customs Service money laundering investigation”. Mr. Kyrus was one of four individuals presented with a plaque for assisting with the investigation which led to the conviction of two individuals and also a break up of a \$100 million multi-state money laundering operation.

License Update:

The following is a list of companies who have surrendered their license, had their license revoked, application denied or been fined by the Commission **since August 15, 2001**. We hope the list is helpful in keeping track of companies with which you do business. **These lists are accurate as of November 15, 2001**. Call the Bureau if you have a question concerning a recent denial, surrender or regulatory action taken by the Commission. A list of current mortgage licensees is available on our web site at:

<http://www.state.va.us/scc/division/banking/vamortgagelist.htm>.

MORTGAGE LICENSES SURRENDERED SINCE AUGUST 15, 2001

- | | |
|--|--|
| MB – 1273 Sierra Mortgage Corporation – 8/21/01 | MB – 1059 American Mortgage Financial & Investment Company, Inc. – 9/11/01 |
| MLB – 613 Positive Mortgage, Inc. – 8/30/01 | ML – 482 Financial Freedom Senior Funding Corporation – 9/18/01 |
| MB – 1421 Jonathan Aronson d/b/a First Capital Mortgage – 9/6/01 | MB – 1390 Alpha Mortgage Corporation – 9/18/01 |
| MB – 1139 Old Town Financial Corp. d/b/a Ramsay Mortgage Company – 9/11/01 | MB – 1536 Ronnie Belt Cole d/b/a Mid-Atlantic Mortgage – 10/1/01 |
| MLB – 414 HomeComings Financial Network, Inc. – 9/11/01 | MB – 485 Mortgage Express Company – 10/16/01 |
| MB – 1751 Fidelity Funding Mortgage Corp. – 9/11/01 | ML – 283 Full Spectrum Lending, Inc. – now EXEMPT– 10/18/01 |

SURRENDERS (continued)

ML – 33 Countrywide Home Loans, Inc. d/b/a
America's Wholesale Lender – now
EXEMPT – 10/18/01

MLB – 237 Oakwood Acceptance Corporation –
10/29/01

MB – 991 Consumer Lending Corporation –
11/05/01

MB – 1458 Keystone Mortgage Corporation –
11/5/01

MB – 1600 Star Equity Funding, LLC – 11/9/01

ML – 66 Associates First Capital Mortgage
Corporation – 11/14/01

MB – 1476 Mortgage Headquarters Incorporated –
11/15/01

MORTGAGE LICENSE REVOCATIONS SINCE AUGUST 15, 2001

MB – 408 Premier Mortgage Corporation – 8/20/01 – for failure to maintain surety bond pursuant to §6.1-413 of the Code of Virginia

MLB – 446 Bankers First Mortgage Co., Inc. – 9/14/01 – for failure to maintain surety bond pursuant to §6.1-413 of the Code of Virginia

The following revocations occurred on October 30, 2001 as a result of the licensee's failure to provide evidence that the amount of their surety bond was increased pursuant to §6.1-413 of the Code of Virginia and Administrative Ruling 1609:



MB – 1655 Allied Funding Corporation

MB – 1418 Buyer's Edge Mortgage Corporation

MB – 1666 Comstock Mortgage Services, LC

ML – 374 East Coast Mortgage Corp.

MB – 454 First Financial Services of Virginia, Inc.
d/b/a American Mortgage Center

MB – 1665 First Government Mortgage and Investors
Corporation

MLB – 640 First Residential Mortgage Services Corp.

ML – 450 Ford Enterprises International, Inc. d/b/a
Interprise Financial, Inc.

MB – 1063 Janis B. Neal t/a Americomp

MB – 232 Joel Stowe d/b/a JSA Mortgage Centre

MB – 628 Leland Financial Services, Inc. d/b/a
Leland Mortgage Company

MLB – 390 Monument
Mortgage Corporation

ML – 323 Mortgage Network USA, Inc.

MB – 1731 Mortgage Technology, Inc.

MB – 1024 NationsTrust Mortgage Corporation

MLB – 420 NuMax Mortgage Corporation

MLB – 459 pcloans.com, Inc.

MB – 1310 Platinum Mortgage, Inc.

MLB – 97 Premier Financial Corporation

MB – 1375 Residential Mortgage Associates, Inc.

MB – 1437 Southland Log Homes Mortgage Co., LLC

MB – 1499 The Mortgage Task Group, Inc.

MB – 1676 The Sanford Mortgage Company, LLC.

ML – 325 Title West Mortgage, Inc.

PENALTIES PAID BY MORTGAGE LICENSEES SINCE AUGUST 15, 2001

The following licensees paid penalties for failing to file the annual report by March 1, 2001, in violation of §6.1-418 of the Code of Virginia (all orders are dated 10/30/01):

ML – 276 American International Mortgage Bankers, Inc. --- \$500	MB – 754 First Mid Atlantic Mortgage Corporation -- \$500
MB – 559 American Mortgage Bankers, Inc. -- \$500	MB – 1284 Loan Consolidation and Refinancing Company, LLC -- \$300
MB – 1369 Calvert Mortgage Company, LLC -- \$500	MB – 1169 Mandarin Mortgage Corp. -- \$500
MB – 670 Countryside Mortgage Services, Inc. -- \$300	MB – 1321 Olympic Mortgage Group, Inc. -- \$500
MB – 954 Equitable Mortgage Group, Inc. -- \$500	
MB – 1077 F & M Mortgage Corporation -- \$500	
MB – 1315 Fairfax Mortgage, Inc. d/b/a Mortgage Design -- \$300	

OTHER PENALTIES PAID SINCE AUGUST 15, 2001

Frank A. Novak – 8/28/01 – paid \$1,000 for failing to obtain approval prior to acquiring the voting stock of American Mortgage and Investment Corporation (MB – 1403)

George P. Emerson, Jr. – 10/31/01 – paid \$1,000 for failing to obtain approval prior to acquiring one-third ownership of Mortgage Virginia, LLC (ML – 370)

Technical Olympic USA, Inc. – 10/30/01 – paid \$1,000 for failing to obtain approval prior to acquiring the stock of Preferred Home Mortgage Company (MLB – 549)

BNC Holdings, Inc. – 10/30/01 – paid \$1,000 for failing to obtain approval prior to acquiring the stock of BNC Mortgage, Inc. (MLB – 535)

**IMPORTANT COMMISSION TELEPHONE NUMBERS**

Consumer Finance and Mortgage Examinations(804) 371-9701
 Licensing (applications, name changes, relocations).....(804) 371-9690
 Consumer Complaints.....(804) 371-9705
 Banks and Savings Institutions.....(804) 371-9704
 Corporate Information – Clerk’s Office.....(804) 371-9733
 FAX Number for the Bureau of Financial Institutions.....(804) 371-9416

Annual Reports will be mailed out by the end of December to all mortgage and consumer finance licensees. Be sure to complete the form and return it by the date listed – for mortgage licensees, it’s due by March 1st, for consumer finance licensees, it’s due by April 1st. These forms are also available on our web site at:

<http://www.state.va.us/scc/division/banking/forms.htm>





The Commission and its employees wish you and your family a very happy, safe and healthy new year!

**Bureau of Financial Institutions
State Corporation Commission
P.O. Box 640
Richmond, Virginia 23218-0640**

**IMPORTANT REGULATORY
INFORMATION ENCLOSED!!!**