

# THE COMPLIANCE CONNECTION

REGULATORY NEWS FOR VIRGINIA MORTGAGE COMPANIES  
STATE CORPORATION COMMISSION - BUREAU OF FINANCIAL INSTITUTIONS

2020 VOLUME I



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@scv.virginia.gov](mailto:bfquestions@scv.virginia.gov).

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## BFI Policy Statement Regarding COVID -19

The Bureau of Financial Institutions (Bureau) encourages all supervised financial institutions to work constructively to mitigate the impacts of the Coronavirus/COVID-19 pandemic on Virginia consumers and businesses. While the Bureau is not in a position to unilaterally modify statutory requirements, it is also mindful of the extraordinary extenuating circumstances presented by these events. Accordingly, the Bureau will take such circumstances into account should a subsequent issue arise and will attempt to accommodate, consistent with law and sound practices, efforts made by licensees to minimize service disruptions. Licensees are nonetheless cautioned that data security, internal controls, and adherence to safe and sound lending practices must retain paramount importance in alternative work programs. The Bureau will also work with financial institutions to reduce burden when scheduling examinations and place an increased emphasis on off-site reviews and examinations until the public health crisis subsides.

The Bureau will continue to monitor this rapidly evolving situation and release additional guidance as necessary. This policy statement is effective until modified or withdrawn.

In addition, on March 24, 2020, the State Corporation Commission (SCC) issued the following Order which is accessible through the Bureau's website: SCC Order Certifying Financial Service Sector Workers as Critical Infrastructure Workers (<https://scv.virginia.gov/pages/Bureau-of-Financial-Institutions>).

## SCC Clerk's Office - Central Filing Office for Fictitious Name Certificates

As of January 1, 2020, the SCC Clerk's Office is the central filing office in Virginia for fictitious name certificates, also called "trading as" or "doing business as" names. Prior to a change in state law, these certificates were filed with the clerk of the circuit court of each locality where an entity conducted business. In addition to having to potentially file multiple certificates, any business entity of record in the Clerk's Office also had to file attested copies of the local court certificates with the SCC.

Now, these certificates must be filed with the SCC Clerk's Office instead of with circuit courts. Certificates may be filed electronically, through the new Clerk's Information System (CIS) that was launched in December or using paper forms. Sole proprietors must also file their fictitious name certificates with the SCC.

## **COVID-19 BFI Procedure Changes**

Since early April, Bureau staff has been teleworking. In order to do so, we had to make some quick changes to our procedures. Below are some of the changes put in place to be able to continue to provide the mortgage industry with the oversight required by law and to ensure complaints from Virginia consumers are appropriately handled.

- ◆ Currently, there are no ‘on-site’ examinations. Examinations are conducted remotely, using Box as a secure portal for licensees to provide the Bureau with the items requested to conduct the examination. Please be mindful of the deadlines given, so we can complete the examination in a timely manner.
- ◆ Completed Reports of Examination are sent to the licensee’s primary company contact (as listed in NMLS) via encrypted email from a new email address set up solely for this purpose ([www.VAMortgageExam@scc.virginia.gov](mailto:www.VAMortgageExam@scc.virginia.gov)). Licensees will receive two emails — the first email informs licensees that within 24-72 hours another email will be sent (from the same address) that will contain the Report of Examination conducted by the Bureau; and the second email, which will be encrypted, will contain the final Report of Examination and instructions on how and when to respond to the Report. Responses to the Reports of Examination may also be sent to this address; however, emails from the licensee must be encrypted if a consumer’s personal identifying information is included in the response.
- ◆ A new voice mail account is set up to receive messages left for the Non-Depository Supervision Section of the Bureau. Calls may be answered in person, but will be connected to voice mail if no one is able to answer the call. Voice mail messages are typically returned within 24 hours of the initial call. When leaving a message, please be sure to speak clearly and slowly; provide your name; your company affiliation; the number where we can return your call; and a brief explanation of the reason for the call. Messages will be forwarded to the appropriate staff member to return your call.
- ◆ Complaints pertaining to entities we regulate are now accepted via email. Complainants (consumers) can email complaints to [BFIQuestions@scc.virginia.gov](mailto:BFIQuestions@scc.virginia.gov) using the complaint form on our website or by providing the complainant’s name, mailing address, telephone number, name of the company, summary of concerns, and the result being sought. Complainants are reminded not to include any account numbers or other personal financial information in the email.

## **Happy Retirement!**

Principal Examiner Michael Beane retired effective June 1, 2020, after 31 ½ years of service with the Commission. Mr. Beane was hired as an Examiner in 1988 and has been conducting examinations of consumer finance licensees, industrial loan companies and mortgage companies ever since. He’s completed more than 2,000 exams of licensed companies and traveled countless miles by car and airplane on behalf of the Commission. We thank him for his service and wish him the best in his future endeavors!



## License Update

The following is a list of companies and individuals that have had an application denied, consented to the entry of a settlement order, or been the subject of regulatory action (e.g., been barred, had their license revoked, or paid a fine or civil penalty, etc.) since October 9, 2019. This list should be helpful to keep track of companies and individuals with which you do business. This list is accurate as of July 14, 2020. Call the Bureau if you have a question concerning a recent denial, settlement order or regulatory action taken by the Commission. To view specific Commission Orders, go to the following link and enter the case number or company name:

<https://www.scc.virginia.gov/docketsearch#DocketSearch/search>.

Case Number Action / Type of Order	License No. License/Defendant Name	Date of Order	Description
BFI-2019-00111 Settlement	MC-5636 Capital Mortgage Corporation, Inc.	12/5/2019	Paid \$3,000 for allegedly filing its quarterly mortgage call reports late through NMLS, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers.
BFI-2018-00028 Settlement	MC-1754 Lifetime Mortgage, Inc.	12/31/2019	Licensee allegedly violated §§ 6.2-1607 A and 6.2-1609 A of the Code of Virginia and 10 VAC 5-160-20, 10 VAC 5-160-25 D, 10 VAC 5-160-50 C, 10 VAC 5-160-90 B, 10 VAC 5-160-90 C, and 10 VAC 5-160-90 D of the Commission's Rules Governing Mortgage Lenders and Brokers. In lieu of revocation and other enforcement action, the licensee, through its sole owner and senior officer, Ms. Bobbi Jo Fleming, offered to settle the matter by surrendering Lifetime's mortgage broker license and Ms. Fleming agreeing that she will not serve as a senior officer, director, member, or principal of any person licensed or required to be licensed under Title 6.2 of the Code of Virginia for a period of three years; however, the settlement does not bar Ms. Fleming from applying for or obtaining a mortgage loan originator license pursuant to Chapter 17 of Title 6.2 of the Code of Virginia.
BFI-2019-00109 Settlement	MC-3858 E Mortgage Management LLC	12/16/2019	Paid \$10,000 for allegedly violating 10 VAC 5-160-60 of the Commission's Rules Governing Mortgage Lenders and Brokers
BFI-2018-00023 Settlement	MC-6723 Seafarer Home Corporation	1/3/2020	Paid \$5,000 and agreed to a two-year suspension (from December 31, 2019) of its Virginia mortgage broker license due to allegedly violating § 6.2-1612 of the Code of Virginia; Regulation B (12 C.F.R. § 1002.9 (b)(1)); and 10 VAC 5-160-20 (9), 10 VAC 5-160-60 A (2), 10 VAC 5-160-90 B and 10 VAC 5-160-50 B of the Commission's Rules Governing Mortgage Lenders and Brokers. The licensee's sole owner and officer, Mr. Christopher Lilly, also agreed to not serve as an officer, director, member, partner, or principal of another Virginia-licensed mortgage broker or mortgage lender for two years from December 31, 2019.
BFI-2019-00112 Cease & Desist	Retention Advocacy Legal Group a/k/a Retention Advocacy Group	2/7/2020	Order requiring the defendant to cease and desist from engaging in business as a mortgage broker without the required license, and to comply with the provisions of Chapter 16 of Title 6.2 of the Code of Virginia.
BFI-2020-00003 Cease & Desist	State Street Home Loans	4/23/2020	Order requiring the defendant to cease and desist from engaging in business as a mortgage broker without the required license, and to comply with the provisions of Chapter 16 of Title 6.2 of the Code of Virginia.
BFI-2020-00004 Revocation	MC-6773 Apex Lending Inc.	4/30/2020	Licensee failed to file its mortgage call report for the fourth quarter of 2019 through NMLS, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers.



**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

 **Bureau of  
Financial Institutions**  
VIRGINIA STATE CORPORATION COMMISSION  
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