

THE COMPLIANCE CONNECTION

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

2019 VOLUME II



The Compliance Connection is part of the Bureau of Financial Institution'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 of Financial Institutions at P.O. Box 640, Richmond, VA 23218-0640 or via email at bfquestions@sc.virginia.gov.

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Mortgage Closing Scams

Mortgage closing scams in which the borrower wires money to the scammer based on reported last minute changes, etc. are of concern, and the Bureau of Financial Institutions ("BFI") asks all mortgage licensees to help their customers become aware of such scams.

A simple warning or reference to the scam given to your borrower could assist them in knowing to always CHECK FIRST WITH THEIR KNOWN CONTACTS (do not use the information in the email) before sending any money. These scammers use very simple variations of company web addresses which are often not noticed at first glance. A few examples include the word "title" spelled "tittle" in the full name of the title company email address; or "q" instead of "g" in a company or persons name; or "0" (zero) instead of "O"; or slight difference in phone number of the contact person. Often the scammer has used the correct company name or logo in the actual message, but the information, instructions, or email addresses is where the scammer makes slight variations to perpetrate the scam.

Both the Consumer Financial Protection Bureau ("CFPB") and Federal Trade Commission ("FTC") have information for consumers on their websites (see links below). Mortgage companies are encouraged to use this information to help their borrowers avoid falling victim to a scammer.

The Bureau encourages you to help your borrower avoid falling victim to such scams by sharing a simple warning with them.

<https://www.consumerfinance.gov/about-us/blog/mortgage-closing-scams-how-protect-yourself-and-your-closing-funds/>

<https://www.consumer.ftc.gov/blog/2017/06/protect-your-mortgage-closing-scammers>

CFPB FAQs on SAFE Act Amendments

On September 25, 2019, the CFPB published four FAQs on the SAFE Act and the impact of the amendments to the SAFE Act made by § 106 of the Economic Growth, Regulatory Relief, and Consumer Protection Act.

You can access the SAFE Act FAQs here: <https://www.consumerfinance.gov/policy-compliance/guidance/secure-fair-enforcement-for-mortgage-licensing-act/secure-and-fair-enforcement-mortgage-licensing-act-faqs/>

Cybersecurity 101

The Conference of State Bank Supervisors (CSBS) recently published Cybersecurity 101: A Resource Guide for Financial Sector Executives. The resource guide includes information on Risk, Common Threads, Questions Every CEO Should Ask, How to Structure Your Information Security Program, and helpful resources. It is available at <https://www.csbs.org/cyber101>.



CSBS is a nationwide organization of financial regulators from all 50 U.S. states, the District of Columbia, Guam, Puerto Rico, American Samoa, and the U.S. Virgin Islands. For more than a century, CSBS has given state supervisors a national forum to coordinate supervision and develop policy. CSBS also represents its members before federal policymakers and regulators, provides training, and manages the Nationwide Multistate Licensing System.¹

¹ Conference of State Bank Supervisors. Retrieved October 7, 2019, from www.csbs.org.

MLO Temporary Operating Authority

Starting November 24, 2019, certain MLO license applicants will be deemed by law to have “temporary authority to operate” as mortgage loan originators in Virginia while their license applications are under investigation. Detailed eligibility criteria, answers to frequently asked questions, and other logistical information regarding MLO temporary operating authority can be viewed on the [NMLS Resource Center](#).

Questions concerning temporary operating authority can be directed to the Bureau’s licensing section at (804) 371-9690 or VaBureauofFinancialInstitutions@scv.virginia.gov.

Examiner Retirements

The mortgage section of the Bureau has experienced a few changes lately. Two of our long-term employees have recently retired - Steve Brannan has been with the Bureau for 25 years and Kenny Mullen has 24 years of service with the Bureau. Their combined years of service to the Bureau resulted in 2,590 mortgage exams, 563 consumer finance exams, 203 debt counseling exams, 16 industrial loan exams and 30 payday lender examinations. We’d love to know the number of flights they have taken, the number of miles they have driven, or the number of hours they have spent stuck in traffic on Interstate 95 or in the Hampton Roads Tunnel. We thank them for their service to the Commonwealth and wish them both many happy and healthy years ahead!



License Update

The following is a list of regulatory actions and denials imposed upon mortgage companies and individuals by the Commission since April 5, 2019. These lists are current as of October 9, 2019. Call the Bureau if you have a question concerning a recent denial 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: <http://www.scc.virginia.gov/docketsearch#DocketSearch/search>.

Case Number Action	License No. License Name	Date of Order	Reason
BFI-2018-00019 Bar	MLO-6557 Roberto Jaramillo	4/26/2019	Pled guilty to the felony of wire fraud in violation of 18 U.S.C. § 1343 in US District Court, Eastern Division (Ref. § 6.2-1620 of the Code of Virginia)
BFI-2019-00010 Revocation	MC-6625 Reverse Mortgage Corporation	5/1/2019	Failed to file a quarterly mortgage call report through NMLS, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers.
BFI-2019-00005 Revocation & Bar	MLO-30475 Christal Lynn Williams a/k/a Christal Dunn	6/11/2019	Convicted of grand theft in violation of California Penal Code §487 in the Superior Court of California, County of Los Angeles; a judgment was entered against Ms. Williams and she was held liable in a civil action. (Ref. §§ 6.2-1620 & 6.2-1716 of the Code of Virginia)
BFI-2019-00018 Settlement	MLO-35772 Tuan Doan	6/20/2019	Paid \$2,500 for allegedly failing to obtain approval prior to acquiring 25% or more of the ownership of Today's Mortgage, Inc. (MC- 5563) in violation of § 6.2-1608 of the Code of Virginia
BFI-2019-00017 Settlement	MLO-19874 Minh Nguyen	6/20/2019	Paid \$2,500 for allegedly failing to obtain approval prior to acquiring 25% or more of the ownership of Today's Mortgage, Inc. (MC-5563) in violation of § 6.2-1608 of the Code of Virginia
BFI-2019-00032 Revocation	MC-5832 Home Free Mortgage Incorporated	7/17/2019	Failed to file the financial condition component of its mortgage call report through NMLS, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers
BFI-2019-00021 Revocation	MC-5919 American Commercial Funding, LLC	7/18/2019	Failed to file financial condition component of its mortgage call report through NMLS, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers
BFI-2019-00024 Revocation	MC-5815 American Housing Capital LLC d/b/a CRM Lending	7/18/2019	Failed to file financial condition component of its mortgage call report through NMLS, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers
N/A Denial	MC-6951 St. Michael Mortgage, LLC	7/22/2019	Denial of application for mortgage broker license.
BFI-2019-00037 Settlement	N/A Mark Lefanowicz	7/25/2019	Paid \$2,500 for allegedly failing to obtain approval prior to acquiring 25% or more of the ownership of Ethos Lending LLC (MC-5865, now known as The Loan Store LLC) in violation of § 6.2-1608 of the Code of
BFI-2019-00014 Settlement	MC-3301 Apex Mortgage LLC	8/9/2019	Paid \$13,000 for alleged violations of §§ 6.2-1611 and 6.2-1614 of the Code of Virginia as well as 10 VAC 5-160-20; and 10 VAC 5-160-90 of the Commission's Rules Governing Mortgage Lenders and Brokers.

(Continued on next page)

License Update (continued from Page 3)

Case Number Action	License No. License Name	Date of Order	Reason
BFI-2019-00042 Settlement	MC-5516 SWBC Mortgage Corporation d/b/a HomePlus	8/16/2019	Paid \$20,000 for alleged repeated violations of 10 VAC 5-160-60 of the Commission's Rules Governing Mortgage Lenders and Brokers
BFI-2019-00047 Settlement	N/A Mewael Joseph Ghebremichael	10/9/2019	Paid \$2,500 for allegedly failing to obtain approval prior to acquiring 25% or more of the ownership of Nations Reliable Lending, LLC d/b/a NRL Mortgage (MC-5950) in violation of § 6.2-1608 of the Code of Virginia.
BFI-2019-00048 Settlement	N/A Ron Maks Zach	10/9/2019	Paid \$2,500 for allegedly failing to obtain approval prior to acquiring 25% or more of the ownership of Nations Reliable Lending, LLC d/b/a NRL Mortgage (MC-5950) in violation of § 6.2-1608 of the Code of Virginia.

**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



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