

## **Mortgage Industry Advisory Committee Minutes**

10:04 AM, Wednesday, July 2, 2014 – The Mortgage Industry Advisory Committee (MIAC) conducted its regularly scheduled meeting in the William F. Aldridge hearing room of the Finance Commission Building, 2601 N. Lamar, Austin, Texas.

Committee Members present were Judy Belanger, Armando Barbosa, and Alvin Collins. Members absent were Michael Morrow, Susan Stewart, and Lance Ludman. Savings and Mortgage Lending representatives present were Commissioner Caroline Jones, Commissioner Douglas Foster, Director of Mortgage Examination Tony Florence, Director of Licensing Steven O’Shields, and Executive Assistant Cherie Swearengin.

Director of Licensing Steven O’Shields distributed license statistics. As of June 30, 2014 1,606 Companies, 1,898 Branches, and 16,780 MLO’s held approved licenses.

For fiscal year 2014 (September 2013 – June 2014), 6,231 applications were received. There were 51,145 additional filings in the form of amendments, sponsorship changes, etc. The Department’s processing turnaround time is, on average, 10 business days. Delays in processing are typically due to background issues, which necessitate further review.

Aggregate MCR filing data, for calendar year 2013, was also presented: brokered loans \$8.7 billion, retail loans \$42.6 billion, and wholesale loans \$9.1 billion. Director O’Shields stated that while filings submitted were more thorough than in the past, timely filings were still an issue.

The Licensing Department had one investigator retire effective June 30, 2014. This position had been posted.

Director Tony Florence provided an update for mortgage examination. During the first three quarters of fiscal year 2014, 265 full scope examinations were conducted that covered 2,455 mortgage loan originators. In April, the Department sent nine mortgage examiners to a five day AARMR/CSBS Training School in Dallas which focused on new Consumer Financial Protection Bureau rules. One Dallas based mortgage examiner retired, one examiner resigned for relocation issues, and one was terminated. The Department has filled these vacancies and hired an additional full time examiner.

Director Florence also discussed Complaints. During the first three quarters of fiscal year 2014, the Department had an intake of 708 complaints. This level of complaints represents no increase when compared to the same period of fiscal year 2013. As of May 31, 2014, there were a total of 122 open consumer complaints with 93% of the complaints aged less than 90 days. No complaints were aged over 180 days at the end of the quarter.

Commissioner Caroline Jones provided the Legal and Enforcement update. She announced that Mr. Ernest Garcia had been hired as the Department’s new General Counsel, and would begin July 28, 2014. The current ALJ contract expires 8/31/2014. The Department is in the process of evaluating RFP responses and plans to have the new contract for ALJ services in place by 09/01/2014. Commissioner Jones announced that our Budget hearing is July 31, 2014.

Commissioner Jones gave a brief overview of the Recovery Fund, its purpose, and the possible uses of excess funds to benefit the consumer.

Commissioner Jones stated that the 84<sup>th</sup> Legislative Session begins January 13, 2015. The Department plans to seek a statutory amendment authorizing the Department to examine mortgage banker companies. The Department and TMBA’s General Counsel, John Fleming, began preliminary discussions late spring

and continue to discuss potential concepts for the amendments. Commissioner Jones will present this issue to TMBA's Board at its Summer Board meeting.

Member Belanger commented on the potential legislative amendments indicating that at first she was concerned about the idea, but after further thought has determined that they are needed amendments. She stated that she would rather have the Department regulating and examining the mortgage banker companies rather than another regulatory entity.

MIAC members will be polled, via email, regarding availability for potential future meeting dates. They are as follows:

November 12, 2014

March 11, 2015

July 8, 2015

Meeting adjourned, at 10:48 AM.