



COLORADO

Department of
Regulatory Agencies

Division of Real Estate

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MORTGAGE LOAN ORIGINATOR BOARD MINUTES

October 12, 2022

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**MORTGAGE LOAN ORIGINATOR BOARD
MEETING
VIA Webinar
October 12, 2022
COLORADO DIVISION OF REAL ESTATE**

A Mortgage Loan Originator Board public meeting was held on October 12, 2022 via webinar. Those Board Members in attendance were Dena Falbo, Chair; Jennifer Heinrich, Vice-Chair; and Cindy Emerine. There are two vacancies on the Board.

Attending from the Division of Real Estate were Marcia Waters, Director; Eric Turner, Deputy Director; David Donnelly, Education, Communication & Policy Manager; Penny Elder, ESP Manager; Sarah Halloran, Program Team Lead; Nicole Tribelhorn, Program Team Lead; Eddie Rose, Program Team Lead; and Doreen Archuleta, Board Management. Devin Laiho is present via webinar from the Attorney General's Office.

Notice of the meeting was timely published and the meeting was held pursuant to the Colorado Sunshine Laws, Title 24, Article 6, C.R.S., as amended.

Due to closures of public spaces because of the Coronavirus pandemic, the meeting was conducted via Webinar. The meeting was called to order by Ms. Falbo, Chairwoman, at 9:00 a.m.

ORDER OF BUSINESS

Approval of Minutes - July 20, 2022

It was moved by Ms. Heinrich and seconded by Ms. Emerine to approve the Minutes of July 20, 2022 as submitted.



MLO Minutes_July
20, 2022.pdf

Motion unanimously carried.

POLICY MATTERS:

Selection of Leadership -

It was moved by Ms. Emerine and seconded by Ms. Heinrich to keep the current leadership. Ms. Falbo will continue as Chair and Ms. Heinrich will continue as Vice Chair of the Mortgage Loan Originator Board.

Motion unanimously carried.

2023 MLO Meeting Dates -

January 18, 2023
March 15, 2023
May 17, 2023
July 19, 2023
September 20, 2023
November 15, 2023

Agenda Items for Next Meeting - None

PUBLIC COMMENT: None.

COMPLAINT MATTERS:

A. Complaint #2022-962 (MA) -

The investigative report concerning the complaint filed against the respondent in Complaint #2022-962 (MA) was presented to the Board with accompanying documentation and information.

- A. On April 22, 2022, the respondent plead guilty to Assault 3 - Recklessly Cause Injury, a Class 1 Misdemeanor. The respondent was sentenced to a two-year deferred sentence and ordered to pay \$1,441.50 in court costs and fees. All fees have been paid and the deferred sentence is ongoing.
- B. This is a possible violation of:
 - a. § 12-10-711(1)(p), C.R.S. - failure to notify of conviction/plea; and
 - b. § 12-10-713(1)(n), C.R.S. - Conviction.

Following discussion, it was moved by Ms. Heinrich and seconded by Ms. Emerine for a settlement offer of a Stipulation for Diversion to include a fine in the amount of \$500.00 and probation concurrent with the respondent's criminal sentence.

Motion unanimously carried.

B. Complaint #2022-948 (RH) -

The investigative report concerning the complaint filed against the respondent in Complaint #2022-948 (RH) was presented to the Board with accompanying documentation and information.

- A. As a result of involvement with a mortgage loan originator testing and education scheme, on January 7, 2022, the respondent entered into a Consent Order and Agreement relinquishing his mortgage loan originator license in five states for 90 days. The respondent submitted a license reactivation request in Colorado on 5/27/2022 without having previously disclosed the discipline in the NMLS registry. His Colorado mortgage loan originator license was reactivated on June 1, 2022, prior to the Division being able to review the discipline. The respondent agreed to the following terms in the Consent Order and Agreement:
 - No reapplication with state mortgage regulators for a period of 90 days from the effective date of the settlement;
 - Administrative penalty of \$1,000.00 to each state in which a license is held, and is a signatory on the order;
 - Retake 20 hours of Pre-licensing Education; and
 - Complete eight hours of late Continuing Education.

The respondent provided proof of payment to three of the five states.

- B. This is a possible violation of:

- a. § 12-10-713(1)(m), C.R.S. - any rule violation;
- b. § 12-10-713(1)(w), C.R.S. - license suspended in any jurisdiction; and
- c. Board Rule 5.23(D) - disclosure of discipline in another jurisdiction.

Following discussion, it was moved by Ms. Emerine and seconded by Ms. Heinrich for a settlement offer of a Stipulation and Final Agency Order to include public censure; revocation of the mortgage loan originator's license; and a fine in the amount of \$2,000.00. In addition, the Board authorizes the Attorney General's Office to add any appropriate additional violations along with a \$1,000 fine per violation.

Motion unanimously carried.

C. Complaint #2022-1208 (TG) -

The investigative report concerning the complaint filed against the respondent in Complaint #2022-1208 (TG) was presented to the Board with accompanying documentation and information.

- A. On July 20, 2022, the Division opened a complaint against the respondent after learning of his license surrender in four states. The license surrender was in connection with a testing and education matter which resulted in the respondent entering into a Settlement Agreement on January 5, 2022. The respondent was ordered to pay a \$4,000.00 fine (\$1,000.00 in each state) and surrender his license in the states of Hawaii, California, Texas, and Florida. The fines have been paid in California and Florida. The states of Hawaii and Texas were not able to immediately identify whether the fines had been paid. The disciplinary action was not disclosed to the Division after the respondent's license was renewed and was not disclosed in the NMLS registry until July 20, 2022.
- B. This is a possible violation of:
 - a. § 12-10-713(1)(m), C.R.S. - any rule violation;
 - b. § 12-10-713(1)(w), C.R.S. - license suspended in any jurisdiction; and
 - c. Board Rule 5.23(D) - disclosure of discipline in another jurisdiction.

Following discussion, it was moved by Ms. Emerine and seconded by Ms. Heinrich for a settlement offer of a Stipulation and Final Agency Order to include public censure; revocation of the mortgage loan originator's license; and a fine in the amount of \$2,000.00. In addition, the Board authorizes the Attorney General's Office to add any appropriate additional violations along with a \$1,000 fine per violation.

Motion unanimously carried.

D. Complaint #2022-902 (FG) -

The investigative report concerning the complaint filed against the respondent in Complaint #2022-902 (FG) was presented to the Board with accompanying documentation and information.

- A. The respondent filed a written complaint against himself with the Division of Real Estate. The respondent stated that an audit conducted in 2019 by the California Department of Real Estate identified violations of California's license law regarding record keeping requirements involving trust account regulations & corporate supervision. The respondent stated that in November 2021, he entered into a Stipulation with California in which he, as a licensee and his corporate license, agreed to restricted licenses for two years. The respondent also provided a license history from Pennsylvania which showed discipline. The respondent was silent regarding the Pennsylvania discipline. After a request for additional information, The respondent agreed to pay \$6,552.72 for the cost of the audit, pay up to \$8,190.90 for a follow-up audit, revocation of both licenses,

issuance of restricted licenses upon application, and completion of the required continuing education as well as education in trust fund accounting and handling. The respondent's license was suspended from January 23, 2022, to February 13, 2022 for failure to timely pay for the audit. The respondent currently holds an active Restricted Broker license in California. The investigation revealed that the respondent's Pennsylvania broker license was suspended in 2011. The investigation noted the potential violations that the respondent failed to disclose the suspension in Pennsylvania when he applied for his Colorado broker license, failed to timely disclose the California discipline to CREC, and failed to disclose in the NMLS the California and Pennsylvania discipline when he applied for a Colorado MLO license.

- B. This is a possible violation of:
- a. § 12-10-713(1)(r), C.R.S. - obtain license w/ false information;
 - b. § 12-10-713(1)(w), C.R.S. - license suspended in any jurisdiction;
 - c. § 12-10-711(1)(c), C.R.S. - license suspended;
 - d. § 12-10-711(1)(a), C.R.S. - application omitted disclosure;
 - e. § 12-10-713(1)(m), C.R.S. - any rule violation; and
 - f. Board Rule 5.23(D) - disclosure of discipline in another jurisdiction.

Following discussion, it was moved by Ms. Heinrich and seconded by Ms. Emerine for a settlement offer of a Stipulation and Final Agency Order to include public censure; a fine in the amount of \$5,000.00; and two years of probation.

Motion unanimously carried.

LICENSING MATTERS:

A. Complaint #2022-1034 (SC) - License Application -

The Board considered this application for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

The applicant disclosed two prior regulatory actions in the NMLS registry.

- On February 4, 2007, the State of California Bureau of Real Estate suspended the applicant's Real Estate Salesperson's license due to a failure to maintain continued education requirements; and
- On December 21, 2021 the applicant entered into a Settlement and Consent Order with the states of AZ, CA, OR and TX related to an MLO pre-licensure and/or continued education course cheating scheme in California. The applicant was ordered to pay \$4,000.00 in fines, a 3-month license suspension, and provide new proof of PE/CE course completion. The fines have been paid and the applicant currently has active MLO licenses in AZ, CA and OR.

It was moved by Ms. Heinrich and seconded by Ms. Emerine to deny the license application. The denial is based on § 12-10-713(1)(w), C.R.S., and § 12-10-711(1)(g), C.R.S.

Motion unanimously carried.

B. Complaint #2022-1318 (JK) - License Application -

The Board considered this application for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

On 12/31/2021, the applicant was disciplined individually by several state mortgage regulators for participating in an in-person and online education scheme conducted through REES, who completed on behalf of the applicant 60 PE and/or CE in-person hours and 19 PE and/or CE online hours. The applicant was fined \$10,000.00, required to take 28 hours of pre-licensure and continuing education, and surrender his license in the participating states. As a result of the education scheme, on 01/06/2022, Georgia's Department of Banking and Finance ordered the denial of his application renewal. Additionally, on 03/07/2022, Utah's Division of Real Estate ordered the surrender of his license. On 10/28/2015, the State of Oregon, Department of Consumer and Business Services, Division of Finance and Corporate Securities ordered a fine of \$5,000.00 against the applicant's mortgage company for originating loans for residential property located in Oregon without first obtaining a license to do so. On 09/25/2018, the Texas Department of Savings and Mortgage Lending ordered an administrative penalty of \$2,025.00 from the applicant's mortgage company for violation of the SAFE Act and/or administrative rules. And, on 01/16/2020, the State of Washington Department of Financial Institutions Division of Consumer Services ordered a fine of \$28,869.85 from the applicant's mortgage company for directly or indirectly engaging in any unfair or deceptive practice and distributing false, deceptive, or misleading advertising.

It was moved by Ms. Emerine seconded by Ms. Heinrich to deny the license application. The denial is based on § 12-10-713(1)(w), C.R.S.; § 12-10-711(1)(g), C.R.S.; and § 12-10-713(1)(r), C.R.S.

Motion unanimously carried.

C. Complaint #2022-992 (MC) - License Application -

This application was withdrawn.

Motion unanimously carried.

D. Complaint #2022-1036 (SW) - License Application -

The Board considered this application for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

On June 6, 2000, the applicant pled guilty to Intent to Commit Forgery - Check, a Class 6 Felony. The applicant was ordered to pay \$1,235.00 in court costs and \$300.00 in restitution. All terms were completed on February 9, 2005.

On July 23, 2001, the applicant was found guilty of COCCA - Racketeering, a Class 2 Felony. The applicant was ordered to serve 16 years in Corrections (sentence vacated) and complete 7 years of probation. The applicant was ordered to pay \$40,512.00 in court costs and \$36,032.00 in restitution. Probation was completed on August 3, 2012. All fines and restitution for this case were paid on August 11, 2015.

On May 16, 2002, the applicant was convicted of Controlled Substance - Conspiracy, a Class 3 Felony. The applicant was ordered to serve 15 years in Corrections (sentence vacated), complete 5 years of probation and pay \$6,491.00 in court costs. Probation was completed January 24, 2013 and all fines were paid.

It was moved by Ms. Heinrich seconded by Ms. Emerine to approve the license application.

Motion unanimously carried.

NOTE: Complaint E - #2022-786 (MI) was removed from the Board's consideration.

F. Complaint #2022-1313 (SJ) - License Application -

The Board considered this application for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

The respondent answered "yes" to several questions on his NMLS application/profile including having a license denied in another jurisdiction as well as having "been named as a respondent/defendant in a financial services-related consumer initiated arbitration or civil litigation which: (2) resulted in an arbitration award or civil judgment" against you, regardless of amount, or that required corrective action" and "voluntarily resigned, been discharged, or permitted to resign after allegations were made that accused you of: (1) violating statute(s), regulation(s), rule(s), or industry standards of conduct."

The respondent provided a copy of the MLO License denial letter from another state indicating that he was denied due to delinquent/past due/collections credit accounts. The respondent provided documentation and/or explanations for all of the accounts mentioned in the denial letter. The respondent set up payment plans for 3 of the accounts on 08/22/22 and provided documentation for the other satisfied accounts. The applicant also provided a letter from FINRA indicating that they did not pursue discipline over his securities complaint but he did state that he was asked to resign due to that matter.

It was moved by Ms. Heinrich seconded by Ms. Emerine to approve the license application.

Motion unanimously carried.

G. Complaint #2022-1256 (JS) - License Application -

The Board considered this application for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

The applicant has regulatory actions related to a California disciplinary action regarding loan modifications. In 2014 the applicant agreed to a no-admit stipulated agreement. In 2017, the applicant signed an admission to receive a conditional California Mortgage Loan Originator License.

Additionally, in 2021, the applicant's CA license was suspended for three months in relation to a multi-state investigation involving an MLO education cheating scheme.

It was moved by Ms. Emerine and seconded by Ms. Heinrich to deny the license application. The denial is based on § 12-10-713(1)(r), C.R.S.; § 12-10-713(1)(w), C.R.S.; and § 12-10-711(1)(g), C.R.S.

Motion unanimously carried.

H. Complaint #2022-1197 (AG) - License Application -

The Board considered this request for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

On March 14, 2019, the applicant was convicted of Battery, Violation of Article 128 in the US Army. The applicant was sentenced to a reduction in grade, administrative separation, and discharge under other than honorable conditions.

It was moved by Ms. Heinrich and seconded by Ms. Emerine approve the license application.

Motion unanimously carried.

I. Complaint #2022-1345 (EB) - License Application -

The Board considered this request for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

In 2010, the applicant was convicted of Drug - Possess to Distribute and Conspiracy to Violate Drug Law, both Class B-Felonies. The applicant was sentenced to 5 years of probation and a fine of \$90.00. The applicant completed probation and paid the fine in full. The case is closed.

It was moved by Ms. Heinrich and seconded by Ms. Falbo to approve the license application.

Ms. Emerine is opposed. **Motion carried.**

J. Complaint #2022-1345 (BK) - License Application -

The Board considered this request for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

On 02/25/2004, the applicant was convicted of 3 counts of Violate Unfair Trade General Orders (3 misdemeanors) related to a remodeling company formerly owned by the applicant. The MLO Board denied the applicant's original Colorado MLO Application from 2017 at the 7/19/17 meeting and the application was formally withdrawn on 10/30/17. The applicant currently holds an MLO license in Wisconsin.

It was moved by Ms. Emerine and seconded by Ms. Heinrich to approve the license application.

Motion unanimously carried.

NOTE: Complaint K - #2022-1534 (CG) was removed from the Board's consideration.

L. Complaint #2022-1371 (AR) - License Application -

The Board considered this request for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

On September 14, 2000, the applicant was convicted of Force/Assault with a Deadly Weapon, a felony. The applicant was sentenced to 5 years of probation. Probation was revoked, and he was re-sentenced to 4 years in state prison and a \$200.00 fine. The applicant has completed the terms of his prison sentence and has paid his fine in full. The case is closed.

It was moved by Ms. Emerine and seconded by Ms. Heinrich to approve the license application.

Motion unanimously carried.

M. Complaint #2022-1533 (MK) - License Application -

The Board considered this application for a mortgage loan originator's license together with accompanying documentation and information supplied by the applicant.

In October 2010, the applicant was convicted of Robbery, a Class 4 Felony. The applicant has a current balance of \$2,038.90 on his original fine of \$4,612.

In August 2011, the applicant was convicted of Assault 3, a misdemeanor. The applicant has a current balance due of \$544.50.

In November 2011, the applicant was convicted of Theft-under \$500, a misdemeanor. The applicant has a current balance of \$549.00. Also in November 2011, the applicant was convicted of Harassment-Strike/Shove/Kick, a Misdemeanor. A fine of \$1,625.88 was sent to collections. There is a current balance of \$4947.74 and the applicant will start a payment plan on 10/20/2022 of \$144.27 per month.

In October 2012, the applicant was convicted of Protection Order Violation, a misdemeanor, with a fine of \$489.50 and a current balance of \$489.50.

In November 2012, the applicant was convicted of a Protection Order Violation, a Misdemeanor. The fine of \$791 was waived by the court.

In July 2020 the applicant was convicted of Possession w/Intent to Distribute, Possession or Use of a Controlled Substance, Misdemeanors. He was sentenced to 24 months of probation and ordered to 364 days in jail (349 suspended) and a fine of \$1,500.00. Current balance information was not provided.

It was moved by Ms. Emerine and seconded by Ms. Heinrich to deny the license application. The denial is based on § 12-10-711(1)(g), C.R.S., and § 12-10-713(1)(r), C.R.S.

Motion unanimously carried.

Adjourn

The MLO Board meeting adjourned at 10:28 a.m. on October 12, 2022.

Dena Falbo, Chair

Jennifer Heinrich, Vice-Chair

Cindy Emerine, Board Member

Vacancy

Vacancy

Marcia Waters, Director
Colorado Division of Real Estate