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# The Compliance Connection

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State Corporation Commission - Bureau of Financial Institutions  
Regulatory News for Virginia Mortgage and Consumer Finance Licensees January 2000

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## Mailing Address:

**1300 East Main Street**

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**P. O. Box 640**

**Richmond, VA 23218 - 0640**

Suggestions and comments concerning the newsletter or its contents should be addressed to the Bureau at the above address or via e-mail at: [nwalker@scc.state.va.us](mailto:nwalker@scc.state.va.us)

## HAPPY NEW YEAR!

We survived Y2K! We hope all licensees have a happy and prosperous new year! See related Y2K article on Page 5 of this newsletter.



## Examination Report Mailing:

Recently, the Bureau has reviewed its procedures and in an effort to reduce costs, changes have been made to the way we send Examination Reports to licensees. Licensees will only receive one copy of the Examination Report. Consumer Finance licensees previously were sent two copies of the Report – one copy to the licensed office and another copy to their home office. Starting January 1, 2000, only one copy will be sent and it will be sent to the licensed consumer finance office examined. It will be up to the licensee to forward a copy to the other departments in their organization. Mortgage licensees typically were only sent one copy, so this change should not affect mortgage licensees.

## Recent Complaints:

Once again, we are receiving an increased number of complaints concerning difficulties in receiving payoff information from lenders. The complainants state some lenders are not responding to written payoff requests made by the property owner's designee (i.e.: attorney, or mortgage lender or broker with whom they have filed a loan application) and are claiming the payoff request must come from the property owner. Other complaints revolve around the lender's refusal to accept a faxed written request. It is the Bureau's opinion that a faxed request for loan payoff information is a "written request" within the meaning of Virginia Code §6.1-330.82 with which the note holder must comply.

The above referenced section also requires the holder of the note secured by a deed of trust or mortgage on Virginia property to mail or deliver a written statement of the payoff amount **within 10 days** of the receipt of a written request from the property owner, **or his designee**. Such request for payoff information may be made one time within a 12-month period **without charge**, and a fee **not to exceed \$15** may be charged for each additional request within such period.



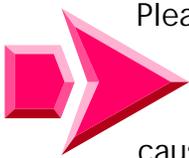
[www.state.va.us/scc](http://www.state.va.us/scc)

**Our website contains alot of helpful information – check it out and let us know what you think!**

### **Prohibition Against Dual Compensation:**

Virginia Code §6.1-422B(5) and §6.1-422C prohibits a mortgage broker from receiving compensation for negotiating, placing or finding a mortgage loan where the mortgage broker, or any person affiliated with the mortgage broker has also acted as a real estate broker, agent or salesman in connection with the sale of real estate which secures the loan, unless the mortgage broker was licensed prior to February 25, 1989. If the mortgage broker was licensed prior to this date, the prohibition is eliminated as long as the proper disclosure is given (see “Notice” under VA Code §6.1-422B(5)).

An “affiliated person of a mortgage broker” means any person which is a subsidiary, stockholder, partner, trustee, director, officer or employee of a mortgage broker and any corporation ten percent or more of the capital stock of which is owned by a mortgage broker or by any person which is a subsidiary, stockholder, partner, trustee, director officer or employee of a mortgage broker.



Please note! Only one fictitious name can be used by a licensee and the fictitious name, along with the licensee’s legal name, must appear on the license issued by the Commission. Virginia Code §6.1-424 prohibits licensees from using or causing to be published any advertisement which identifies the lender or broker by any name other than the name set forth on the license issued by the Commission.

### **Mark Your Calendar! Important Upcoming Dates:**

February 11, 2000	New Mortgage Licensee Orientation
February 21, 2000	President’s Day Holiday
March 1, 2000	Mortgage Annual Report Due
April 1, 2000	Consumer Finance Annual Report Due
April 25, 2000	Bureau’s Deadline for mailing mortgage assessment bills
May 1, 2000	Bureau’s Deadline for mailing consumer finance assessment bills
May 25, 2000	Mortgage Assessments Due
June 1, 2000	Consumer Finance Assessments Due

## Attention New Mortgage Licensees:



February 11, 2000 is the date of the next orientation for new mortgage licensees. Companies who were licensed between October 1<sup>st</sup> and December 31<sup>st</sup> 1999 should have received information about the session. Orientation begins at 9:30 a.m. at our office and concludes around 4:00 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.

## 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 September 30, 1999**. We hope this will be helpful in keeping track of companies with whom you do business. **These lists are accurate as of January 1, 2000**. Call the Bureau if you have a question concerning a recent denial, surrender or regulatory action taken by the Commission. **NOTE: Doing business with an unlicensed mortgage company is a violation of Administrative Rulings 1603 and 1605, which can result in regulatory action.**

### MORTGAGE LICENSES SURRENDERED SINCE SEPTEMBER 30, 1999

- |  |   |
|--|---|
| ML – 249 Capstead, Inc. – 10/5/99  | MLB – 513 Long Beach Mortgage Company d/b/a<br>Financing USA – 10/27/99   |
| ML – 211 Regional Investment Co. d/b/a RIC<br>Mortgage Co. – 10/6/99   | MLB – 251 Associated Financial Group, Incorporated<br>– 11/3/99   |
| MLB – 415 Carolina Mortgage Brokers, Inc. d/b/a<br>CMB Mortgage – 10/6/99  | ML – 184 New America Financial Incorporated –<br>11/10/99   |
| MLB – 206 United First Mortgage, Inc. d/b/a<br>Northstar Mortgage Group – 10/8/99  | MLB – 285 Harbor Financial Mortgage Corporation –<br>11/10/99   |
| MLB – 218 Richmarr Mortgage Corporation d/b/a<br>RMC Mortgage – 10/8/99  | MB – 859 Phoenix Home Mortgage Corp. – 11/12/99   |
| ML – 363 Innovative Funding, Inc. – 10/14/99   | ML – 297 IMC Mortgage Company – 11/16/99  |
| MLB – 451 Chesapeake Mortgage Services, Inc. –<br><b>SURRENDERED LENDER AUTHORITY<br/>ONLY 10/20/99 – NOW MB -- 1493</b> | MLB – 202 Primerica Financial Services Home<br>Mortgage, Inc. – <b>SURRENDERED LENDER<br/>AUTHORITY ONLY -- 11/16/99 –NOW MB--<br/>1504</b> |
| MLB – 517 Equity Mortgage Co. (IMC), Inc. –<br>10/21/99  | ML – 96 United Companies Lending Corporation –<br>11/19/99  |
| ML – 232 Allied Bancshares Mortgage Group, LLC –<br>10/25/99   | ML – 192 Realty Mortgage Group, Inc. – 11/22/99   |

(Continued on next page...)

**LICENSES SURRENDERED: continued...**

MB – 976 Elder Mortgage, Inc. – 12/1/99	MB – 977 TelNet Financial Corporation – 12/27/99
ML – 376 Rock Financial Corporation – 12/8/99	MB – 1050 Consumers Mortgage Corporation – 12/27/99
MB – 1104 Fidelity Trust Mortgage Corporation – 12/8/99	MLB – 600 Lowestrategy.com, Inc. – 12/29/99
MB – 1309 Roanoke Valley Mortgage, Inc. – 12/8/99	MLB – 538 Global Mortgage Network t/a Metro Capital Corp. – 12/30/99
MB – 888 Equity One Mortgage & Investment Company – 12/10/99	MB – 1185 Source One Financial Services, Inc. – 12/31/99
MLB – 385 Colonial Mortgage Group, LLC – 12/10/99	ML – 287 National Home Loan Corporation – 12/31/99
MB – 749 Granite Mortgage Corporation, Inc. t/a Granite Mortgage Corp. – 12/14/99	MLB – 497 Investors Mortgage Corporation – 12/31/99
MLB – 380 StateStreet Mortgage Corporation of Virginia – 12/17/99	MB – 500 The Mortgage Broker, Inc. – 12/31/99
MLB – 543 The Fidelity Group, Inc. d/b/a 1 <sup>st</sup> Republic Funding, A Division of the Fidelity Group – 12/21/99	MB – 532 FirstPlus Financial, Inc. – 12/31/99

**MORTGAGE APPLICATIONS DENIED SINCE SEPTEMBER 30, 1999**

MB – 1436 Loankey Financial, Inc. – 11/9/99	MLB – 627 First Suburban Corporation – 12/22/99
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**MORTGAGE LICENSE REVOCATIONS SINCE SEPTEMBER 30, 1999**

NONE

**PENALTIES PAID BY MORTGAGE LICENSEES SINCE SEPTEMBER 30, 1999**

Fidelity Funding Acquisition Corporation – 11/8/99 – Paid \$1,000 for failure to obtain Commission approval prior to acquiring the stock of Fidelity Funding Mortgage Corporation (MLB – 436)

**Welcome to Virginia!**

On October 27, 1999 a new consumer finance licensee was approved to conduct a consumer finance business. USA Finance, Inc. currently has one location, in Danville, Virginia.



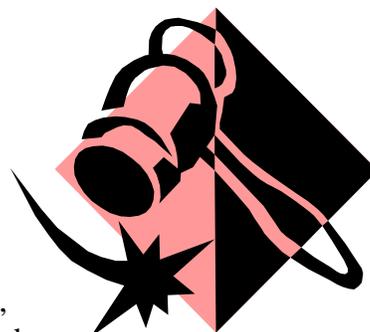
## Temporary Injunctions Related to Y2K:

As part of the Bureau's preparation for potential Y2K computer problems, we contacted all licensees to confirm Y2K readiness. A tremendous effort was made to contact all licensees for this information. Only a few licensees did not respond. **On December 15, 1999 the Commission entered temporary injunctions against four licensees, enjoining them from receiving or accepting new mortgage loan applications until a Y2K Readiness Form is provided to the Bureau.** The temporary injunctions were issued against the following licensees:

**ML – 52 DeGeorge Captial Corporation**

**MB – 1266 H K Stone Financial Corp.**

**ML – 298 Great American Home Mortgage Corporation**



The Bureau will proceed with revocation of the above licenses. One licensee, **American Mortgage Bankers, Inc. (MB – 559)** also had an injunction issued, but it was vacated because the licensee provided the required form by December 31, 1999.

## Lifetime Achievement Award Recipient: Winnie Owen

During the American Financial Services Association's (AFSA) Annual Convention in Orlando, Florida last October, the 1999 Lifetime Achievement Award was awarded to Winnie Owen, a District Manager for Aristar in Danville.



Mrs. Owen began her career with Public Finance as a Customer Service Representative in the Danville, VA office in August of 1956. She was promoted to Manager in 1973, and in 1982 she became District Manager for City Finance (who purchased Public in 1981). In 1986, Aristar acquired City Finance and Mrs. Owen continued her career serving as District Supervisor of 11 offices in Virginia. This past year, she completed 43 years of loyal, dedicated service.

We congratulate her on this distinguished award!

The Compliance Connection is published quarterly and is part of the Bureau's effort 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. Comments and suggestions are appreciated!



**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

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

**IMPORTANT REGULATORY  
INFORMATION ENCLOSED!!!**