

# State of Arizona Department of Financial Institutions



*“AZDFI”*

*Thursday, March 13, 2008*

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*presented to the:*

**Arizona Association of Realtors**

**Prescott, Arizona**

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**Felecia Rotellini, Superintendent**

# **Who We Regulate:**

**A.R.S. § 6-101(8)**

## **Financial Institutions**

- Banks (State Chartered) - 34**
- Credit Unions (State Chartered) - 26**
- Savings & Loan Associations - 0**
- Independent Trust companies - 5**
- Consumer Lenders - 31**
- Financial Institution Holding Comp. - 0**

For More Information or to  
file a Complaint

[www.azdfi.gov](http://www.azdfi.gov)

Tele: 602-255-4421

Fax: 602-381-1225

## **Financial Enterprises**

- Advance Fee Loan Brokers - 3**
- Collection Agencies - 592**
- Commercial Mortgage Bankers - 17**
- Debt Management Companies - 33**
- Escrow Agents - 109**
- Money Transmitters - 61**
- Mortgage Bankers – 554**
- Mortgage Brokers – 1,509**
- Motor Vehicle Dealers - 668**
- Payday Lenders - 92**
- Premium Finance Companies - 43**
- Pre-Need Funeral Trusts - 46**
- Sales Finance Companies - 477**

*All Licenses Current as of February 26, 2008*

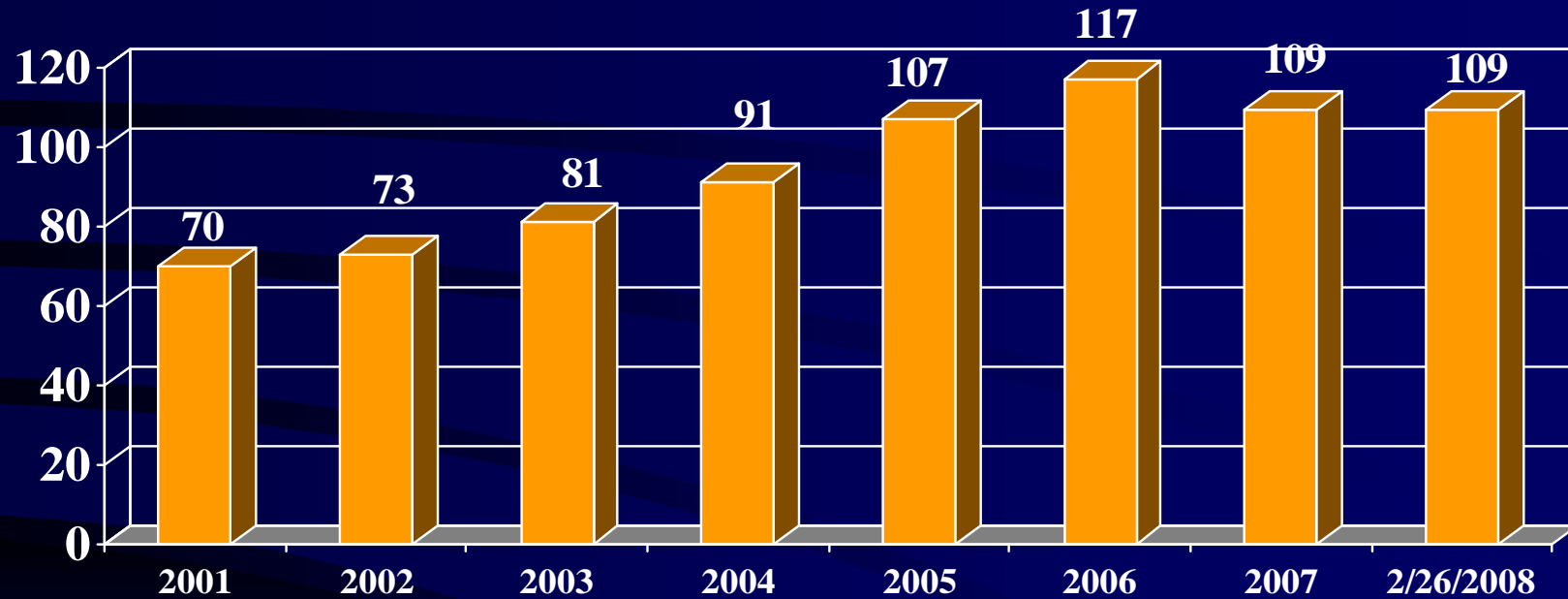
# Mortgage Lending Industry

- Commercial Mortgage Bankers—**17**
- Escrow Agents—**109**
- Mortgage Bankers—**554**
- Mortgage Brokers—**1,509**

*All Licenses Current as of February 26, 2008*

# AZDFI Growth Home Offices

Escrow Agent



## Yearly Average Increases:

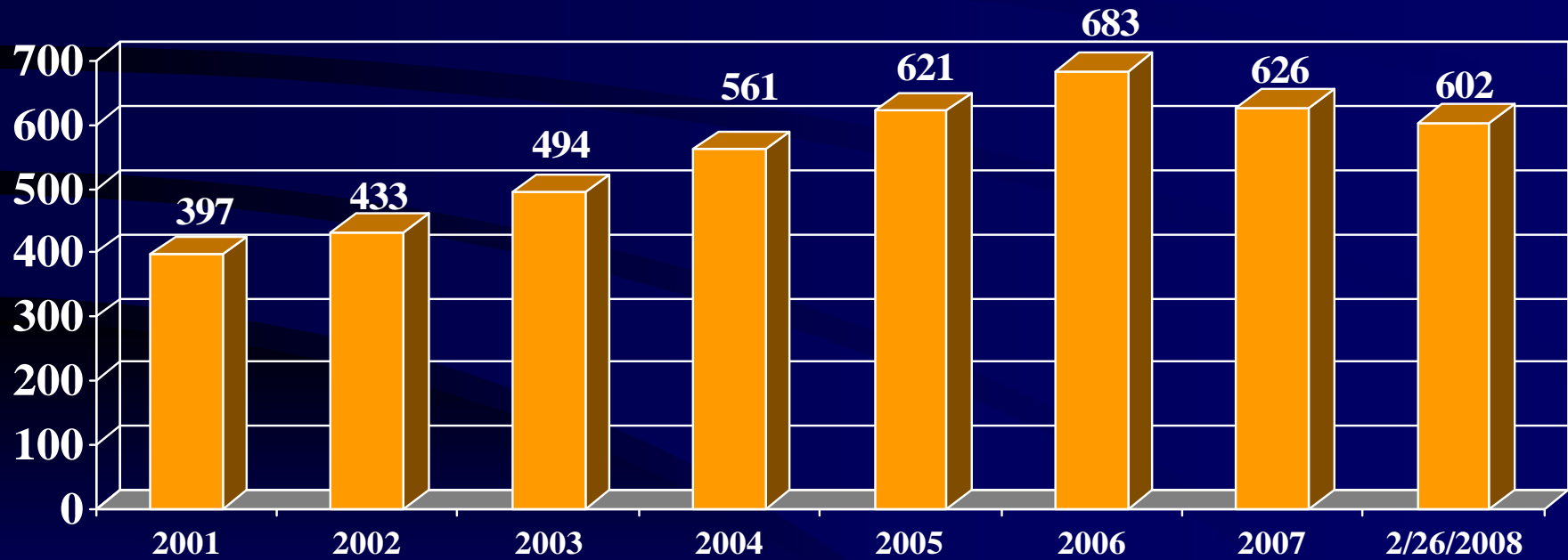
2001-02 4.29% 2002-03 10.96% 2003-04 12.35% 2004-05 17.58%

2005-06 9.35% 2006-07 -7.34% 2007-present 0%

**Overall Increase from 2001 to Present: 35.78%**

# AZDFI Growth Branch Offices

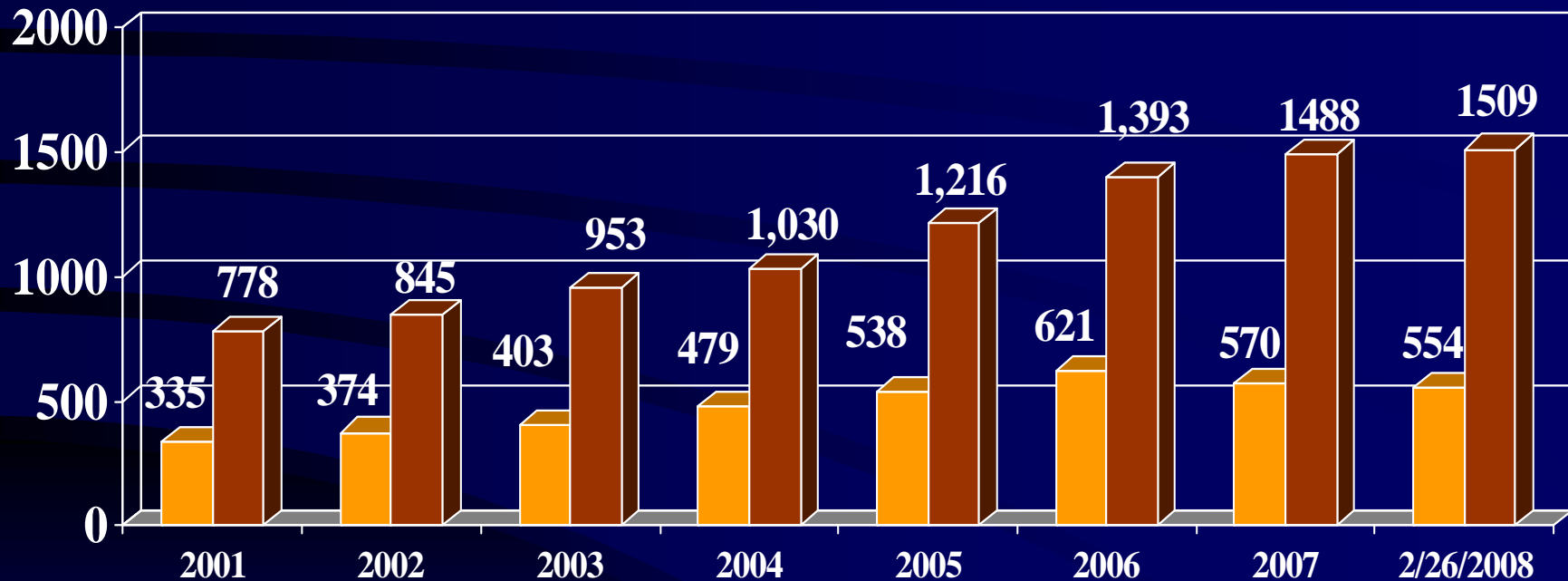
Escrow Agent



# AZDFI

## Growth Home Offices

■ Mortgage Banker (BK)      ■ Mortgage Broker (MB)



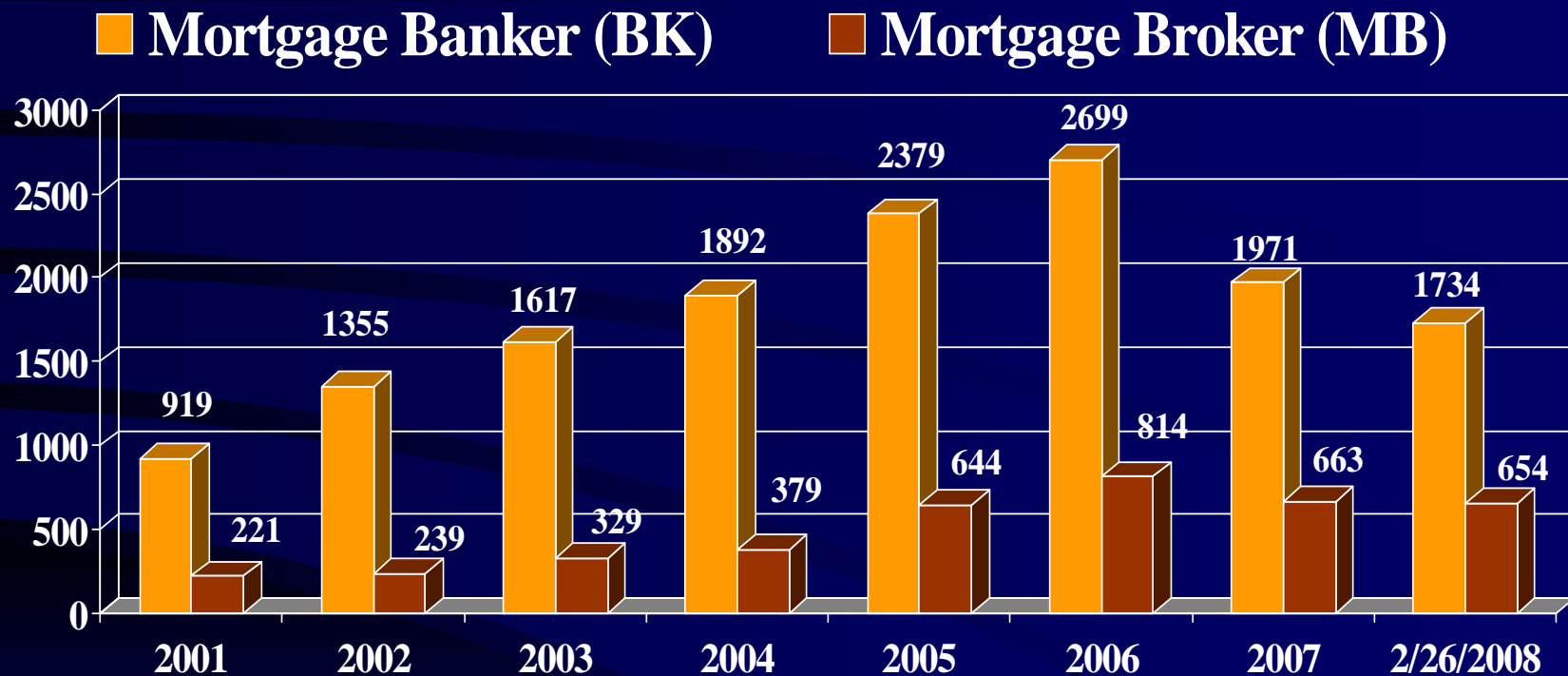
**Yearly Average Increase:**

**Mortgage Bankers = 7.76%**

**Mortgage Brokers = 11.66%**

# AZDFI

## Mortgage Broker and Mortgage Banker Branches

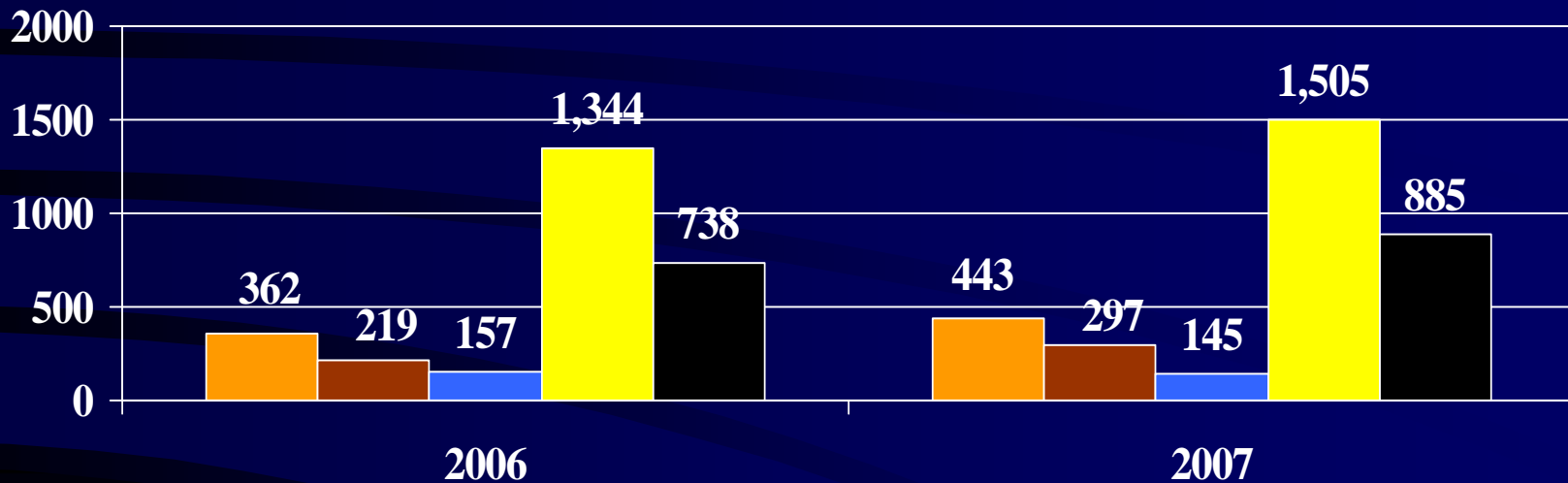


### Combined Total Home Offices and Branches for Bankers and Brokers:

12/31/2001	2,253
2/26/2008	4,451

## 2006 and 2007 DFI Complaints

- Mortgage Banker (BK)
- Mortgage Broker (MB)
- Escrow Agents
- Total Complaints
- EA, BK, MB, Total Complaints



*In 2006, 55 % of All DFI Complaints involved Escrow Agents, Mortgage Bankers and Mortgage Brokers*

*In 2007, 59% of All DFI Complaints involved Escrow Agents, Mortgage Bankers and Mortgage Brokers*

# Mortgage Broker Testing Committee

## A.R.S. §6-908

- Jody G. Davis, Chairman
- Bill Howe, Member
- Jon Laird, Member
- Randy Howell, Member
- Richard Fergus, AZDFI Representative

# New and Updated Test

The Mortgage Broker Testing Committee has revised the old test to update the questions to more adequately reflect today's mortgage lending environment and to truly "test" those who want to be in the business in Arizona.

The first new test was administered  
on 2/27/08 with the following  
results:

- 44 people registered to take the test
- 42 people took the test
- 35 people passed the test (83%)
- 7 people failed the test (17%)
- 57.1% of those that passed missed 30 to 37 questions (38 or more is a fail)
- 23.8 of those that passed missed 20 to 29 questions
- 7 people missed 37 questions

# Mortgage Broker Test Results Comparison

Date Test Administered	2/27/08 New Test	6/28/06 Old Test	8/30/06 Old Test	10/25/06 Old Test
# of people who registered for the test	44	93	99	103
# of people who took the test	42	89	97	95
# of people who passed the test	35	66	73	75
# of people who failed the test	7	23	24	20
Percentage of people who passed the test	83%	74%	75%	79%

# Mortgage Fraud Task Force

## Objectives:

- To prevent duplicative efforts involving the same “targets”
- To utilize resources of different agencies
- To utilize and maximize expertise and skills of all agencies
- To pursue administrative action, removal, and the prosecution of bad actors

# Mortgage Fraud Task Force

## State Agencies:

- Arizona Department of Financial Institutions
- Arizona Health Care Cost Containment System
- Arizona Attorney General's Office
- Arizona Department of Real Estate
- Arizona Board of Appraisal
- Arizona Department of Housing
- Arizona Corporation Commission
  - Securities Division

# Mortgage Fraud Task Force

## Local Law Enforcement Agencies

- Maricopa County Attorney's Office
- Maricopa County Sheriff's Office
- Phoenix Police Department
- Mesa Police Department
- Scottsdale Police Department
- Glendale Police Department

# Mortgage Fraud Task Force

## Federal Agencies

- U.S. Attorney's Office
- U.S. Trustee's Office
- Federal Bureau of Investigation
- Internal Revenue Service Criminal Investigation Division
- U.S. Department of Housing and Urban Development (HUD)  
Office of Inspector General
- Department of Homeland Security
- Immigration and Customs Enforcement - ICE
- Freddie Mac
- U.S. Postal Office

# **A.R.S. § 13-2320 Residential Mortgage Fraud**

## **Class 4 Felony**

**An offense involving residential mortgage fraud**

## **Class 2 Felony**

**A pattern of residential mortgage fraud or conspiracy to engage or participate in a pattern of residential mortgage fraud**

**DFI refers mortgage fraud cases for criminal prosecution.**

**DFI is an administrative agency.**

# Contact Information

Fill out a complaint form at visit [www.azdfi.gov](http://www.azdfi.gov)

**Clyde H. Granderson, Investigator**

**John Pettet, Investigator**

**Henry Soza, Investigator**

**J.P. Ciudad, Investigator**

**Eric M. Boldan, Special Assistant to the Superintendent**

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