

# **Course Provider Seminar 2023 – Day 1**

Wednesday June 7<sup>th</sup>



[www.csbs.org](http://www.csbs.org) / [@csbsnews](https://twitter.com/csbsnews)





Testing & Education General Update



Mortgage Market Outlook



AI & NMLS Approved Education



Course Topics: Rise of Nontraditional Products & Ties to Ethics Education



Q&A

# Agenda

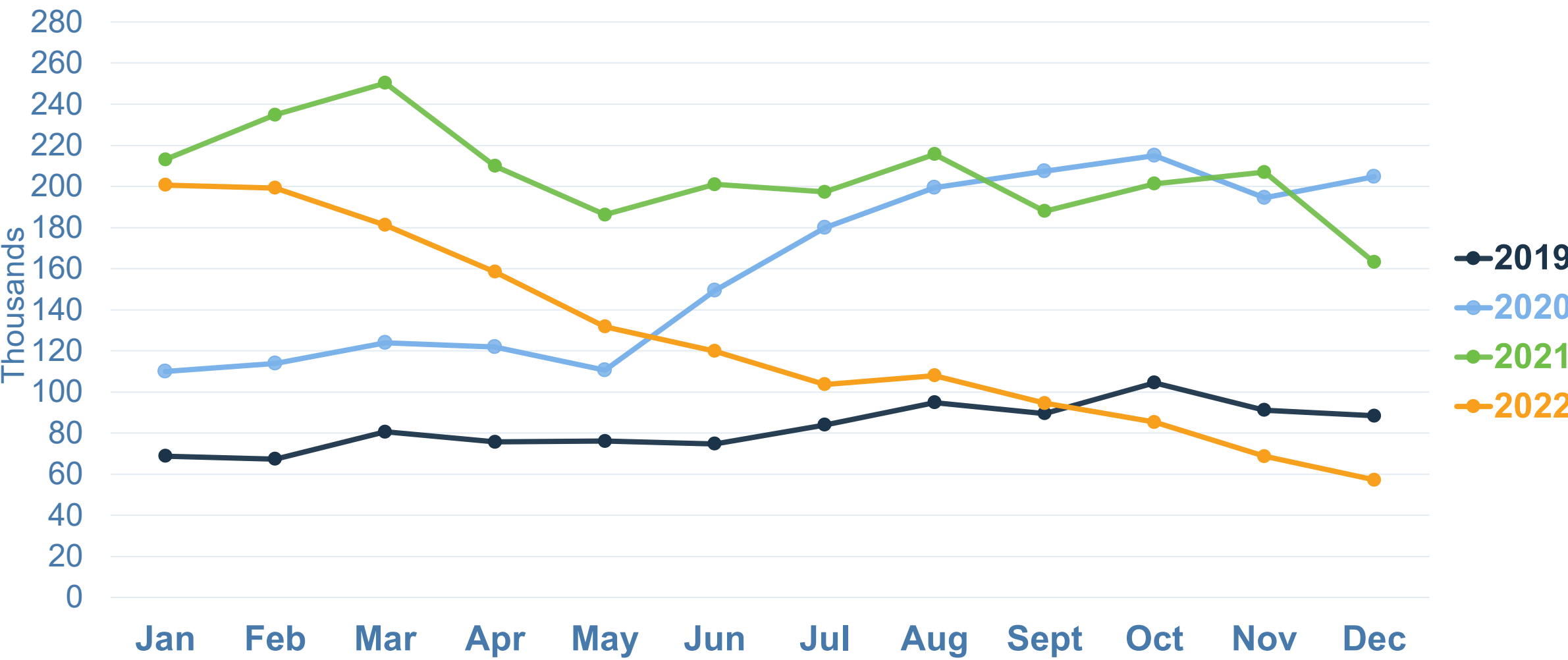




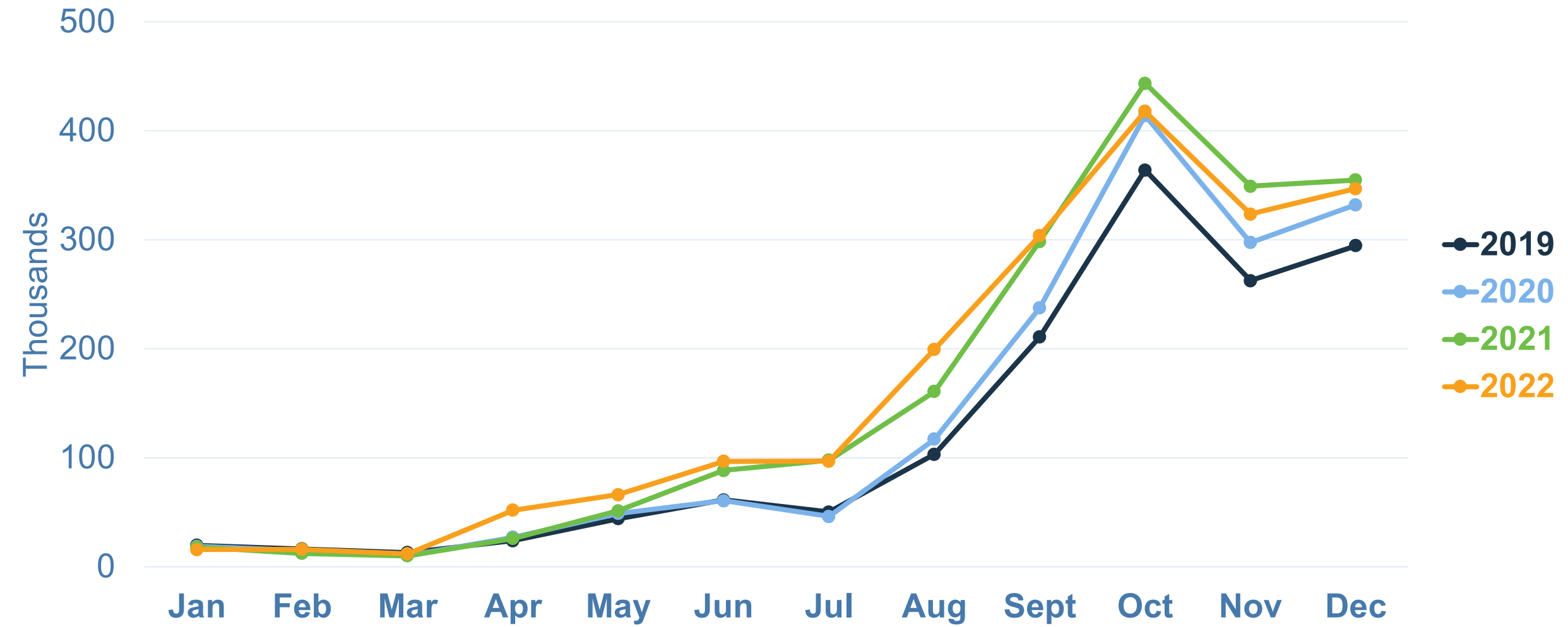
# Testing and Education Update

Rich Madison  
Alana Chamoun

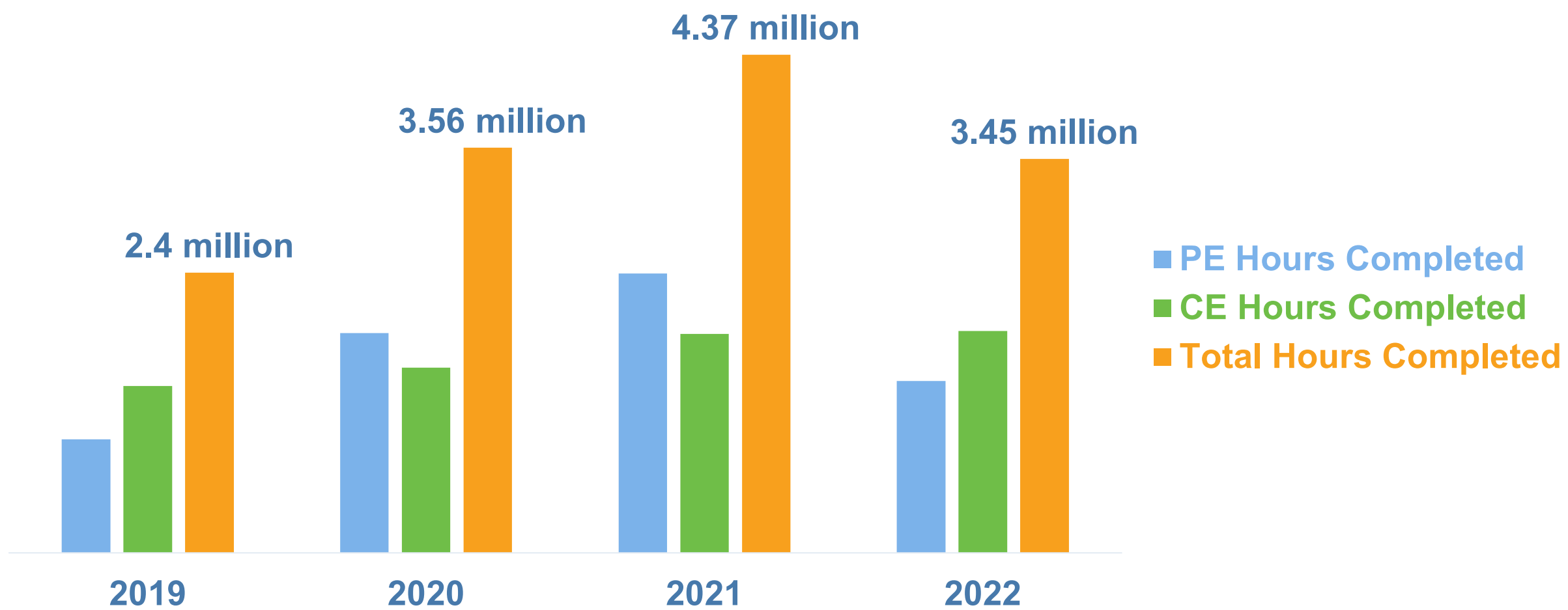
# PE Hours Completed: 2019-2022



# CE Hours Completed: 2019-2022

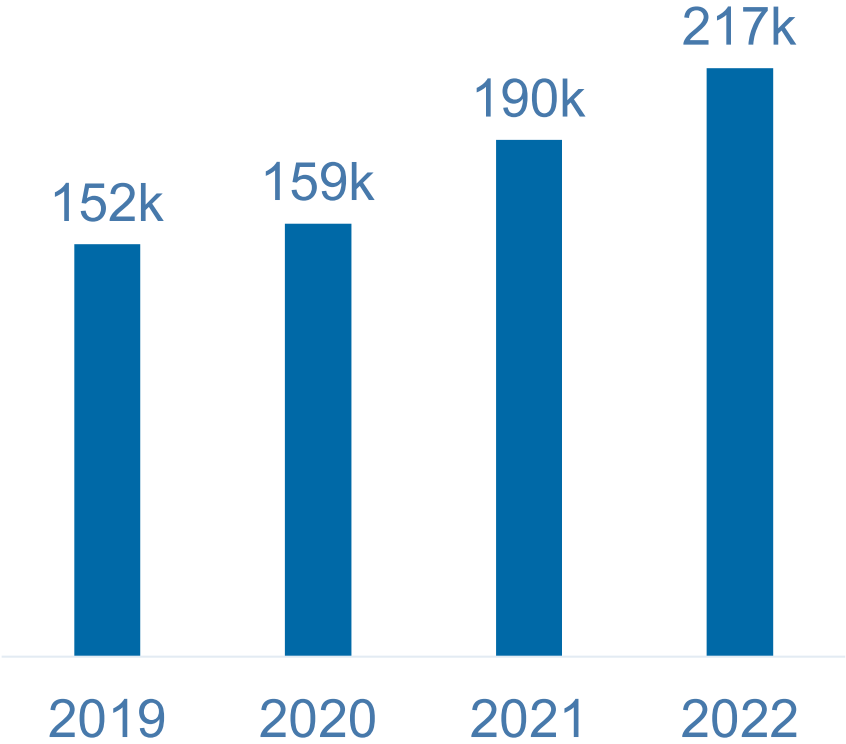


# Total Hours Completed PE & CE

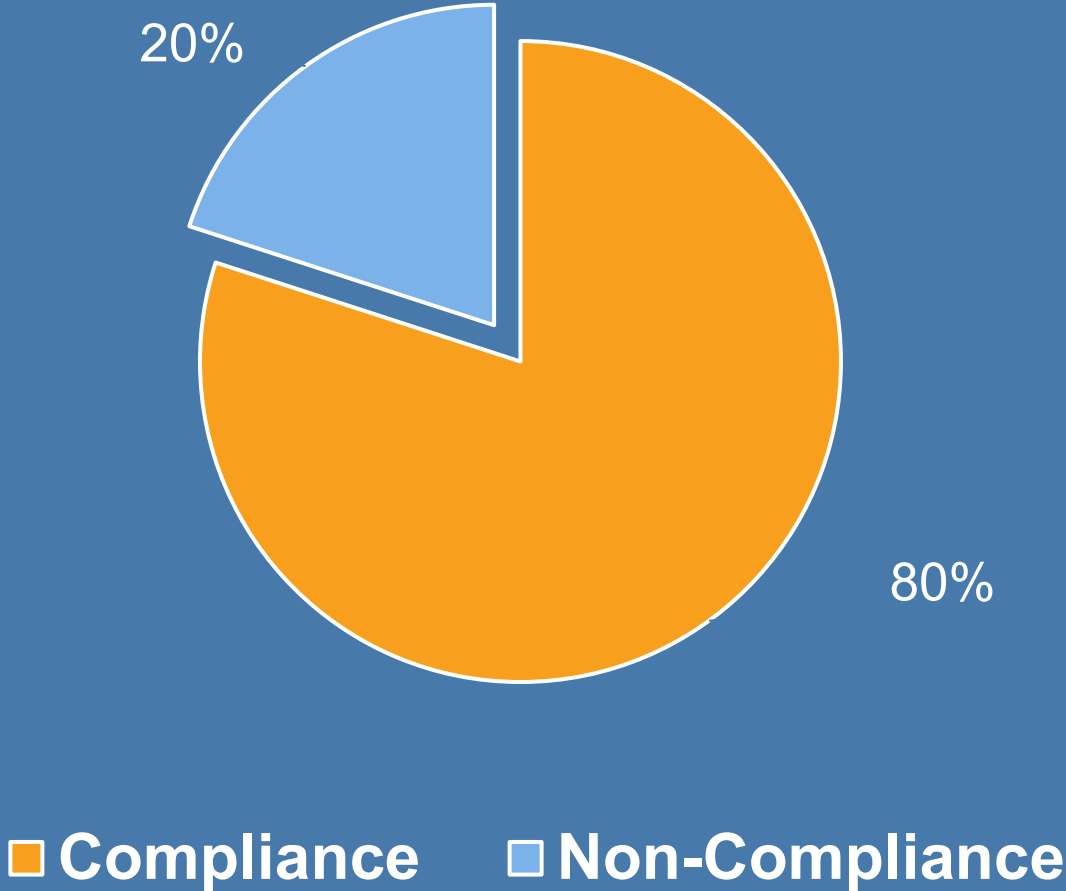


# 2022 MLO CE Compliance

Number of MLOs



2022 CE Compliance Rate





# Compliance Reviews 2022



25 Provider  
Renewals



63 Compliance Desk  
Reviews



1 Onsite Provider  
Review



3 Onsite Course  
Reviews



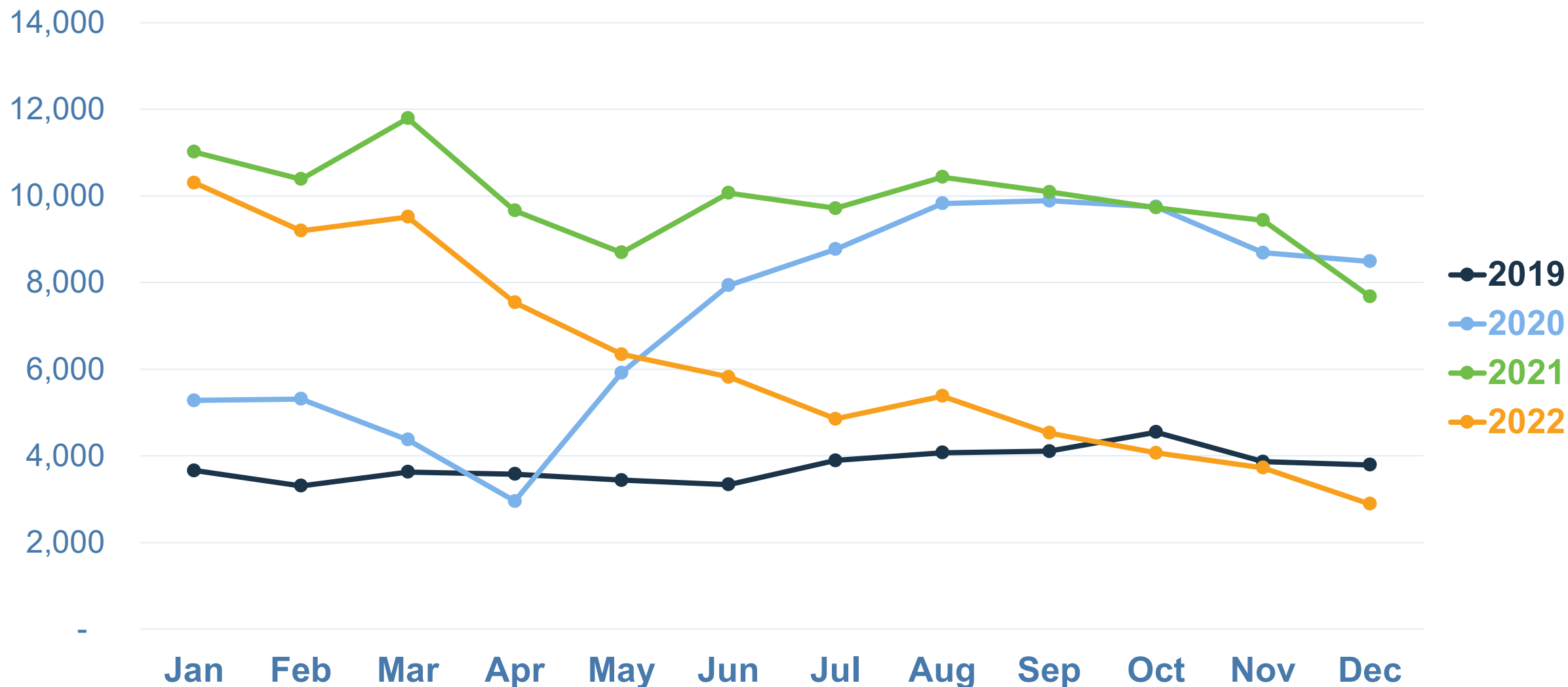
20 Online Course  
Reviews



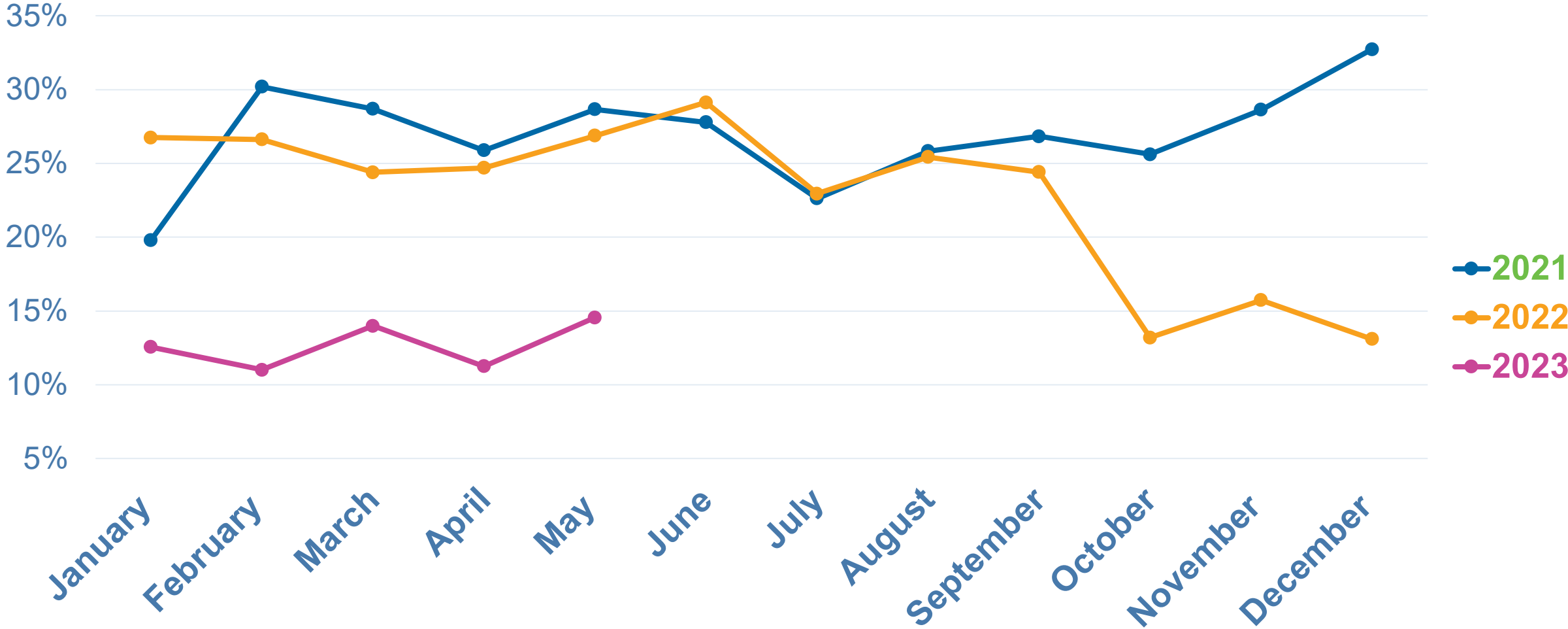
13 New Provider  
Applications



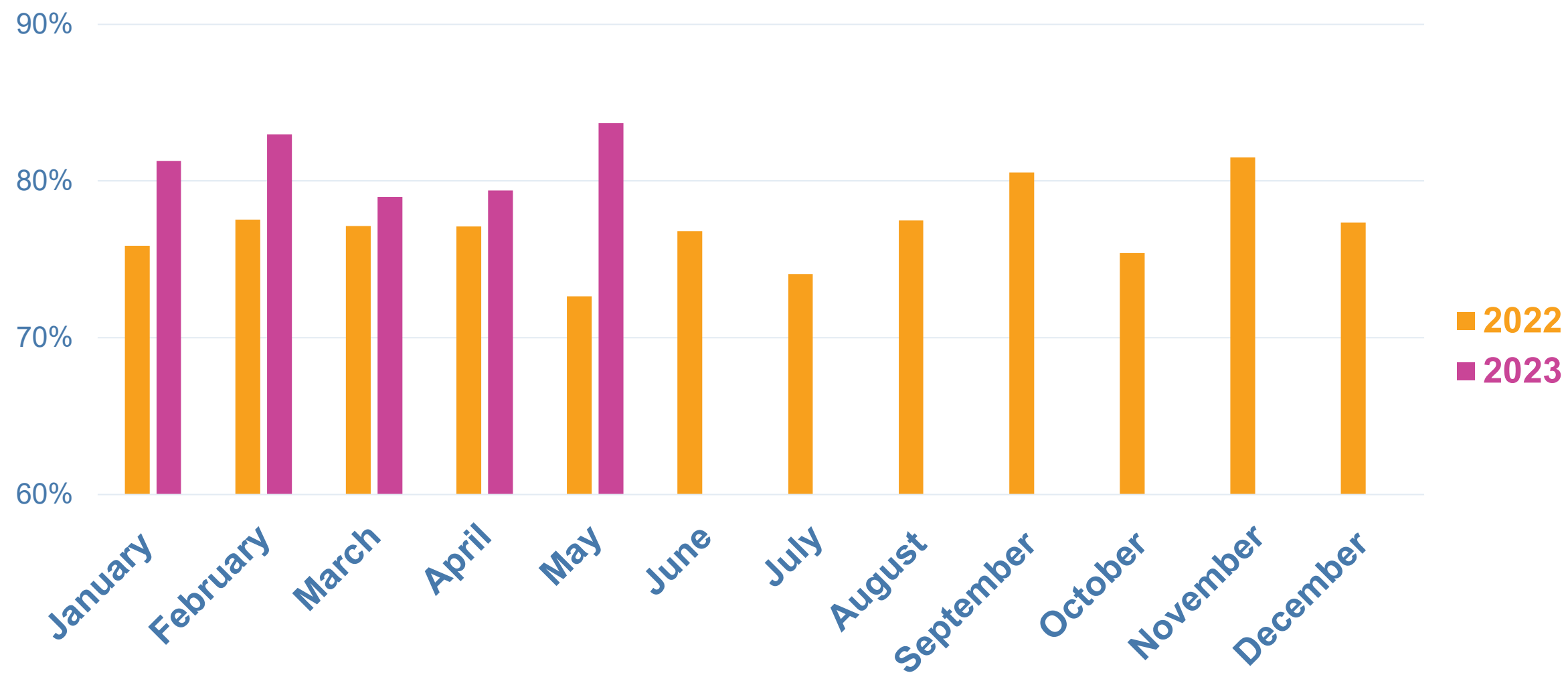
# Test Enrollments 2019 - 2022



# Percent Online Tests Taken



# Successful OPT Completions





## AVAILABILITY: TEST CENTER SELECTION

Appointment Selection

**Test Center Selection**

Availability



Your search returned more than 20 sites. Only the nearest 20 sites have been displayed.

### Test Center Selection

To find the closest location(s), please enter a preferred address, city/state, or ZIP/postal code where you would like to schedule your appointment in the search box below.

e.g., "1501 Clinton St, Baltimore, MD" or "Paris, France" or "90210"



[3512: Washington DC - Bethesda](#)

8120 WOODMONT AVENUE  
SUITE 510  
BETHESDA, MD 20814

[Availability](#)

[Get Directions](#)

(~10mi)



[0084: Baltimore - Columbia](#)

6304 WOODSIDE COURT  
SUITE 112  
COLUMBIA, MD 21046

[Availability](#)

[Get Directions](#)

(~15mi)



[0062: Washington DC - K Street NW](#)

1629 K Street NW  
Suite 950  
WASHINGTON, DC 20006

[Availability](#)

[Get Directions](#)

(~16mi)



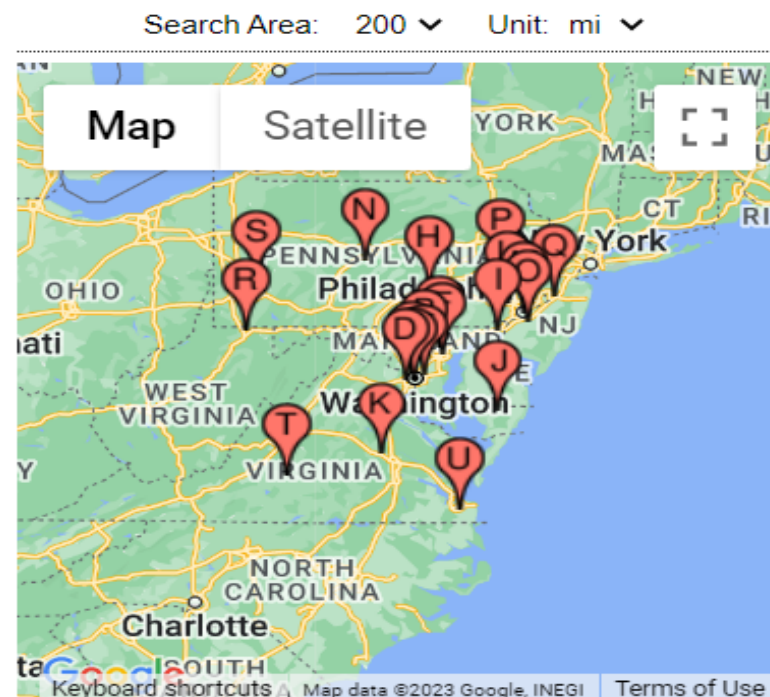
[0028: Washington DC - Falls Church](#)

800 W. Broad St

[Availability](#)

[Get Directions](#)

(~17mi)



# Schedule Appointment

SAFE MLO National Test

9509 Key West Ave, Rockville, MD 20850

03/09/2023 - 03/16/2023

Sort By: First appointment available

Select distance units: Miles Km

MD, Baltimore - 9880 : Domestic Test lab - India, 1000 Lancaster Street USA

1

24.47 Miles

MAR 09

MAR 10

MAR 11

MAR 12

8:00 AM

8:15 AM

12:00 PM

12:15 PM

Search test center for more availability

MD, BALTIMORE - 9929 : UAS TEST & LAB, 1000 & LANCASTER STREET USA

2

26.88 Miles

MAR 09

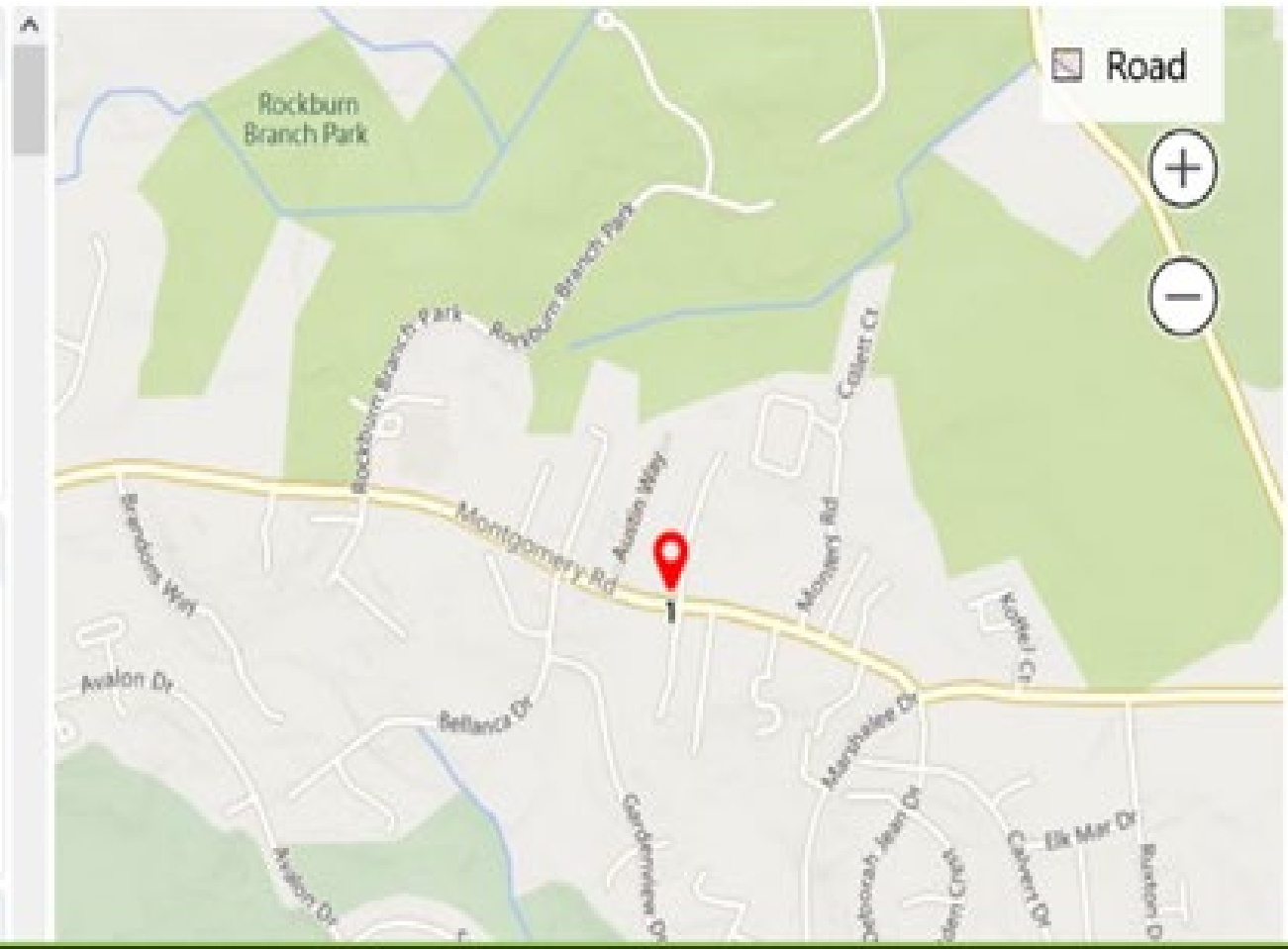
MAR 10

MAR 11

MAR 12

Search test center for more availability

MD, Baltimore - 9886 : OC Site - Internal - 9886 Xen Desktop 7.6 1501 South



# BioSig-ID™

Reality



[www.csbs.org](http://www.csbs.org) / @csbsnews



# BioSig-ID™ Letters

Have you or your colleague received an email notification stating,

“We have noticed unusual activity associated with authenticating into your NMLS approved online self-study courses”?

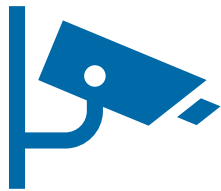
**Ignoring this notification may lead to an investigation**



# What triggers a BioSig-ID™ investigation?



After notice, MLO's behavior continues



Investigative team reviews BioSig-ID™ reports & has confidence that there is suspicious activity

# 2022 Investigations

Subject of Investigation	Number of Cases	Actions Taken
Course Providers	1	1 CP Suspension for 5 years
Test Takers	10	4 Test Invalidations & 10 State Referrals
Education Students	10	74 Course Retractions & 10 State Referrals



# REES Settlement

44 State  
Agency Task  
Force lead by  
CA-DFPI



606  
MLOs



# Mortgage Industry Briefing

Kevin Byers, Sr. Director – CSBS

Nonbank Supervision and Enforcement

[kbyers@csbs.org](mailto:kbyers@csbs.org)

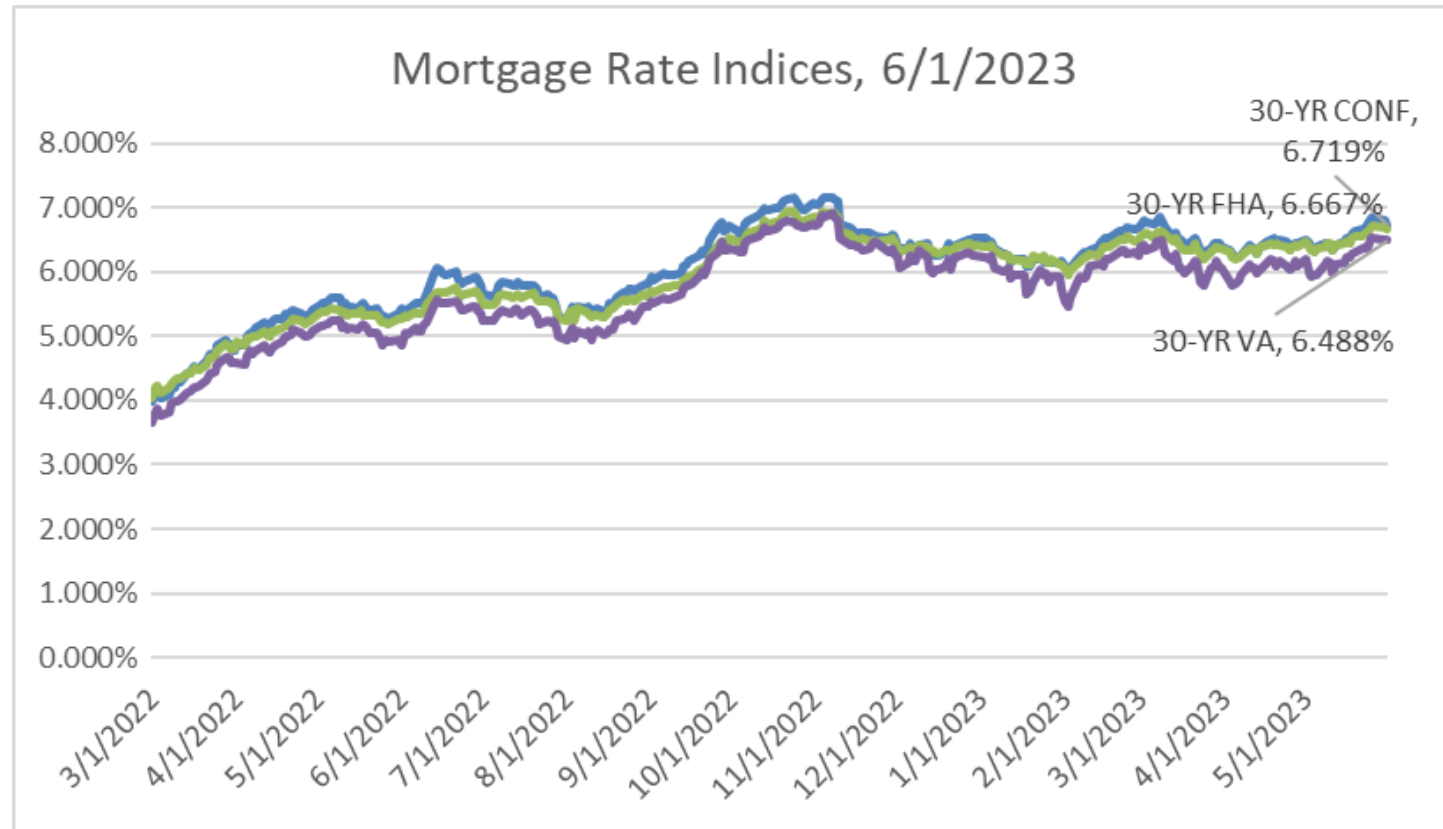


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# Issues we are watching in 2023

- Nonbank mortgage company financial condition
- Origination volume and MSR transfers
- Consolidation and closures among nonbank mortgage companies
- Dislocation in reverse market (see e.g. recent RMF Ch 11)
- Mortgage product creativity to survive high-rate environment
- Cyber issues and attacks
- Rising early payment defaults in FHA/VA portfolios
- Impact of decreasing home prices, especially 2022 purchase loans
- Anticipated rise in delinquencies / foreclosures and loss mitigation compliance

# Mortgage rates have remained stubbornly high



Source:

Black Knight/Optimal Blue Mortgage Market Indices, 6/1/2023, <https://www2.optimalblue.com/obmmi/>



# Home price growth continues to decelerate...

CoreLogic S&P Case-Shiller Index, Year-Over-Year Change



Source: CoreLogic S&P Case-Shiller Indices, not seasonally adjusted (May 30, 2023, release)

Reference:

CoreLogic, Inc.

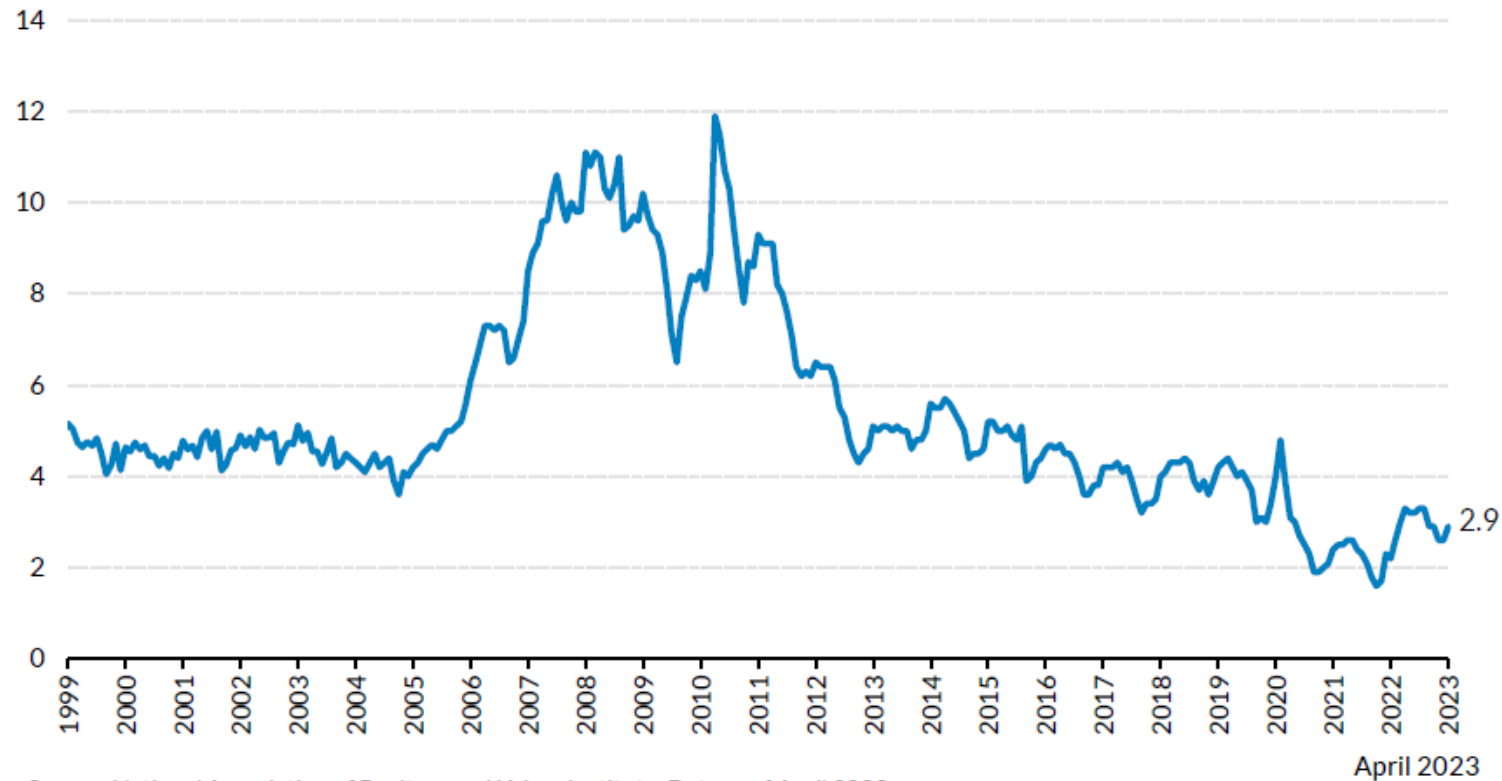
<https://www.corelogic.com/intelligence/us-corelogic-sp-case-shiller-index-posts-a-small-gain-in-march-up-0-7-from-last-year/>



## ...and supply of homes remains severely constrained despite recent increases

### Months' Supply

Months



Source: National Association of Realtors and Urban Institute. Data as of April 2023.

Source:

Urban Institute, [Housing Finance: At a Glance Monthly Chartbook](https://www.urban.org/sites/default/files/2023-05/Housing%20Finance-At%20A%20Glance%20Monthly%20Chartbook-May%202023.pdf), May 2023

<https://www.urban.org/sites/default/files/2023-05/Housing%20Finance-At%20A%20Glance%20Monthly%20Chartbook-May%202023.pdf>

# Despite recession fears, unemployment remains at roughly the same level as January 2020

## ☆ Unemployment Rate (UNRATE)

Observation:

May 2023: 3.7

(+ more)

Updated: 7:46 AM CDT

Units:

Percent,  
Seasonally Adjusted

Frequency:

Monthly

1Y | 5Y | 10Y | Max

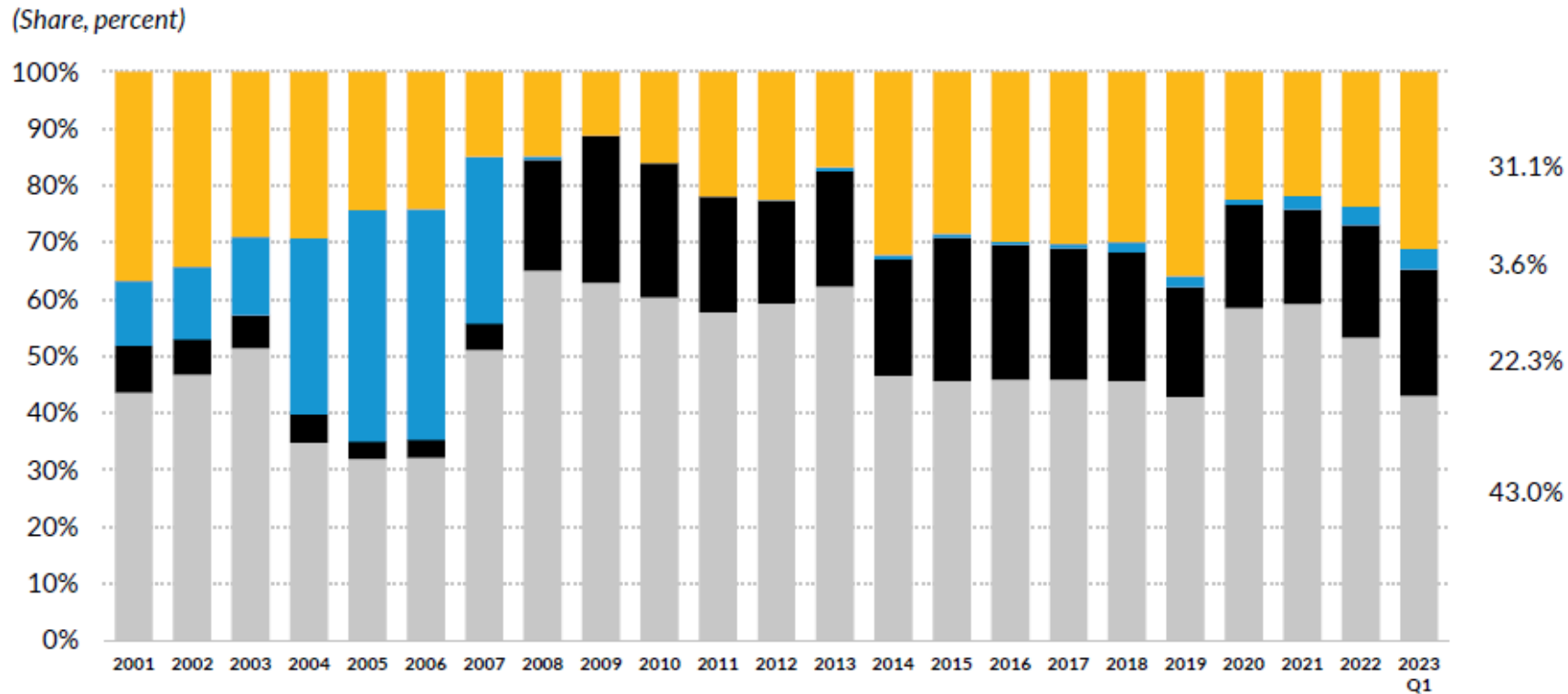
2020-01-01

to

2023-05-01



# With 65% market share, agency securitization still dominates the mortgage market



Sources: Inside Mortgage Finance and Urban Institute. Last updated May 2023.

Source:

Urban Institute, *Housing Finance: At a Glance Monthly Chartbook*, May 2023

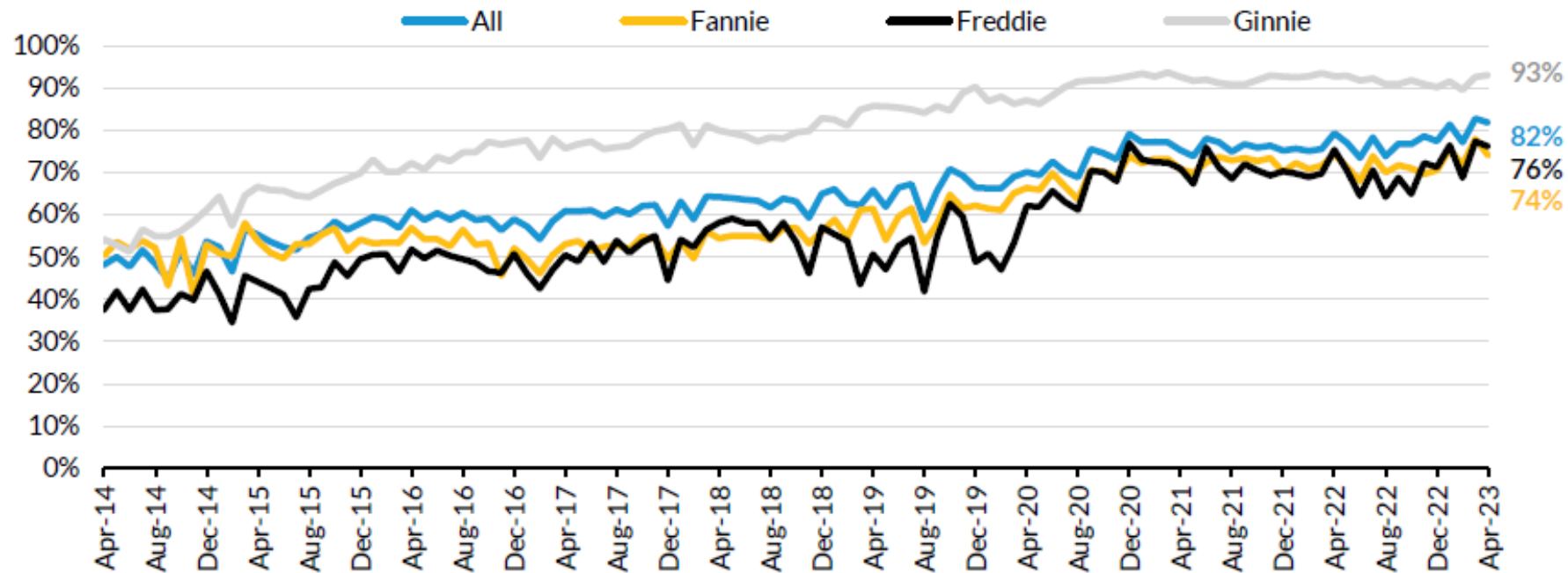
<https://www.urban.org/sites/default/files/2023-05/Housing%20Finance-At%20A%20Glance%20Monthly%20Chartbook-May%202023.pdf>





# Nonbanks continue to originate the majority of residential mortgages sold to agencies (GSEs, Ginnie)

## Nonbank Origination Share: All Loans



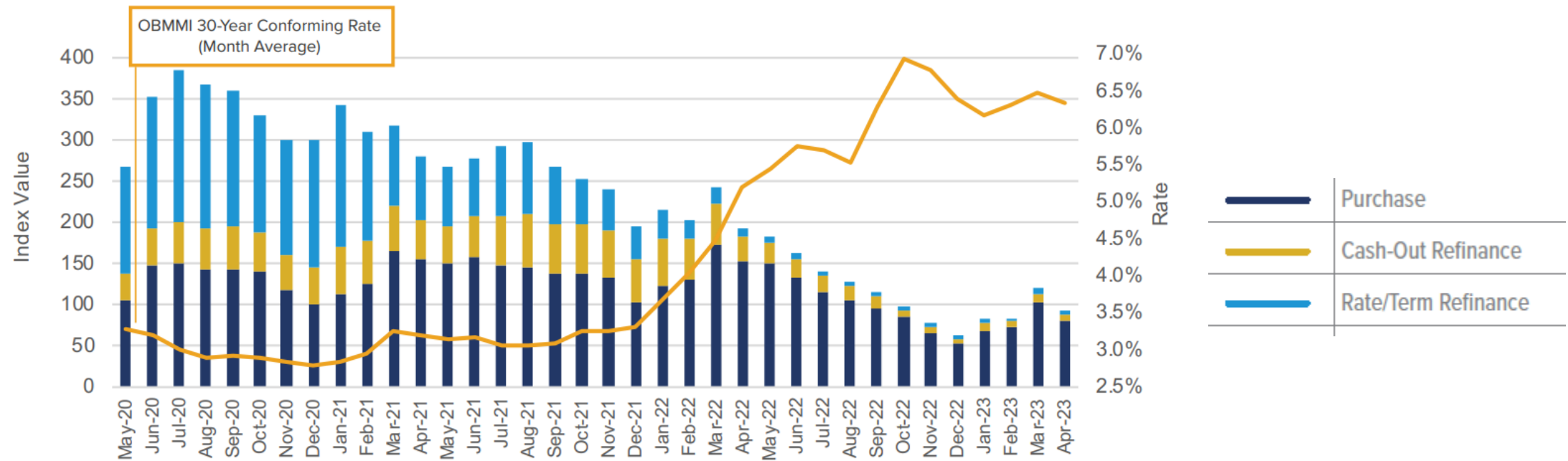
Sources: eMBS and Urban Institute.

Source:

Urban Institute, *Housing Finance: At a Glance Monthly Chartbook*, May 2023

<https://www.urban.org/sites/default/files/2023-05/Housing%20Finance-At%20A%20Glance%20Monthly%20Chartbook-May%202023.pdf>

# Rate lock volume: Late 2022 reprieve in rates = small bump in Q1 2023 volume, dampened again by rate increases



Source:

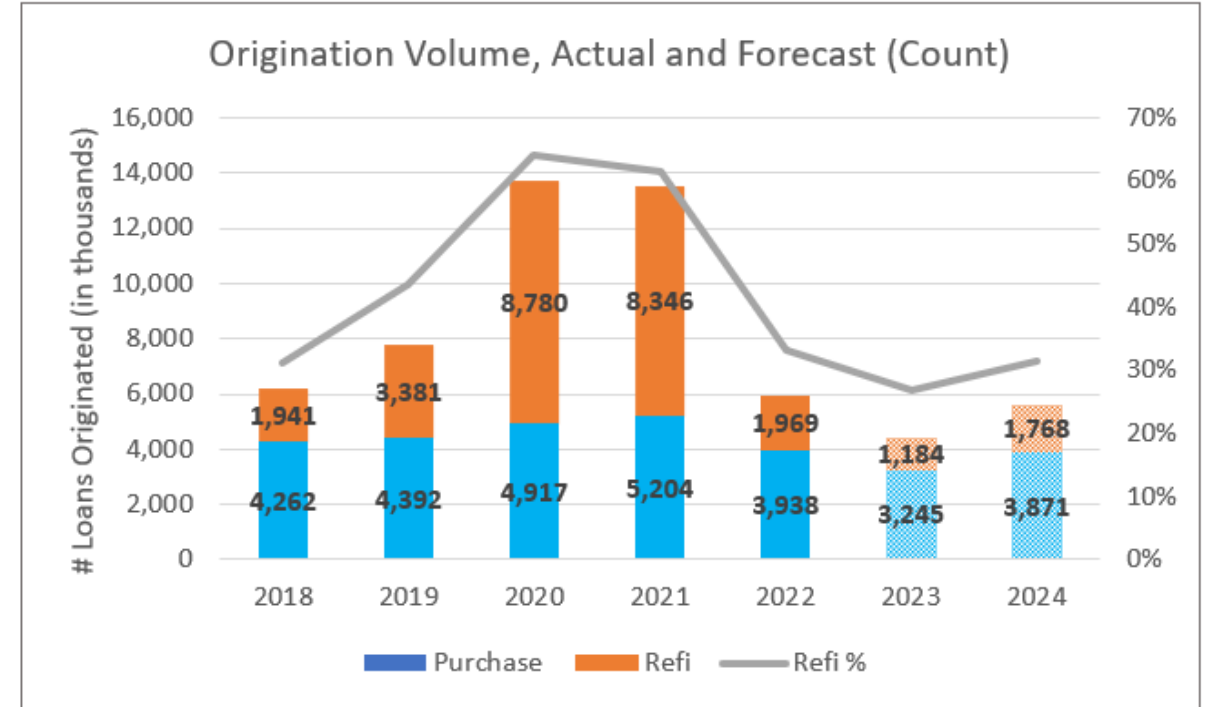
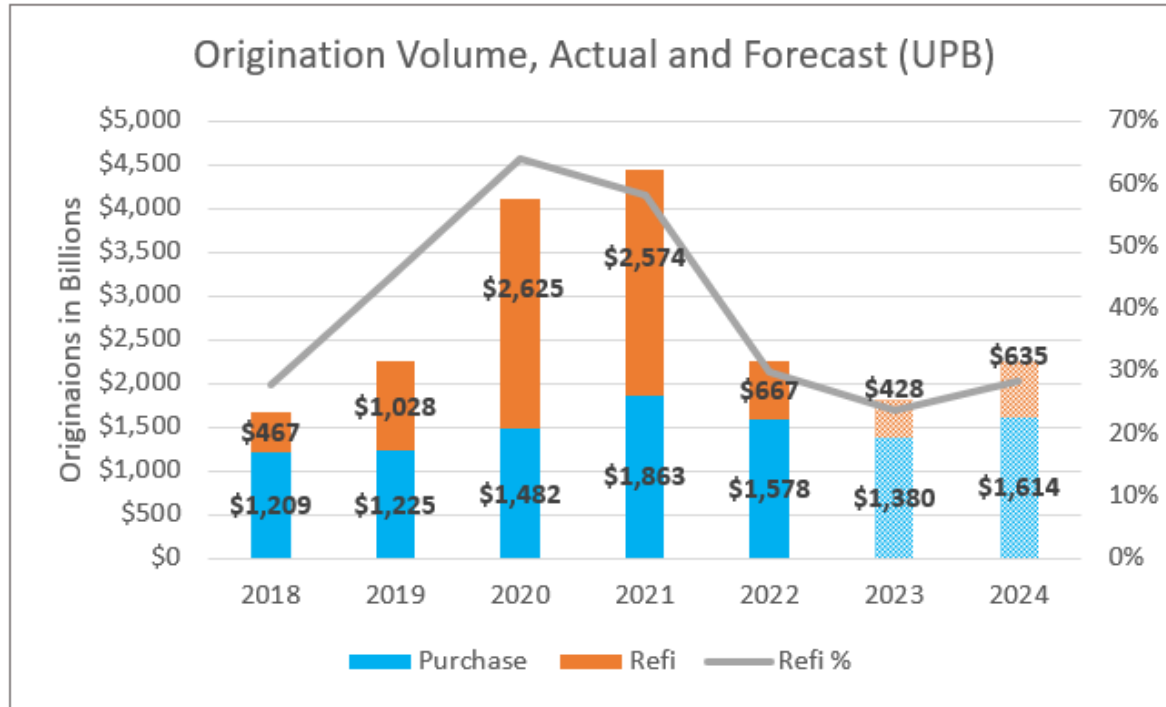
Black Knight Originations Monitor

May 2023 Release (April 2023 Data)

<https://www.blackknightinc.com/data-reports/black-knights-april-2023-originations-market-monitor/>

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## Origination volume projected to remain lower than 2018 (by loan count - right graph) for each of 2022, 2023 and 2024



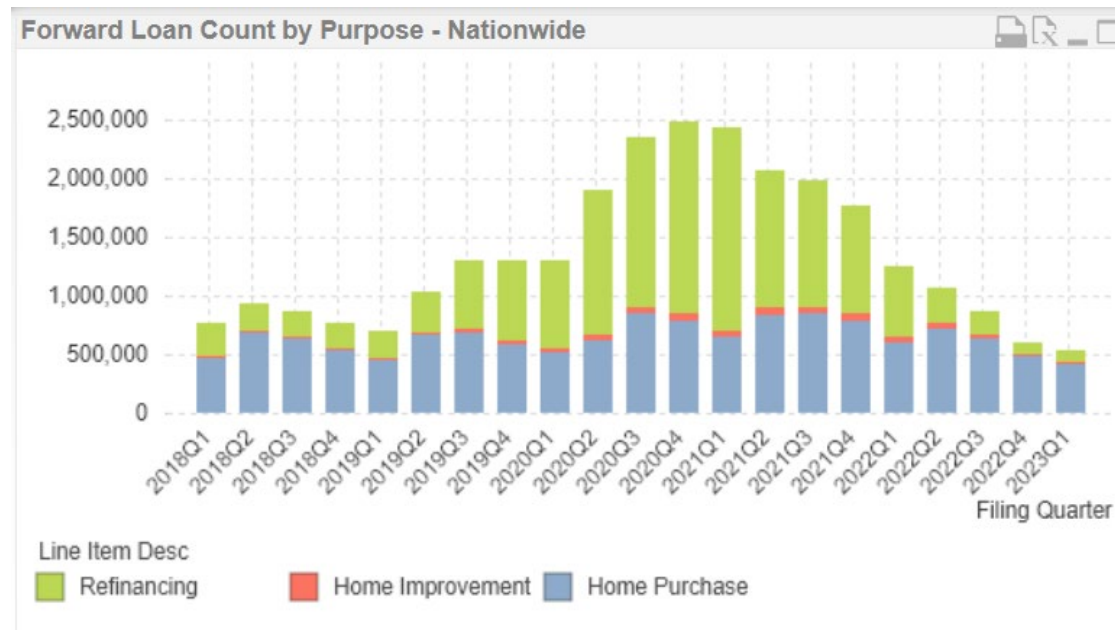
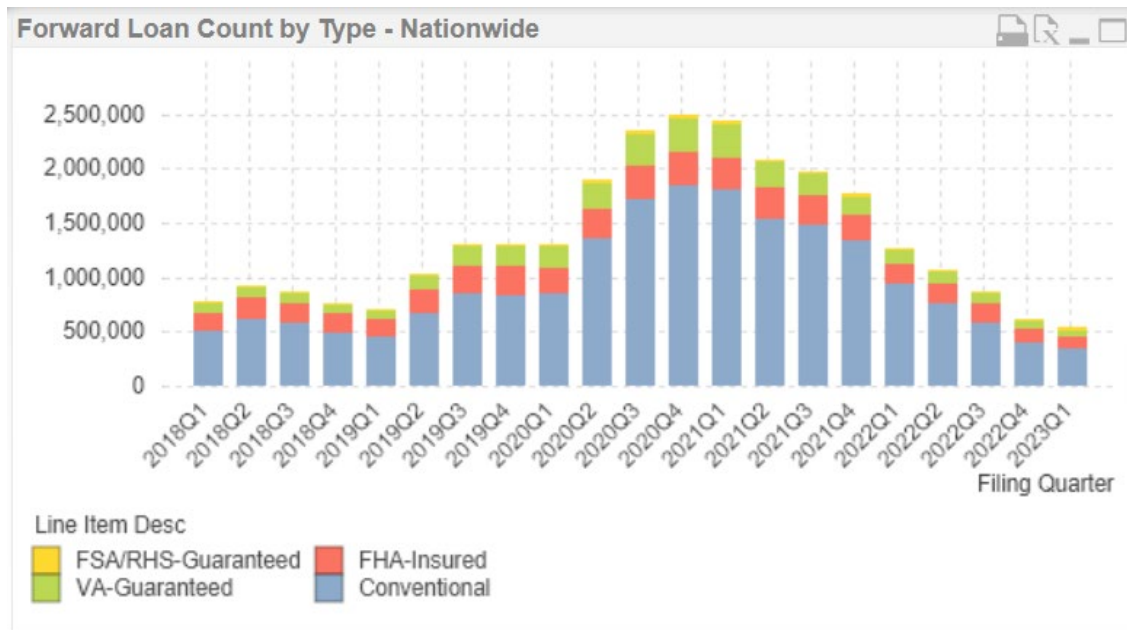
Sources:

2018 Home Mortgage Disclosure Act Data;

MBA Mortgage Finance Forecast

<https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary>

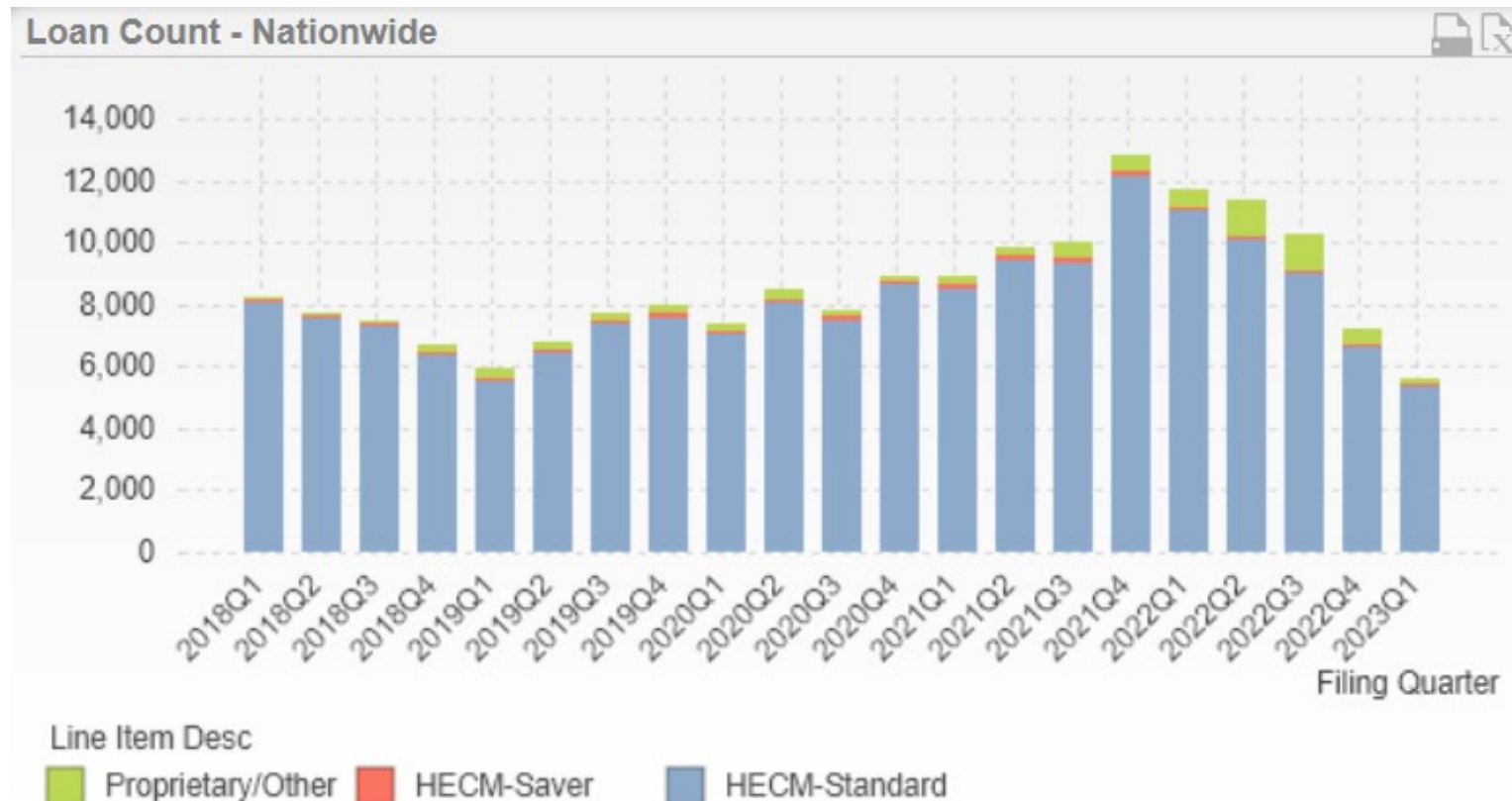
# Quarterly nonbank origination count for the past two quarters are lower than 2018 levels



Source:  
NMLS Mortgage Call Report Data

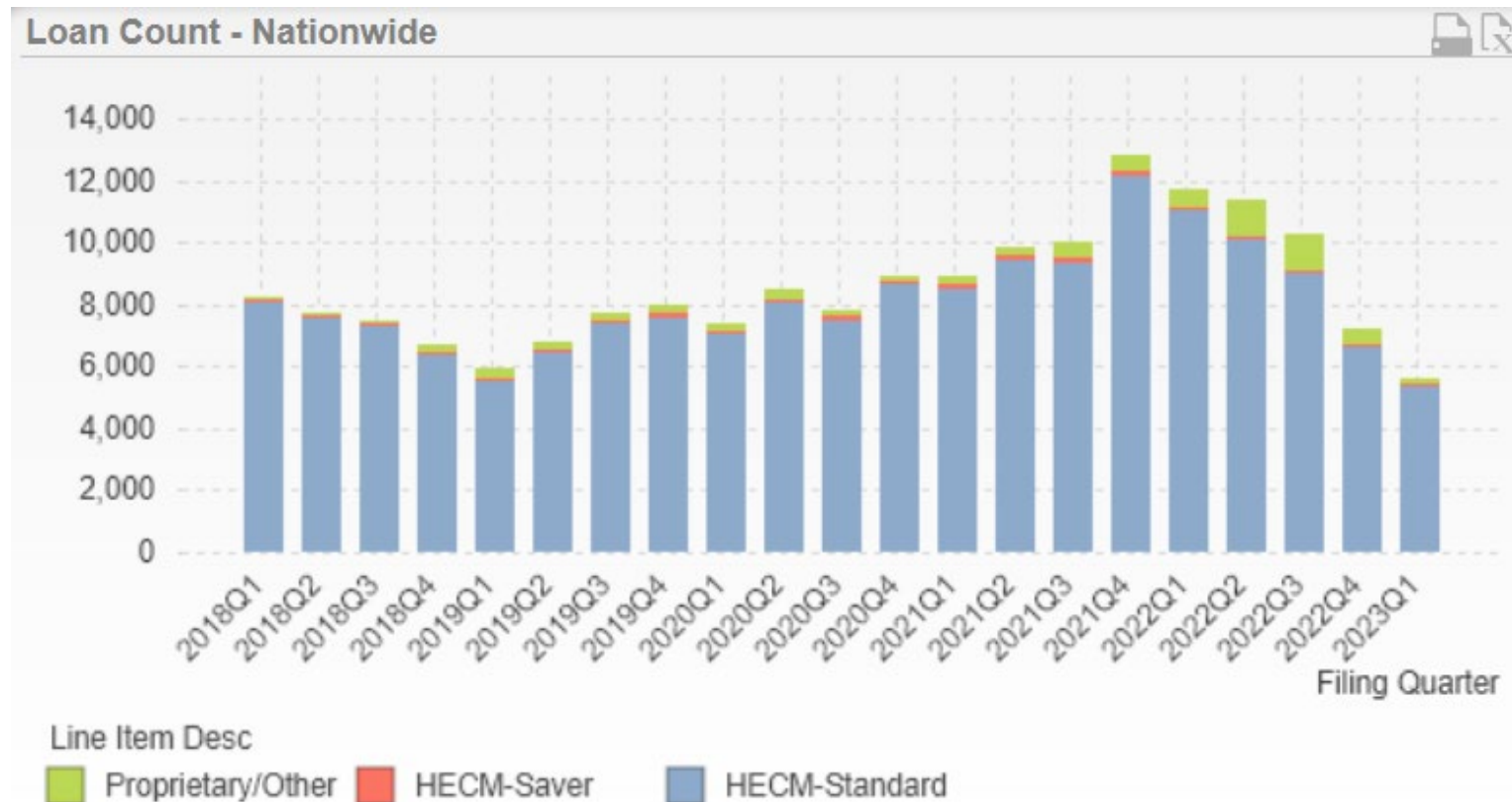


# Reverse mortgage originations have also plummeted despite new market entrants



Source:  
NMLS Mortgage Call Report Data

# Reverse mortgage originations have also plummeted despite new market entrants



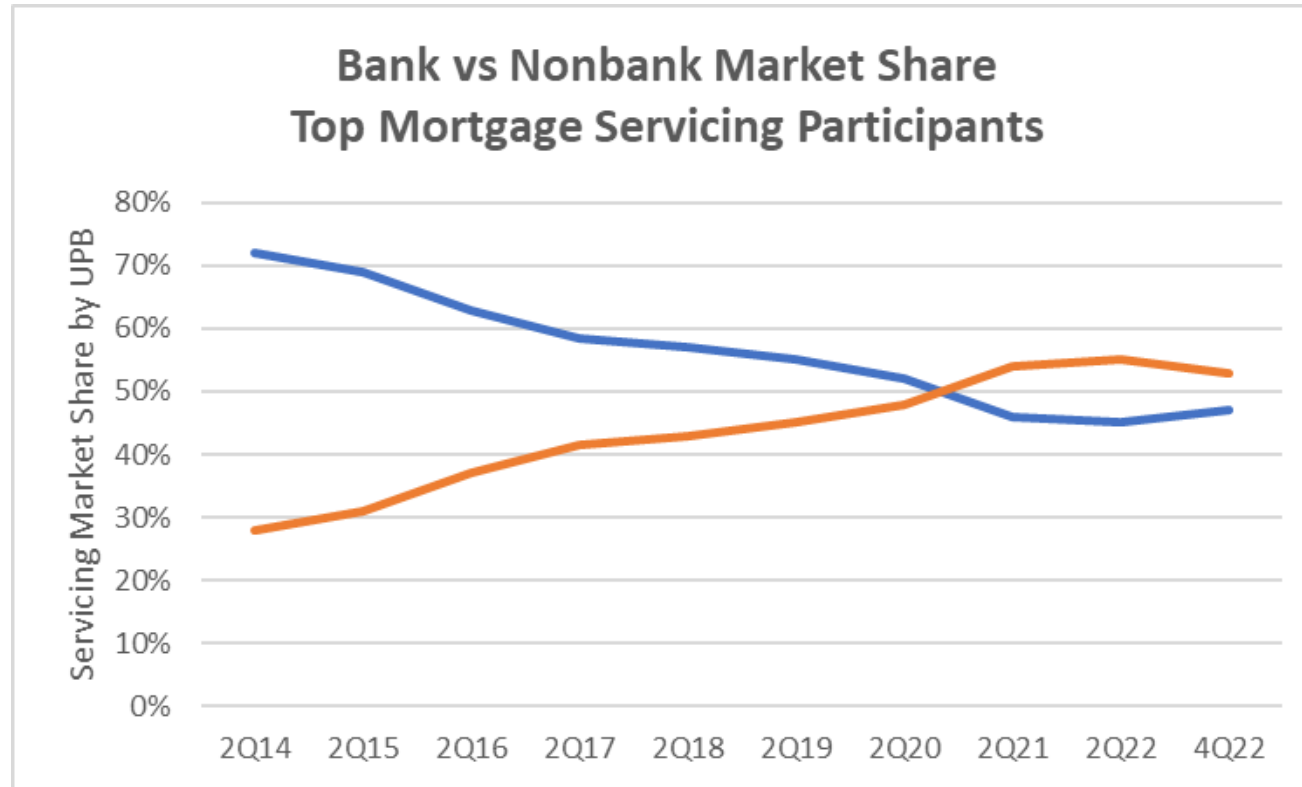
Source:  
NMLS Mortgage Call Report Data

# Number of MLOs with originations is now slightly below the total at Q1 2018



Source:  
NMLS Mortgage Call Report Data

# Nonbanks continue to service a majority of 1-4 family residential mortgages



*Banks have stepped back from Ginnie Mae:*

*a) Top 5 Ginnie Mae servicers are nonbanks*

*b) 22 of top 30 Ginnie Mae servicers are nonbanks*

*c) Top 10 nonbank Ginnie servicers own ~65% of Ginnie MSR by UPB*

*Source:*

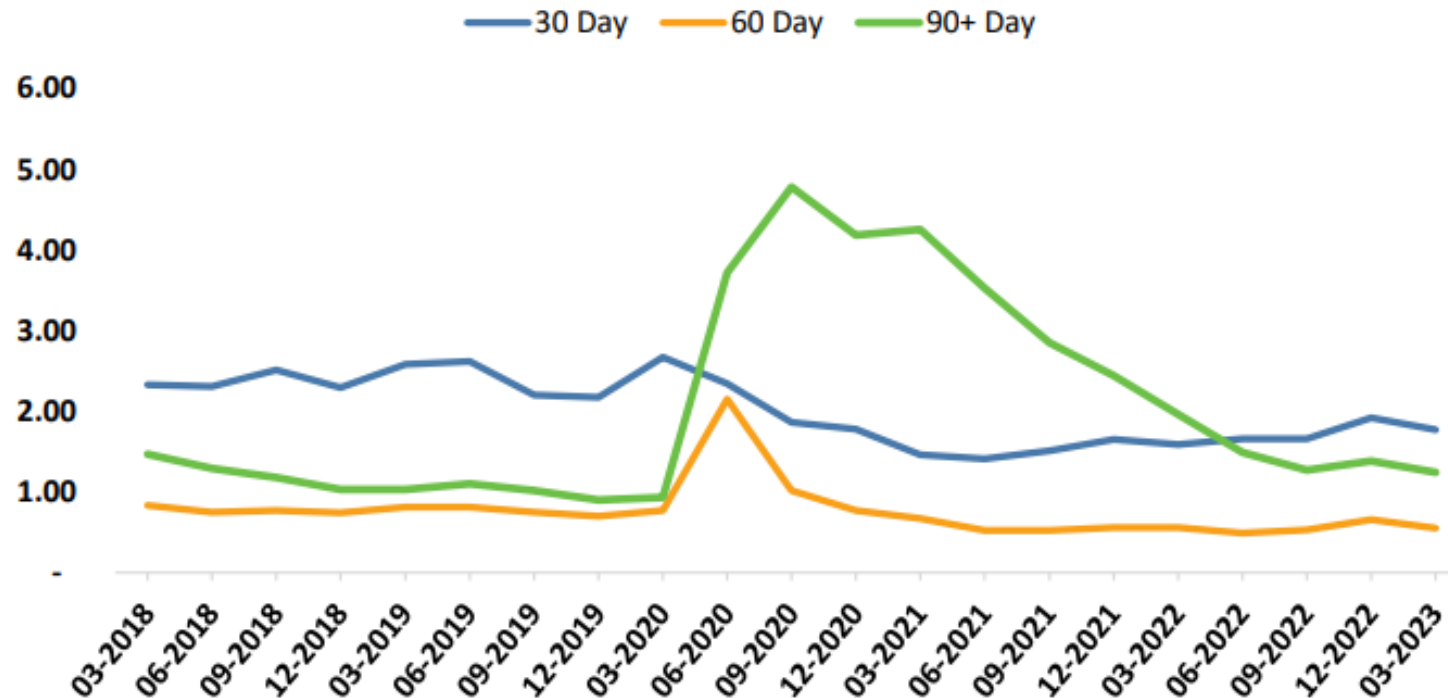
*Ginnie Mae Global Markets Analysis Report, April 2023*

Source:  
Inside Mortgage Finance© data



## Overall delinquencies have ticked up slightly, but remain low (pending any increases in unemployment)

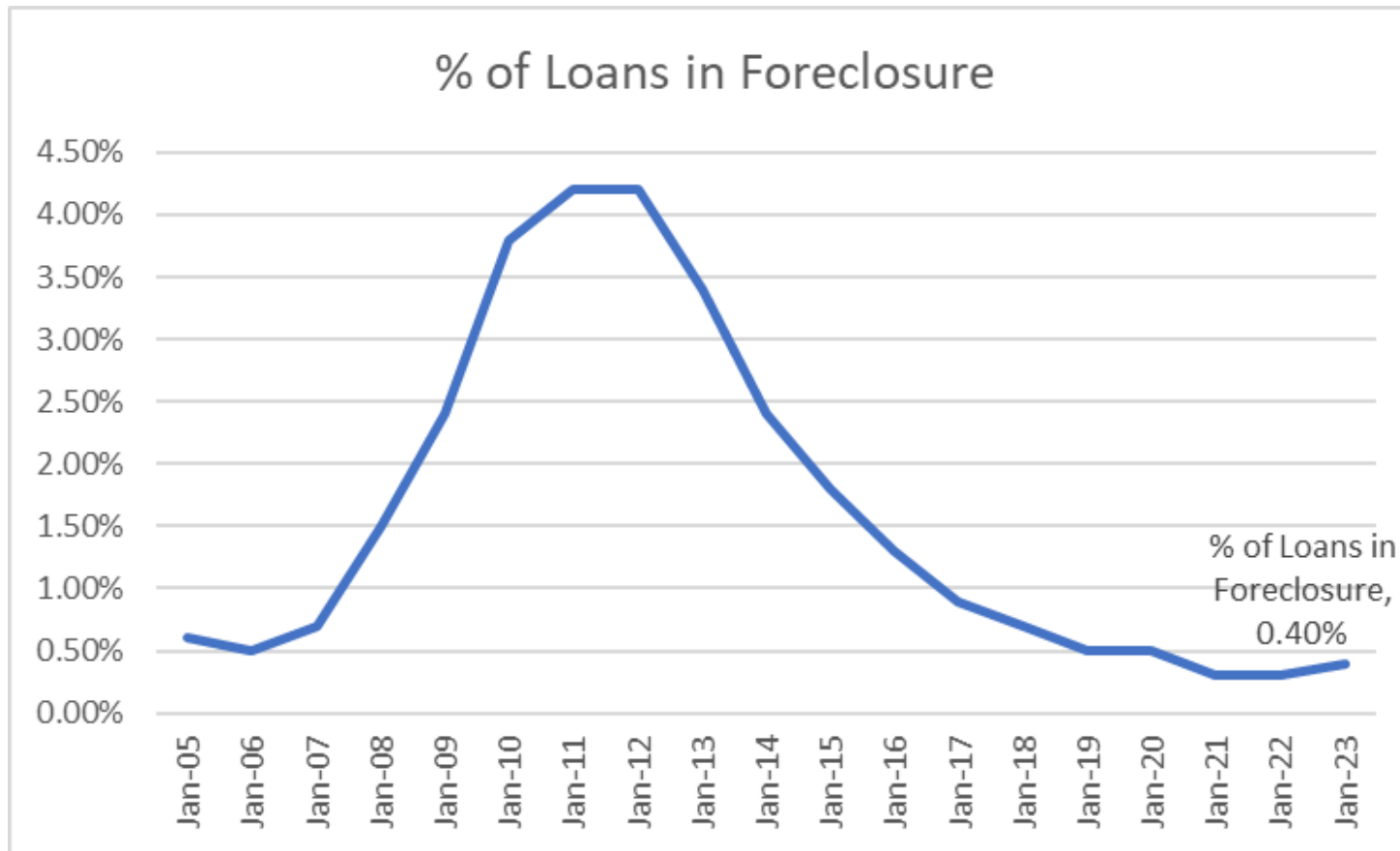
### All Loans - United States (% , SA)



Source:

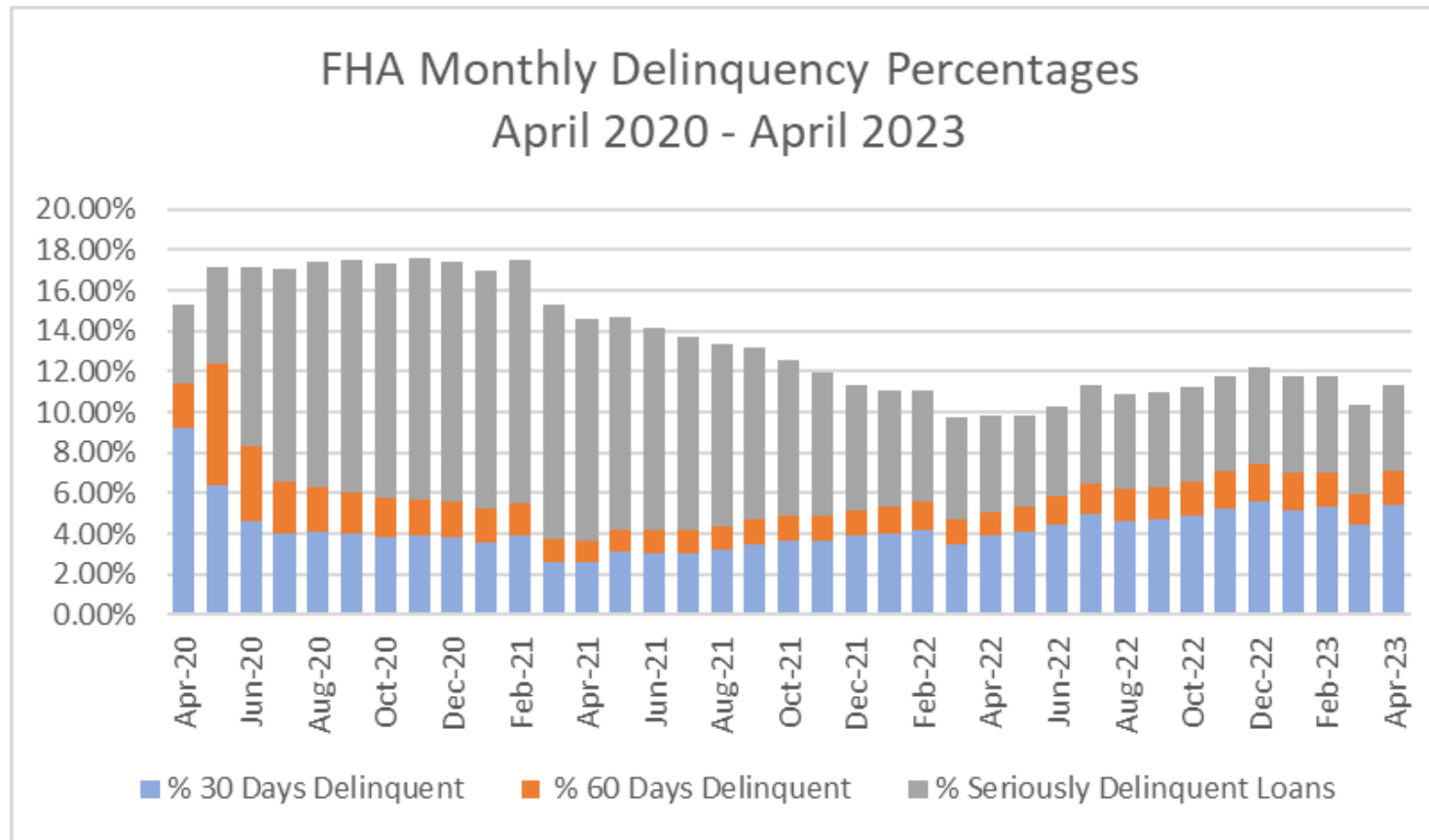
Mortgage Bankers Association National Delinquency Survey

## Foreclosure volume remains at historically low levels nationally (April 2023 level of .44% is basically unchanged)



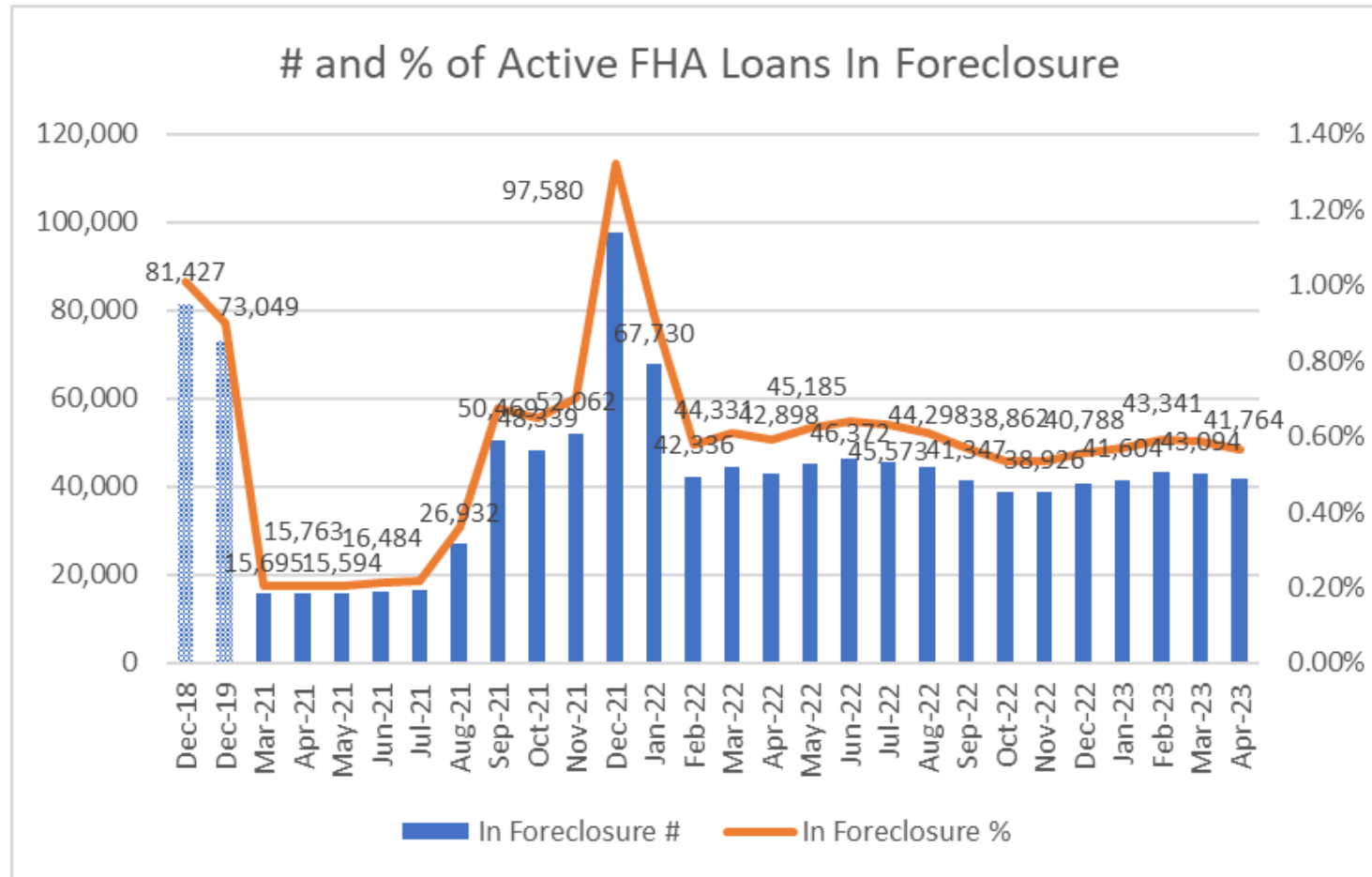
Source:  
CSBS Staff Analysis,  
Black Knight Mortgage Monitor  
May 2023 Release (March 2023 Data)  
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## FHA delinquencies are relatively higher than conventional with recent increases primarily in 30- and 60-day buckets (loss mitigation appears to be working)



Source:  
CSBS staff analysis of HUD Neighborhood  
Watch data, All Servicers  
<https://entp.hud.gov/sfnw/public/>

# FHA foreclosure inventory is well below pre-pandemic levels



Source:  
 CSBS staff analysis of HUD Neighborhood  
 Watch data, All Servicers  
<https://entp.hud.gov/sfnw/public/>



# Mortgage company M&A has picked up after an active 2022 – states are monitoring to ensure no consumer harm

Eligibility Standards Applicable to				
Date	Subject Company	NMLS ID	Subject Company	Action
6/1/2023	Platinum Home Mortgage Corp	13589	FHFA, Ginnie Mae	Acquired by Planet Home Lending LLC (NMLS 17022)
				Home Point Capital Inc selling all outstanding shares, including entire MSR portfolio, to Mr. Cooper Group (NMLS 2119), who is shutting down HP operations after onboarding customers. Transaction expected to close in Q3 2023.
5/10/2023	Home Point Financial Corp	7706	FHFA, Ginnie Mae	
4/7/2023	Home Point Financial Corp	7706	FHFA, Ginnie Mae	Exiting originations and selling their wholesale origination assets to The Loan Store (NMLS 1121650), but retaining their MSR portfolio.
3/31/2023	Homebridge Financial Services, Inc.	6521	FHFA, Ginnie Mae	Closing remaining retail operations, laying off 139 people. Keeping smaller wholesale division.
3/22/2023	Family First Funding LLC	810371	FHFA, Ginnie Mae	Acquired by American Neighborhood Mortgage Acceptance Company LLC (NMLS 338923)
3/13/2023	Cherry Creek Mortgage, LLC	3001	FHFA, Ginnie Mae	Acquired by Guild Mortgage Company LLC (NMLS 3274)
3/10/2023	Town Square Mortgage & Investments, LLC	144975	FHFA, Ginnie Mae	Merging with American Portfolio Mortgage Corp (NMLS 175656)
3/8/2023	Impac Mortgage Holdings, Inc.	128231	Non-agency	Closing TPO channel, relinquishing GSE ticket, converting retain channel to broker fulfillment model
3/6/2023	Homebridge Financial Services, Inc.	6521	FHFA, Ginnie Mae	Retail division being acquired by CMG Mortgage, Inc. (NMLS 1820)
3/1/2023	Wyndham Capital Mortgage, Inc.	2948	FHFA, Ginnie Mae	Being acquired by SoFi Bank and surrendering state licenses
2/28/2023	JFQ Lending, LLC	1639493	FHFA, Ginnie Mae	Acquired by Prosperity Home Mortgage, LLC (NMLS 75164)
2/21/2023	Keller Mortgage, LLC	140234	FHFA, Ginnie Mae	Acquired by Mutual of Omaha Mortgage, Inc. (NMLS 1025894)
2/15/2023	Celebrity Home Loans, LLC	227765	FHFA, Ginnie Mae	Closed
2/10/2023	Rushmore Loan Mgmt Services LLC	185729	FHFA, Ginnie Mae	Acquired by Mr. Cooper Group (NMLS 2119)
2/7/2023	Legacy Mortgage LLC	249314	FHFA, Ginnie Mae	Acquired by Guild Mortgage Company LLC (NMLS 3274)
1/31/2023	R M K Financial Corp	173946	FHFA, Ginnie Mae	Closed; banned from doing business by CFPB in February 2023 order
1/26/2023	Lend Smart Mortgage, LLC	4474	FHFA, Ginnie Mae	Assets acquired by American Pacific Mortgage Corp (NMLS 1850)
1/6/2023	Amerifirst Financial, Inc. (AZ)	145368	FHFA, Ginnie Mae	Closed

# THANK YOU!

If any questions or comments, please contact me:

Kevin Byers, CSBS Sr. Director  
Nonbank Supervision and Enforcement  
[kbyers@csbs.org](mailto:kbyers@csbs.org)





# AI and NMLS Approved Education

Rich Madison (CSBS), Michelle White (The CE Shop) and, Chuck Pollard (MortgageEducation.com)



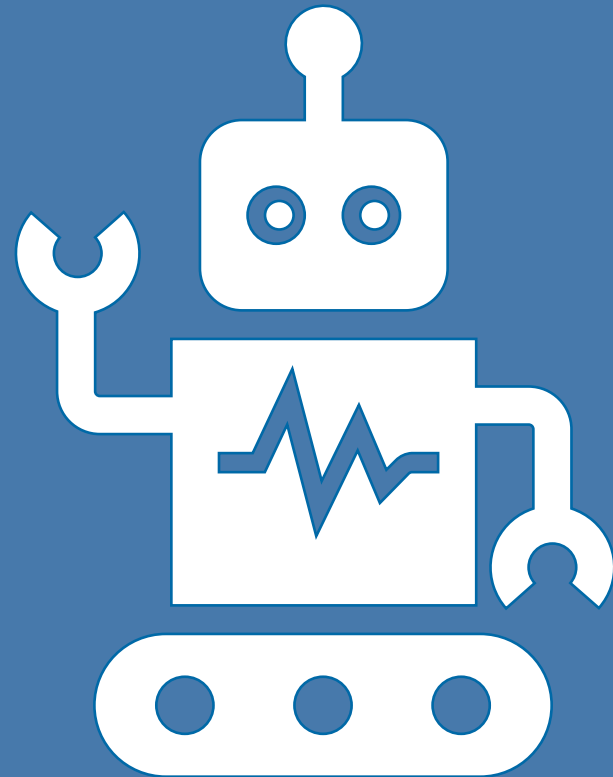
[www.csbs.org](http://www.csbs.org) / [@csbsnews](https://twitter.com/csbsnews)

# What is it?

AI (sometimes called machine learning) is an interchangeable term for many different tools.

- ChatGPT
- BARD
- DALL-E
- MidJourney
- Many more (and growing each day)

Machine Learning apps get attached to many software tools





# What is a “Large Language Model”?

Is trained on a MASSIVE amount of data

- Articles, chat forums, emails (think Gmail), tutorials, QA sites, etc.
- ChatGPT dataset stops at 2021 (though plugins now give access to internet)

Data is processed through a neural network (an AI engine). Continuously adjusts how it interprets data.

Use a “transformer” to read vast amounts of text.

- ChatGPT is a transformer – GPT Generative Pretrained Transformer

Transformers are good at figuring out what word comes next.

- Don’t actually “know” anything
- Doesn’t look at sentences in isolation, allows for self correction

# Examples

Figuring out what comes next, can start to look like creativity.



Write me a joke about the NMLS.



Why doesn't the NMLS ever throw a surprise party?

Because it believes in full disclosure!

# Jaw dropping accuracy (sometimes)

C

write a short paragraph explaining respa section 8



RESPA Section 8, part of the Real Estate Settlement Procedures Act, prohibits certain practices that can negatively impact consumers in the real estate settlement process. Specifically, it bans "kickbacks" and referral fees, where a service provider gives someone money or other benefits in exchange for referrals of business related to a real estate settlement service. It also forbids fee-splitting, where two companies share a fee for a service, but only one actually does the work. The purpose of Section 8 is to ensure that consumers receive services at fair market prices without any inflated or unnecessary charges due to unethical business practices.

# It also hallucinates

[Tech](#) [Artificial Intelligence](#)

## A lawyer used ChatGPT for legal filing. The chatbot cited nonexistent cases it just made up

The lawyer now may face sanctions for submitting the bogus cases.

By [Matt Binder](#) on May 27, 2023



[HOME](#) > [TECH](#)

**I asked ChatGPT to do my work and write an Insider article for me. It quickly generated an alarmingly convincing article filled with misinformation.**

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**Samantha Delouya** Dec 19, 2022, 6:40 AM EST

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# Using ChatGPT to create courses

Can be helpful in structuring, or rephrasing existing content.

With learning materials, where understandability and nuance are required, it tends to fall short.

It will make things up, get key items “slightly wrong” or occasionally “REALLY” wrong.

- Because it doesn't actually know anything, it's just good at guessing what word should come next.

# Major Concerns

What about intellectual property?

This is all very new, and there are currently several cases regarding the usage of these tools.

What about plagiarism?

Do others have access to your materials if it's loaded into a LLM?

# Students Use (or misuse) of ChatGPT

How do we handle students using ChatGPT to answer case studies or interact with teacher?

How can we detect it?

What ways can we structure case studies and activities to make it harder for ChatGPT to be used?

“When students cheat on exams it's because our school system values grades more than students value learning.” — Neil deGrasse Tyson

# Thoughts?





# **Course Topics: Rise of Nontraditional Products and Ties to Ethics Education**

Rich Madison, Annette Deffenbaugh (NCCOB & MTEB Member),  
Jillayne Schlicke (CE Forward), Aaron Wilson (My Mortgage  
Trainer)



# Q&A

