

UTAH RESIDENTIAL MORTGAGE REGULATORY COMMISSION MEETING

Heber M. Wells Building
Second Floor – Room 205
9:00 A.M.
January 7, 2004

MINUTES

STAFF MEMBERS PRESENT

Dexter Bell, Division Director
Mark Fagergren, Licensing and Education Director
Jon R. Brown, Chief Investigator
Dee Johnson, Investigator
Shelley Wismer, Assistant Attorney General
Ron Kunzler, Assistant Attorney General
Renda Christensen, Board Secretary

COMMISSION MEMBERS PRESENT

A. Thompson Calder, Chair
Eva Rees, Commission member
Pierre Alley, Commission member

GUESTS

Kevin Swensen
John Norman
Leslie Petersen
Julie Brizzee
Brian Rallison
Julie McCann
Arnold Stringham
Al Bingham

The January 7, 2004 meeting of the Utah Residential Mortgage Regulatory Commission began at 9:04 a.m. with Chairman A. Thompson Calder conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes

The Commission reviewed the minutes and found that there were no changes or corrections to the December 3, 2003 meeting minutes. A

motion was made by Ms. Rees to approve the minutes, which was seconded by Mr. Alley, and carried unanimously.

DIVISION REPORTS

INVESTIGATIONS REPORT – Jon Brown, Lead Investigator

Mr. Brown reviewed the numbers from the November report first. There were 10 written complaints received, 8 new cases accepted for investigation, and 2 files that were closed. The number of open files is now 65. In the month of December, there were 21 written complaints received, 5 new cases accepted for investigation, and 1 case closed that month. The number of open files for December was 69.

DIRECTOR'S REPORT – Dexter Bell

Director Bell informed the Commission that there has been no confirmation from the Governor's office on choosing a new Commissioner. He is hoping that the Division will get a decision soon.

Senate Majority Leader Michael Waddoups will be presenting and sponsoring our bill before the Legislature. There is one small problem with the current bill, because Consumer Protection does not want to regulate mortgage schools. Real estate schools are exempt, and Consumer Protection would like mortgage schools to fall under the same category. The Division will add into its bill that mortgage schools must get approval from the Division, and Ms. Wismer is working on a statute now.

The mortgage exam was given for the first time yesterday, and Director Bell will have Mr. Fagergren explain more in his report to the Commission. Presently, there are approximately 12,600 individuals registered with the Division, and about 400+ waiting to be licensed.

The Division reported that it had filed an emergency rule to provide procedures to implement the statutory changes that went into effect on January 1, 2004.

Director Bell told the Commission that the Division needs more people. Two new licensing technicians have been approved, but there is still a need for at least 2 more investigators. Ms. Wismer mentioned that the mortgage industry was among the top five industries in growth and is seen as a major employment opportunity.

Director Bell asked Ms. Christensen to let the Commission know the changes that have effected the licensing process with the deadline for testing. She mentioned that in a two-day period she sent out 93

letters to applicants who submitted incomplete information with another 90 letters going out today. The trend seems to be just to get an application in to the Division and get it date stamped before the December 31st deadline. She also mentioned that the Division had received an overwhelming amount of phone calls regarding the exam. The common comments were "why are you changing things now when we have always done things this way," and "well, I have had a license for over 20 years and so I am grandfathered in and won't have to take the test."

EDUCATION/LICENSING REPORT – Mark Fagergren

Mr. Fagergren wanted to discuss the issues surrounding the test. First, it was preparing for the test, the deadlines, and study materials. Secondly, it was the rampant rumors that have been spread. He mentioned that on December 30th and 31st, there were people lined up out in the hallways. There was a wide diversity of people applying, and many times there were problems in communication as well as getting all of the necessary information.

The calls that are coming in to the Division now are about what areas need to be studied, and if we have study manuals. Mr. Fagergren informs all the applicants that they need to study their own materials or take a course. He recommends studying all the material covered on the outline.

Mr. Fagergren asked the staff how the test was affecting the office. Approximately 65% of all the calls that come to the Division are on mortgage. He wanted to remind the Commission that there are three industries, real estate, appraisers, and mortgage. Mortgage seems to be escalating, not diminishing, and the Division is spending an extraordinary amount of time and resources on mortgages. It is creating a burden on the general staff, not just the licensing technicians.

The Division newsletter went out in December, with 300 extra copies printed for the front counter. The majority of people that have not been licensed and did not know about the test came in for the newsletters. Commissioner Alley commented that he received the newsletter and thought it was well done. He has been receiving calls from people in the industry that had not known about the changes before they received their newsletters, so the newsletter has been very helpful.

Mr. Fagergren informed the Commission on the outcome of the first tests that were taken. There were some initial problems in limiting a certain time per segment. This idea was scrapped, and it was decided to let the applicant use the entire 3 hours as they choose. The Education Committee is meeting again in March to review the test questions and wants the questions to be kept current and timely. Chair Calder requested that the Commission be kept abreast on the overview of how the test is going so they don't attend the February meeting and not have current information. Mr. Fagergren said that he would e-mail trends and comments to the Commission.

Director Bell made the comment that the Legislature did not want to require pre-licensing education. They wanted to set objective standards for the test and let the applicant either pass or fail. He feels that it might be a good time to require a minimum pre-licensing education.

Director Bell reminded the Commission that the Division had sent out letters to both Senators and Representatives informing them that the test would be required for existing mortgage lenders, and that they were likely to get a number of complaints toward the end of the year. He told the Commission that he has received calls from a number of legislators thanking him for letting them know ahead of time. Chair Calder suggested that maybe it would be a good time to re-send the letter again later in the year.

Mr. Fagergren suggested that it would be helpful to have the Commission direct or suggest to the Education Committee to work out a resolution to these time sensitive questions and report to the Commission any changes on dated material. Commissioner Rees asked how long the Education Committee was going to be in effect, and made the comment that if they reviewed the test on a monthly or quarterly basis, that we may have an Education Committee as long as we have a test. Mr. Fagergren noted that there are Education Committees in Appraisers and Real Estate that only meet once or twice a year, but it would be up to the Commission to decide how long the Education Committee for mortgages would last.

INFORMAL HEARINGS

10:00 Stohr Capital Group – Application for License

11:00 James R. McCarty – Applicant for License

At 11:15 the Commission and Division decided to take a brief break to check their voice mail and messages to see if there were any messages from either of the Applicants. Neither of the applicants appeared as scheduled.

The Commission briefly reviewed the list of Lesser Criminal Convictions that was presented by the Division before going into an Executive Session.

A motion was made by Ms. Rees, seconded by Mr. Alley to go into Executive Session. The vote was unanimous and Executive Session began at 11:30 a.m. and ended at 11:34 a.m.

EXECUTIVE SESSION

Results of Executive Session

On the list of Lesser Criminal Convictions:

Sherry Dickerson – the Division will find out more information

Joseph Obono - approved

Matthew Good - approved

Phillip Wilson - approved

Cory A. Martins - approved

John Uipi - approved

David L. Webb - approved

Steven Lusa – approved

David Heaps – the Division will find out more information

Stohr Capital Group – Denied

James McCarty - Denied

There being no further business, a motion was made to adjourn the meeting, seconded, and carried unanimously. The meeting adjourned at 11:38 p.m.