

**UTAH RESIDENTIAL MORTGAGE REGULATORY  
COMMISSION MEETING**

Heber M. Wells Building  
Second Floor - Room 210

9:00 A.M.  
July 6, 2005

**MINUTES**

**STAFF MEMBERS PRESENT**

Dexter Bell, Division Director  
Mark Fagergren, Education/Licensing Director  
Jon Brown, Enforcement Director  
Shelley Wismer, Assistant Attorney General  
Ron Kunzler, Assistant Attorney General  
Marv Everett, Investigator  
Craig Livingston, Investigator  
Carlos Alamilla, Investigator  
Renda Christensen, Board Secretary  
Amanda Orme, Mortgage Education Secretary

**COMMISSION MEMBERS PRESENT**

Pierre Alley, Vice Chair  
Alan Bowyer, Commissioner  
Julie McCan, Commissioner

**GUESTS**

Luke Erickson, Utah State University  
Eva Rees, Division of Financial Institutions  
Lance Miller  
John Norman  
Howard Tolley  
Leslie Petersen  
Al Bingham  
Marty Stringham  
Shannon Taylor

The meeting on July 6, 2005 of the Utah Residential Mortgage Regulatory Commission began at 9:00 a.m. with Vice Chair Pierre Alley conducting.

**PLANNING AND ADMINISTRATIVE MATTERS**

Approval of Minutes

The minutes from the June 1, 2005 meeting were approved as written.

**DIVISION REPORTS**

Enforcement Report – Jon Brown

Mr. Brown reported in June there were 35 written complaints logged, 9 new cases opened for investigations, 11 investigative cases closed, leaving the number of open cases at 122. The number of cases over 180 days is 83. Mr. Brown introduced two new investigators, Carlos Alamilla and Craig Livingston. Mr. Alamilla is a real estate broker and will be handling approximately 75% mortgage cases and 25% real estate cases. Mr. Livingston will handle approximately 75% real estate and 25% mortgage cases.

Commissioner Alley commented on the number of cases over 180 days. Mr. Brown said at the first of the year, all investigators were temporarily pulled off their cases to check on the companies doing business with unlicensed individuals. This review added more cases to the list, and some are being settled with stipulations.

Commissioner McCan asked what types of trends the Division was seeing, and Mr. Brown said flipping has created a good number of the open cases. One case they investigated opened 18 flipping cases. He believes with the new federal bankruptcy law going into effect, it will be more difficult to do short sales.

Mr. Brown said Dee Johnson was really an asset to the enforcement arm of the Division. Mr. Johnson has a real strong background in all three venues, and is an excellent employee.

#### Director's Report – Dexter Bell

Director Bell mentioned an article in The New York Times which stated things were booming in 55 areas in the United States with housing prices that have risen 30% in three years after inflation. One-fourth of all home buyers (including 42% of first time buyers) made no down payment. This could hit the consumer hard if the economy falters. Commissioner McCan said interest only loans are a real concern.

Director Bell said effective July 1, 2005 the Division has raised the late fees to \$50 and reinstatement fee to \$100 for all three professions. Mr. Fagergren said many times people are trying to beat the six month deadline before they have to apply again from the start. Director Bell mentioned there are many problems with the on-line renewals in real estate. Mr. Brown said 20% of the individuals renewing on-line in real estate have falsified their renewals by not having the required CE. Because of these problems, there have been 127 new cases opened in enforcement.

Director Bell has spoken with the Executive Director of the Department to see if there was someone within the Department who could hear some of the post-revocation hearings, if the Commission chooses to delegate them. On the real estate side, these hearings have been assigned to Mr. Fagergren. He asked the Commission to again consider assigning the post-revocation hearings to a hearing officer.

Director Bell passed out a copy June 27, 2005 draft of the Anti-Encroachment rule, R162-205-1, Residential Mortgage Unprofessional Conduct. These changes were worked out and approved by Commerce Department Executive Director Russell

Skousen. Director Bell would like to formally propose this draft be started in the rulemaking process today. He suggested holding a public hearing on this rule next month, August 3, 2005.

Comments and feedback from the Commission and guests were that the draft violates RESPA. It was also felt the passive advertising was a watered down version of the first draft. It was a consensus that the previous draft was better. Director Bell said the new draft was apparently not ready for a hearing.

Director Bell noted the statistics show the number of licensees has been increasing every month. Some of the inactives are moving back to an active status, but there is a steady increase of new applicants.

#### Education/Licensing Report – Mark Fagergren

Mr. Fagergren said the statistics show an increase of approximately 1,500 licensees. He said about 1,000 of those changed from inactive status to active. He agrees with Director Bell that the numbers are steadily increasing.

Mr. Fagergren said there are now 13 schools approved with over 80 courses approved. He mentioned there are over 500 real estate CE courses approved. He said since the Division approves on-line mortgage courses, and not the real estate courses, the mortgage courses are considerably more time consuming. More time is spent on mortgage education because an on-line course is much more labor intensive.

Mr. Fagergren said the RFP for a new testing contractor was turned in, and he now has two pages of questions from possible bidders. He said this will be a time consuming process to answer all concerns.

Two committees merged to discuss the PLM exam content outline, and the deadline is approaching fast. Next month the committee has agreed to have an outline for the exam. The members of the committees thought by merging the two together it might create a conflict if schools were involved in writing exam questions. He asked the Commission if they wanted to continue on as one committee, or should there be an outline committee and an exam committee. Director Bell said he does not think having schools write exam questions is a good idea. Commissioner Bowyer said the committee was divided and wanted to ask the Commission for their decision.

A motion was passed to have two committees, an outline committee for curriculum, and a second committee made up of non-educators to write exam questions.

Director Bell said the requirements for a PLM are if an individual has 5 years of mortgage experience (registered or licensed in Utah), or has been functioning in a state with similar licensing requirements, and passes the Utah Law portion of the PLM exam they would be eligible to be a PLM. A second option would be to have 3 years of mortgage experience (registered or licensed in Utah), take 40 hours of education, and pass the exam.

### OTHER BUSINESS

Luke Erickson, graduate student at Utah State University. Mr. Erickson gave a presentation on defining predatory mortgage lending in Utah. He is working on his Master's thesis and made the presentation to request funding for his research project.

### **INFORMAL HEARINGS**

10:40 Andrew F. Mason – Application for Renewal of License

11:24 Michael Nelson – Application for License  
Max Clark, City First Mortgage  
Paige Nelson, Wife

12:12 Kyle Washington – Post-Revocation Hearing  
Andrew McCullough, Attorney  
Mr. Washington was not present.

Executive Session was held from 12:20 p.m. until 1:00 p.m. This was a working lunch.

1:00 Kevin Thompson – Application for License Reinstatement  
Maria Thompson, Wife

1:35 Lynnae Aguilar – Post-Revocation Hearing  
Sydney Magid, Attorney

### **REVIEW LIST OF LESSER CRIMINAL CONVICTIONS**

Aames Home Loan  
Keith Ader  
Ameriquest Mortgage  
Andrew Jason Bailey  
John Berry  
Michael Bonds  
Richard Conner  
Directloansource.com  
Gateway Funding Diversified  
Rick Helsley  
Richard Hightower  
Trevor Hunt  
Abraham Kenison  
Raphael Peacock  
Martin Pool  
Dominic Ruiz  
Ryan Sparks  
Joe Thomas  
Melissa Woods

Amy Wynn

Executive Session was held from 2:13 p.m. until 2:50 p.m.

**EXECUTIVE SESSION**

Results of Executive Session

Andrew F. Mason – Denied

Michael Nelson – Denied

Kyle Washington – Revocation was reversed

Kevin Thompson – Denied

Lynnae Aguilar – Revocation was reversed

Lesser Criminal Convictions

Aames Home Loan - Approved

Keith Ader - Approved

Ameriquet Mortgage – Schedule for hearing

Andrew Jason Bailey - Approved

John Berry - Approved

Michael Bonds - Approved

Richard Conner - Approved

Directloansource.com – Schedule for hearing

Gateway Funding Diversified – Schedule for hearing

Rick Helsley - Approved

Richard Hightower - Approved

Trevor Hunt - Approved

Abraham Kenison – Schedule for hearing

Raphael Peacock - Approved

Martin Pool - Approved

Dominic Ruiz – Schedule for hearing

Ryan Sparks - Approved

Joe Thomas – Schedule for hearing

Melissa Woods – Schedule for hearing

Amy Wynn - Approved

Stipulations

Superior Lending Associates, L.C. and Matthew J. Walker – Approved

Dustin Christensen – Approved

Aaron D. Hardy – Approved

A motion was passed to adjourn at 3:06 p.m.