

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building
Second Floor - Room 210

8:30 A.M.

December 7, 2005

MINUTES

STAFF MEMBERS PRESENT

Derek Miller, Division Director
Jon R. Brown, Enforcement Director
Mark Fagergren, Education/Licensing Director
Dee Johnson, Investigator
Shelley Wismer, Assistant Attorney General
Ron Kunzler, Assistant Attorney General
Renda Christensen, Board Secretary
Amanda Orme, Mortgage Education Secretary
Jody Colvin, Mortgage Licensing Technician

COMMISSION MEMBERS PRESENT

A. Thompson Calder, Chair
Pierre Alley, Vice Chair
Alan Bowyer, Commissioner
Julie McCan, Commissioner
Heather MacKenzie, Commissioner

GUESTS

Paul Naylor	Ron Duiker	Dave Luna
Kevin Swensen	Al Bingham	
Ron Winterton	Lance Miller	
John Norman	Eva Rees	

The meeting on December 7, 2005 of the Utah Residential Mortgage Regulatory Commission began at 8:35 a.m. with Vice Chair Alley conducting. Chair Calder came in at 8:45 a.m. and conducted the meeting at that point.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the November 2, 2005 meeting were approved as written.

DIVISION REPORTS

Enforcement Report – Dee Johnson

Mr. Johnson said in the month of November there were 25 written complaints logged, 4 cases opened for investigation, 7 cases closed, leaving 121 open case files. Mr. Johnson said the case load is growing slightly, but expects it to level out and begin to decline.

Director's Report – Derek Miller

Director Miller said the Division is pursuing a rule change regarding licensed staff and unlicensed staff. When the change was made last year to allow for the PLM, this part of the rule was not corrected to reflect that the PLM had supervisory responsibility over licensed and unlicensed staff. This was an oversight and the Division believes it could be addressed by a technical correction in the statute. In addition, the Division will pursue a rule clarifying that the PLM, like the Control Person, is responsible for both licensed and unlicensed staff.

A second rule change the Division is pursuing is to clarify the continuing education requirement. Presently in Real Estate, a licensee is required to complete 12 hours of CE prior to renewing their license. The potential loophole is people saying they will renew as inactive, thus not having to do the required CE. Then a week later, the same person will change to active and will get around the CE requirement. There is a rule in Real Estate saying if a person renews as inactive and then changes their status to active, they are still required to show proof to the Division they have taken the 12 hours of CE. The mortgage rule doesn't speak to renewing as active or inactive, it just says a person owes 14 hours of CE. The Division wants to clarify the mortgage rule so it mirrors the Real Estate rule.

Director Miller said the Instructor Development Workshop held last week went very well, and thanked Commissioner McCan for attending. He has received comments that everything was well done and wanted to pass on the compliments to Mr. Fagergren and his staff.

Director Miller brought up the issue of advertising rules. He said the Division will temporarily be putting the issue on the back burner for now because of the upcoming Legislative Session approaching. The Division will focus on this issue as soon as the Legislative Session is over. This will probably be in March 2006.

Director Miller mentioned the Real Estate Commission had asked the Division to look at the possibility of handling certain applications in a certain way. These cases would include serious felonies (i.e., moral turpitude, fraud, identify theft,

forgery, etc.). The Real Estate Commission asked the Division to look into the concept of a statute that will preclude or prohibit people from applying for a license if they have this type of felony within a certain time period. The Mortgage Commissioners agree with tightening the statute.

Director Miller brought up the PLM requirements and what "equivalent experience" would mean to the applicants. For a person applying in the 3-5 years experience, they would need to have been licensed/registered as a mortgage officer or an originating control person with the Division. Also, if a person has worked either out of state or for an in-state exempt entity and they originate loans or have direct supervision and oversight of the loan originating process, they would qualify under the 3-5 year option. The applicant would have to take both parts of the exam and 40 hours of pre-license education.

For an applicant with 5 years and over, they would submit documentation showing 5 years experience in the business of residential mortgage loans under requirements substantially equivalent to and in compliance with the Utah Mortgage Practices Act (61-2c-206(2)(b)). This would mean the person would qualify if they were licensed/registered as a mortgage officer or an originating control person with the Division. Also, if the person was not licensed with the Division because they worked either out of state (licensed based on education and exam) or for an in-state exempt entity and they originate loans or have direct supervision and oversight of the loan origination process, they would qualify for the 5 year and over option. The applicant would only have to take the state portion of the exam and receive a waiver from the Division on the 40 hours of pre-license education.

In both cases, the applicant would apply to the Division before scheduling to take the exam. The PLM applicant will have to apply for a background check for those who have not previously had one through the state. After reviewing the application, the Division has the options of granting a waiver for the pre-licensing education, approving the applicant to take the test, or denying the application.

Director Miller said the statute allows for an Associate Lending Manager ("ALM") which would mean the person has gone through all the qualifications of the PLM but has not been designated by their company as the PLM. The Legislature and Division have been concerned with direct supervision over mortgage officers. By establishing the ALM status, it should help provide the supervision needed.

Mr. Johnson said the investigators will be out auditing companies on May 1, 2006 making sure they are in compliance.

A motion was made and passed unanimously to adopt the outline for eligible experience for the PLM license.

INFORMAL HEARINGS

- 9:42 Carteret Mortgage – Application for License Renewal
Albert L. Elder, III, Attorney
Eric Weinstein, President
Jeff Gill, Compliance Officer
- 10:34 Raylene A. Huntsman – Application for License Renewal
Ron Winterton, Owner/Control Person, American West Lending
- 10:58 Ryan Deblois – Application for License
- 11:30 Dana Capital Group – Application for License Renewal
This was a telephone hearing.
Kelly Christensen, General Counsel
- 12:12 Mortgage Lenders Network USA Inc. – Application for License Renewal
Angela Adams, Counsel, Ballard Spahr Andrews & Ingersoll, LP
Christian LaRoche, Counsel for Mortgage Lenders Network USA

Education/Licensing Report – Mark Fagergren

Mr. Fagergren reported the numbers of licensees have grown over the last year. In December 2004, the number of active licensees were 11,455, inactive licensees were 1,562, with a total number of licensees at 13,017. In January 2005, after the required exam deadline in December, the numbers show active licensees dropped to 6,345, and inactive licensees were up to 6,543, with the total number of licensees at 12,888. As of November 2005, the numbers show active licensees have started climbing up again to 8,768, inactive going down to 2,460, with a total number of licensees at 11,288.

Mr. Fagergren wanted to thank Commissioner McCan for attending the Instructor Development Workshop on December 1-2 at the Marriott Hotel. There have been positive comments from those who had attended.

Mr. Fagergren gave the Commission an update on the PLM test and applications. The Exam Writing Committee will meet tomorrow with Promissor to develop a cut score rate. The applications for schools and individuals will be

on the website within the couple of weeks.

Mr. Fagergren said currently Promissor is using the process of digital fingerprints. Up until recently, the state has not been able to use those digital prints, but starting in the first of the year, the state will upgrade their system to be able to download the digital fingerprints. This will mean the results will be within a few hours instead of weeks. Director Miller mentioned the possibility of using those digital fingerprints again at the time the licensee renews their license.

INFORMAL HEARINGS (Continued)

- 1:08 Dennis Hansen – Post-Revocation Hearing
- 1:15 JammiAnn DeYoung – Application for License
- 2:00 Kimberly Dojaquez – Application for License Renewal
Jereen Caller
- 2:15 American Brokers Conduit – Application for License Renewal
Requested to be rescheduled.

An Executive Session was held from 2:45 p.m. to 3:40 p.m.

EXECUTIVE SESSION

Results of Executive Session

Carteret Mortgage Corp. – Granted on probation
Raylene A. Huntsman – Granted subject to the receipt by the Division of restitution of all fines being paid.
Ryan Deblois – Denied
Dana Capital Group – Granted and immediately suspended until proof that QC systems outlined have been implemented for all Utah branches.
Mortgage Lenders Network USA Inc. – Request granted to be continued
Dennis Hansen – Revocation has been reversed
JammiAnn DeYoung – Granted on probation pending broker notification
Kimberly Dojaquez – Denied
American Brokers Conduit – Allowed to reschedule

Stipulations

Curtis Seth Moser - Approved
Robert A. Stubbs – Approved

A motion was passed to adjourn at 3:45 p.m.

