

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building
Second Floor - Room 210

8:30 A.M.

April 5, 2006

MINUTES

STAFF MEMBERS PRESENT

Mark Fagergren, Education/Licensing Director
Marvin Everett, Investigator
Ron Kunzler, Assistant Attorney General
Shelley Wismer, Assistant Attorney General
Ken Benson, Investigator
Renda Christensen, Board Secretary
Amanda Orme, Mortgage Education Secretary
Jody Colvin, Licensing Supervisor

COMMISSION MEMBERS PRESENT

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

GUESTS

Eva Rees	Arnold Stringham
Howard Tolley	Al Bingham
John Norman	Lance Miller
Tamara Bradshaw	Paul Naylor
Ron Duyker	Ron Winterton
Dave Luna	Clair Smedley

The meeting on April 5, 2006 of the Utah Residential Mortgage Regulatory Commission began at 8:30 a.m. with Chair Calder conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the March 1, 2006 meeting were approved as written.

DIVISION REPORTS

Enforcement Report – Marvin Everett

Both Jon Brown and Dee Johnson are out of town. Mr. Everett will be giving the Enforcement Report.

Mr. Everett reported in the month of March the continuing education audits showed there were 4 new cases opened for investigation, 1 case closed, leaving the number of open investigations at 3.

The investigative cases for March showed 44 written complaints opened, 16 complaints screened (no cases opened), 13 cases opened for investigation, 18 cases closed, leaving the number of open cases at 122.

Director's Report – Mark Fagergren

Director Miller is attending the AARMR convention in Washington, DC. AARMR is an association of mortgage regulators and this is a national meeting. The topics being discussed will be federal loan requirements and identifying loan fraud. Mr. Fagergren will be giving the Director's Report.

Director Miller spoke with Mr. Fagergren before he left and wanted him to cover several important topics while he was out of town. The deadline for the Principal Lending Manager (PLM) is getting near. The Division has been receiving a large volume of phone calls regarding the requirements. This statutory deadline is a deadline for both the Division as well as for the licensees trying to become Principal Lending Managers. We are doing everything in our power to meet our objective to not be a bottleneck in the process of licensees becoming a PLM. As of yesterday, the PLM applications that have been received are current on a daily basis. The Division does not have the authority to change the deadline, despite rumors to the contrary. The date of May 1, 2006 is by statute and the Division is living by the date imposed by the Legislature. Mr. Fagergren asked those in attendance from the schools to let their students know this date is a statutory deadline and the Division must comply.

The Division's intention is not to put companies out of business and put consumers in a difficult position. This is not the objective of the Division. The intent is to help entities and individuals come into compliance as quickly as possible. Our main goal is to get people to understand and comply with the regulations. Notifications have been sent out to licensees, and professional organizations have been notifying their members. Last month a letter went out to every entity telling them specifically of the deadline.

Mr. Fagergren said the main question being asked is what will happen on May 1st? The answer is on May 1st, the Division will assess the current state of affairs to determine three categories of groups. The first group is those who are in compliance. As of yesterday, there are 160 Principal Lending Managers and 10 Associate Lending Managers currently licensed. Division staff have processed over 1,350 applications to date. This means every application has been reviewed, and phone calls have been made to verify the information. Letters have been sent out notifying the people of which category they qualify. They will either qualify for the three-year, five-year, or not qualify at all. The staff has completed educational waivers and sent one to each applicant so the person knows exactly what education they must have.

The second group is those who are in the process of coming into compliance. The Division encourages everyone to submit the paperwork. The application consists of one sheet of paper. The sooner the application comes in, the easier it will be to find a seat at the testing center.

The third group is those who are simply not in compliance. On May 1st the Division will be asking them why they are not in compliance, and what are they doing to get into compliance. If there are 2,200 active entities, and to date 1,350 of them have submitted the single-page form, the primary focus will be why haven't they sought to comply with the Legislation. Based on the answers to those questions, the Division will take action on a case-by-case basis.

Mr. Fagergren said Director Miller wanted to let the Commission know that he is on top of this issue. He is talking to industry leaders daily and keeps current as to what is going on. Director Miller will balance the interests of the need to comply with the law with the concern of shutting down residential lending in Utah. Director Miller doesn't see this as a reasonable approach to solving this problem.

Chair Calder asked from the figures Mr. Fagergren gave, what the Division is going to do when there are 300-400 businesses not in compliance, and who have no intention of complying. Mr. Fagergren said the investigators will go first to the companies who have done nothing to get in compliance. The first question will be "What have you done to get in compliance?" Based on that answer, the Division will then make a decision on the action to be taken.

Mr. Everett said he has spoken with many entities. He has found that those who are not going to have a PLM, or can't pass the test, are going to associate themselves with either an exempt company like a bank, or are finding a company that has a PLM and will affiliate with them until they can pass the test.

Commissioner Alley asked if those who fall under categories two and three will automatically become inactive on May 1st. Mr. Fagergren said he can't answer hypothetical questions. The first thing that will be done will be to go through the data base and assess who the Division not heard from, and why. The main concern will be to get people into the testing centers and then to assess which category they fall in. Enforcement will go out on a case-by-case basis.

Chair Calder asked the members of the public in attendance if they had any questions for the Division. One question was asked of the 2,200 companies mentioned, are they located in-state or out of state? Mr. Fagergren said there are 2,241 active entities as of last month, and they can be located anywhere. Mr. Fagergren said there are now two providers who offer distance education. This is a paramount concern for those out of state, and now these people can take the 40 hours of PLM education on-line.

A question was asked of the 1,350 people who have applied, do we know how many have qualified for the 3-year and 5-year categories. Ms. Orme said the number shows that approximately 40% of the applicants have to take the 40 hours of education and both part of the exam.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren said there have been many calls from people about the delays in getting through to Promissor on the phone. Mr. Fagergren said he does not find it acceptable for someone to wait 45 minutes to an hour on the phone waiting for a testing date. Promissor has assured him as of next week there will be more people to take the phone calls.

Mr. Fagergren handed out a Utilization Report from Promissor. The report shows how many seats are available at each testing center from April 12 to May 4. Currently, the test center in Ogden has 60 seats available. The Midvale test center has 33 seats available, and the Orem test center has 54 seats available. Mr. Fagergren said there are two things which will change these numbers. He spoke with Promissor last night, and they will now offer a Sunday testing session. This will help open testing slot times. The other option will be to offer testing times to those who want to take the exam after 10:00 p.m. Promissor has blocked the week of April 24-30th and is waiting our instructions about who should be able to sit for the test. Preference will be given to two-thirds of the seats available for PLM candidates over real estate and appraiser applicants during this last week.

Mr. Fagergren has spoken with Promissor on how important it is for the educators to have a quantitative report on how they are doing in each area. Each school will then have a better idea of how they are doing and what topics they need to strengthen. Promissor said the data will be available in approximately one week.

On the applications there is a sentence stating the person must wait for seven days to apply with the Division. We will be waiving this for PLM applicants for the last week of the month.

Mr. Fagergren handed out an overview of the year-to-date statistics on the PLM test results. The report is broken down into the General and State portions. So far, there have been 102 people have tested for the General portion, and 40 (39%) of those have passed, 62 (61%) have failed. The State portion shows that 465 people have taken the test with 346 (79%) passing and 119 (21%) failing.

Mr. Fagergren said the newsletter will be going to the printer on Thursday.

INFORMAL HEARINGS

9:40 Mortgage Lenders Network USA Inc. -
Continuance of hearing
Angela Adams, Attorney

Review of Stipulation –
Utah Association of Mortgage Brokers

Review of List of Criminal Convictions
Williams A. Evans
James E. Rhone

Informal Hearings (Continued)

10:08 Keri Ames – Application for License
Jeremy Summers
Joel Holly
Todd Marks

10:50 Ada M. Hammon – Application for License

A motion was made and passed unanimously to go into Executive Session.

The session was held from 11:20 a.m. to 11:48 a.m.

EXECUTIVE SESSION

Results of Executive Session

Mortgage Network Lenders USA Inc. – Approved

Keri Ames – Denied

Ada W. Hammon – Approved on probation for first term of license. PLM must be notified that she is on probation.

Stipulation

Utah Association of Mortgage Brokers - Approved

Criminal Convictions List

Williams A. Evans – Schedule for hearing

James E. Rhone – Schedule for hearing

A motion was passed to adjourn at 11:50 a.m.