

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building
Second Floor - Room 210

8:30 A.M.

May 3, 2006

MINUTES

STAFF MEMBERS PRESENT

Derek Miller, Division Director
Mark Fagergren, Education/Licensing Director
Jon R. Brown, Enforcement Director
Dee Johnson, Chief Investigator
Ron Kunzler, Assistant Attorney General
Carlos Alamilla, Investigator
Marvin Everett, Investigator
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	Ron Duyker
Clair Smedley	Al Bingham
John Norman	Howard Tolley
Michael Welker	Elizabeth Walthen
Dave Luna	Brant Hayward
Ron Winterton	

The meeting on May 3, 2006 of the Utah Residential Mortgage Regulatory Commission began at 8:34 a.m. with Chair Calder conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the April 5, 2006 meeting were approved as written.

DIVISION REPORTS

Enforcement Report – Dee Johnson

Mr. Johnson reported in the month of April the Division received 30 written complaints, screened 6 complaints (no cases opened), opened 11 new cases for investigation, closed 15 cases, leaving the number of open cases at 118.

Mr. Johnson introduced Ken Benson to the Commission. Mr. Benson is the new TIC Investigator and will also be doing real estate cases.

The continuing education audits for April were 3 cases opened for investigation, closed 2 cases, leaving the number of open audit cases at 4.

Mr. Johnson and Jim Bolton went to San Antonio, TX last month for an appraiser convention. Even though it was for appraising, other states seem to be facing the same problems. He said many states still do not have either registration or licensing for loan officers. After the convention was over, both Mr. Johnson and Mr. Bolton felt good about the condition of the real estate, mortgage, and appraising regulation in our state.

Director's Report – Derek Miller

Director Miller suggested changing the start time of the meetings from 8:30 a.m. to 9:00 a.m. He mentioned the Real Estate Commission and the Appraiser Board have both changed their starting times to 9:00 a.m. because of fewer hearings being scheduled. The Commission agreed to change the start time.

There are approximately 1,700 entities licensed with the Division. Director Miller said a number of licensees hold licenses as individuals and entities that do not have to be licensed with the Division. An example of these would be wholesalers. The Division has recently decided to make a policy determination that holding an active license means you are eligible to originate loans as a licensed mortgage officer. There are also a certain number of these people that hold an active license but aren't required to, again using the wholesalers as an example. The Division is estimating there will be approximately 200 licensees falling into this area. This leaves about 1,500 to 1,600 entities that will need a PLM.

As of May 1, 2006 there are about 700 PLM's licensed with the Division. There

are another 700 applications in process. Director Miller said despite the effort to get the message out about the deadline for Experience Documentation Forms in, there were a number of people who on the last day (April 30th), decided to start the process. There were also a large number of applications received on May 1st. Director Miller said this leaves approximately 200-300 entities that have not responded.

The breakdown of the 200-300 entities would include those who fall into two categories: 1) they are out of state companies, or 2) they are a sole practitioner. The Division is generating a list to give Enforcement so investigators can go out and find out what these companies are going to do about getting a PLM in place.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren said there have been an overwhelming amount of people waiting for the last minute. The numbers are changing rapidly as to those who have been submitted.

Mr. Fagergren handed out two lists, one showing statistics as of April 18, 2006, and the other statistics as of May 2, 2006. He said the numbers from May 2nd have changed from those numbers today. The numbers show as of April 18th, there were 1,320 PLM/ALM applications reviewed by the Division. There were 18 licensed Associated Lending Managers, and 241 licensed Principal Lending Managers. Two weeks later, as of May 2nd, there have been 1,400 applications reviewed, 54 licensed ALM's and 675 licensed PLM's. Mr. Fagergren said at the end of this week, lists will be generated to show these updated numbers so the Division has a better idea of the statistics.

DIRECTOR'S REPORT (Continued)

Director Miller made a final comment about the PLM issue. The Division is excited to see those who have complied are creating peer pressure for those who have not complied. This will make the licensees either come into compliance or affiliate themselves with a company who is in compliance.

The advertising rule issue was brought up with a couple of ways on how to proceed. The rulemaking authority is with the Division, so it could mean the Division will present something to the Commission for discussion. The other option would be that the Commission itself, or selecting people to act in a working group, will come up with what they think is the right way to approach the issue. Chair Calder asked the Commission which option they prefer. He said the best way would be to open up the discussion to those who wish to be involved. Commissioner Alley suggested perhaps including some of the Real

Estate Commissioners in the group.

Chair Calder asked the public attending if they have any comments. One comment was in favor of the way the Division was handling the PLM issue. Another comment from the industry was to put those who have not complied out of business. One person said he has first hand knowledge of mortgage lenders in his building who do not intend to comply. He would like to see those be given a fine and 30 days to get in compliance or they would be shut down. Mr. Brown said a complaint can be filed at any time. Mr. Fagergren said there is strong peer pressure out there. A comment was made that there is a market driven incentive to get in line. Big companies are saying no PLM, no loans.

EDUCATION/LICENSING REPORT (Continued)

Mr. Fagergren handed out Exam Performance Summary Reports from Promissor. In April, the number of PLM exams given were 659, with a pass rate of 65% for first time test takers. Overall statistics for the PLM pass rate was 63%. The results for the mortgage lender test shows there were 222 exams given, with a pass rate of 34% for first time takers. Overall statistics show the pass rate was 37%.

The year-to-date report shows there have been 1,059 first time PLM test takers, and with adding in retakers the number is 1,451. The overall pass rate is 64.92% for the PLM. The mortgage officer test shows there have been 933 test takers, and adding in the retakers the number is 1,417. The overall pass rate for the mortgage officer test is 60.34%.

In April the number of test takers taking the General Only portion of the PLM exam were 349 with a 41% passing rate. The State Only portion of the PLM had 854 test takers with a 76% passing rate.

The year-to-date breakdown on the PLM test shows that 451 people were tested and had a 40% pass rate. The State Only part of the PLM test had 1,319 test takers with a 76% pass rate.

INFORMAL HEARINGS

9:43 Jorgen P. Olsen/JPM Financial Services – Application for
Renewal and PLM Application
Jeannie Lund, Attorney
Mike Thomas

10:30 Tanner Scadden – Application for Renewal

Kenyon D. Dove, Attorney

11:00 James Rhone – Application for Renewal
Requested to withdraw his application for license.

12:00 William Evans – Application for License

Review of Stipulations

Celestine R. Petersen

Victor M. Soares

John Maxim

An Executive Session was held from 12:50 p.m. to 1:40 p.m.

EXECUTIVE SESSION

Results of Executive Session

Jorgen P. Olsen/JPM Financial Services – His application for a PLM has been denied. The application for a renewal of his control person (MLOL) license was changed to a loan officer (MLAF) license, and will be placed on probation for the term of the license. The renewal of the entity license for JPM Financial Services was granted.

Tanner Scadden – Denied

James Rhone – He was allowed to withdraw his application.

William Evans – Denied

Stipulations

Celestine R. Petersen – Approved

Victor M. Soares – Approved

John Maxim - Approved

A motion was passed to adjourn at 1:42 p.m.