

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building
Second Floor Hearing Room

9:00 A.M.

September 5, 2007

MINUTES

STAFF MEMBERS PRESENT

Derek B. Miller, Division Director
Mark Fagergren, Education and Licensing Director
Dee Johnson, Enforcement Director
Renda Christensen, Board Secretary
Tiffeni Wall, Real Estate Education Coordinator
Jody Colvin, Division Staff
LeAnn Robinson, Division Staff

COMMISSION MEMBERS PRESENT

Rodney "Butch" Dailey, Chair
Maralee Jensen, Vice Chair
Heather MacKenzie, Commissioner
Lance Miller, Commissioner

GUESTS

Kevin Swenson
Pierre Alley
John Norman
Mike Welker
David Luna
Al Bingham
Ron Duyker

The meeting on September 5, 2007 of the Utah Residential Mortgage Regulatory Commission began at 9:06 a.m. with Chair Dailey conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the June 6, 2007 meeting were approved as written.

DIVISION REPORTS

Director's Report – Derek Miller

Director Miller introduced Laurie Noda who is an Assistant Attorney General who has been recently assigned to work with the Division of Real Estate.

The Monthly Management Report shows the continued increase in numbers. There is a little plateau in the number of applications the Division is receiving and it is the same with Real Estate numbers. The expired entities don't reflect the number of surrendered licenses in the last month. Most of those surrendering their licenses are out of the state of Utah.

On the same report, the numbers of cases closed in the Enforcement section were 35 cases. Director Miller commended Mr. Johnson and the Enforcement section for their good work. There were many cases on our books that were over a year old, and this number reflects addressing these cases. This has closed up the backlog on our records. Director Miller has given the investigators a goal of no more than 20 cases at any given time. The investigators have risen to the challenge. Mr. Johnson has reviewed files that will be coming up over the next six months to see who the Division will be bringing for a hearing or those who will be agreeing to Stipulations to come before the Commission.

Enforcement Report – Dee Johnson

Mr. Johnson reported in the month of August the Division received 24 complaints, screened 74 complaints, opened 3 cases, closed 35 cases, leaving a balance of 70 open cases. This number will be reduced even more, because for the first time our Enforcement division is fully staffed. There are new investigators in Real Estate, Appraisers, and a new Fraud Investigator, whose job will be to take on those more serious cases.

Mr. Johnson said there will be more Stipulations brought before the Commission in the coming months, and a reduction in the number of open cases.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren introduced Tiffeni Wall, Real Estate Education Coordinator, to the Commission. Ms. Wall has been working both Mortgage and Real Estate education because Amanda Orme is out on maternity leave. He went on to introduce Jody Colvin who has helped to get the Division through the Principal Lending Manager licensing, Courtney Belliston who is splitting her duties between Real Estate and Mortgage, and LeAnn Robinson, who is the new Division front counter person. Ms. Robinson has an important job in dealing with all walk-in people and all phone calls. Mr. Fagergren wanted to introduce these employees so when anyone calls in they will know who they are speaking with and what their job duties cover. Mr. Johnson mentioned the last day of

the month there were people lined up through the doors and out into the hallway. These employees handled everyone with a smile and got the job done.

Mr. Fagergren said the Division will have a new system that will allow an individual licensee to manage their own information. This includes changes to their address, license status, ordering a license history, changing companies, and ordering a copy of their license. The Division is in the final stages of preparing a letter to go out to all Principal Brokers, Branch Brokers, and Principal Lending Managers alerting them to this information. This will allow them to get their accounts set up first so their individuals can go into the company account and make their updates and changes. The broker will be notified by way of e-mail that a licensee is interested in joining the firm or leaving the firm.

For many years the Division has been using paper change cards, and with this new system in place, the paper change cards will be phased out. It is critical that PLM's and Brokers access this system because at some point in time, there will be no available paper change cards. If someone were to come into our office and they didn't have a change card, we would direct them to a computer to go on-line and make that change. The strong advantage to this system is that currently, even with a good staff that processes these on a timely basis; it can take several days to a week or more to get a change card done. With this system, any change put in on a weekday will be changed that night.

Chair Dailey asked how the mention of a mandatory on-line renewal was met when the Division announced it on the Caravan, and once a broker or agent makes a change on-line do they have the ability to print a hard copy for their records, if they chose to do so. Mr. Fagergren said they could print the screen, but a better way would be to wait until the next day and print out an updated roster of those who are with that brokerage. Mr. Fagergren said the announcement was enthusiastically received. Chair Dailey mentioned the MLS and the Salt Lake Board of Realtors have everything done on-line, with no paperwork. Director Miller said the process is also managed via e-mail that will notifying the current and the new PLM will receive an e-mail verifying the transaction. The next newsletter coming out in October will emphasize to individuals what this new system involves.

Mr. Fagergren reminded everyone about the upcoming Instructor Development Workshop coming up on November 8 and 9, 2007. Pre-license instructors from all three professions are required to attend one of these every two years, and our continuing education instructors are invited but don't have to attend. The

Division is bring in a national instructor, John Hamilton, who is a past president of the Real Estate Educators Association, teaches non-stop, and does these workshops for many states. Mr. Fagergren invited all the Commissioners to attend for any questions or discussions that might arise. There will be tables set up called "Ask Experts" where people can move around and ask their questions. The workshop will be held at the Radisson Hotel which is the same location as last year.

Mr. Fagergren spoke about R162-210.4.20.1 which is intended to notify people who are taking pre-license education that they have a certain risk if they have a criminal past they might not be able to be licensed. He pointed two components of this rule. The first paragraph states a student with a criminal history may not qualify for a license. Paragraph B says an applicant with a criminal history may be required to appear before a hearing before the Utah Residential Mortgage Regulatory Commission. Many individuals are told by schools the worst-case scenario is they may end up going before the Commission. But according to Paragraph A, that may not be the case.

Mr. Fagergren went on to discuss R162-202.5.1 which was adopted in May of this year. It states that individuals who have a felony within the last five years or a misdemeanor within the last three years involving fraud, misrepresentation, theft or dishonesty, will be denied. The schools have told these people that they have a chance to go before the Commission, and Mr. Fagergren has to explain to these individuals will be automatically denied.

Mr. Fagergren said there was some confusion from the schools on R162-210.4.9 which states that when it comes to pre-license education, non-lecture methods of instruction are limited to 50% of the total credit hours of the curriculum. If you look at the rule for continuing education, R162-208.10.6, it states there can be either live instruction or distance education, with nothing in between. There is approval for pre-license education on-line. Chair Dailey said this change is something that involves the schools and will take a fair amount to implement the change. In fairness, he said this topic should be scheduled for the next meeting to have some further discussion on the topic.

Director's Report (Continued) – Derek Miller

Director Miller said Ms. Noda has some updates on proposed rules. Ms. Noda said there are two rules which need further comments. R162-204, Record Keeping, and R162-205, Residential Mortgage Unprofessional Conduct. The comment period does not expire until September 14, 2007 and the earliest date in which the rules can be made effective would be September 22, 2007, so there is still time for comments to be accepted.

Director Miller said there have not been any comments on R162-204 which talks about who is responsible for keeping the records when a mortgage company goes under. R162-205 is the PLM supervision rule and the Division has received a number of comments. Some comments are in favor and many are against having PLM's review all loan files. Director Miller said the main purpose is to allow the members of the public to provide some input in regards to that rule. Chair Dailey asked for comments or questions from the public. Comments were made in favor of having supervision and direction by the PLM. Questions were made as to who would be auditing the reports, and would the Division be making random audits of their own.

INFORMAL HEARING – CLOSED TO PUBLIC

10:24 Carlos Molina – Application for License

CLOSED TO PUBLIC

Review of Stipulations:

Gary N. Greaves

A motion was made to go into Executive Session from 11:16 a.m. to 11:28 a.m.

Results of Executive Session

Gary N. Greaves – Approved

A motion was passed to adjourn at 11:29 a.m.