

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building
Room 210
9:00 A.M.
November 7, 2007

MINUTES

STAFF MEMBERS PRESENT

Derek B. Miller, Division Director
Mark Fagergren, Education and Licensing Director
Dee Johnson, Enforcement Director
Renda Christensen, Board Secretary
Laurie Noda, Assistant Attorney General
Dave Mecham, Lead Investigator
Marv Everett, Investigator
Jim Cross, Fraud Investigator
Elizabeth Beazley, Investigator
Amanda Orme, Mortgage Education Coordinator
Tiffeni Wall, Real Estate Education Coordinator
Jody Colvin, Division Staff
Julie Price, Division Staff
Vilath Kinnavongsa, Division Staff

COMMISSION MEMBERS PRESENT

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

GUESTS

Kevin Swenson	Josh Grondel
John Norman	Pierre Alley
Ron Duyker	Jeremy Plouzek
Eva Rees	David Luna
Don Downing	Howard Tolley
David Jensen	

The meeting on November 7, 2007 of the Utah Residential Mortgage Regulatory Commission began at 9:05 a.m. with Chair Dailey conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the July 11, 2007 and September 5, 2007 meetings were approved as written.

DIVISION REPORTS

Director's Report – Derek Miller

Director Miller said he has three Administrative Rules to discuss. The first is a proposed rule change to renew a license where if someone had during the term of their license been convicted of a felony, they would not be able to renew their license. The Division is proposing to add (b) on to the rule which would state if someone who is attempting to renew their license has had a finding of fraud, misrepresentation, or deceit entered against the person specifically related to the business of residential mortgage loans by a court of competent jurisdiction or any other government agency, they would not be eligible to renew unless the finding was explicitly considered when approving the applicant's initial license.

The next proposed rule change is to R162-210-4, Rules of Conduct for Certified Schools. In section 4.20.1, because some of the changes the Division had made to our pre-screening questionnaire and some confusion it was calling particularly as pre-license educators were attempting to students what it is that they should disclose, the Division has made an attempt to revise rule. The idea is to keep it as specific as possible and not have it outdated. The proposed change to the rule as to what the schools should be providing to prospective students as a disclosure that would (a) tell them that applicant's for licensure must disclose any criminal history by answering the questionnaire as part of the mortgage exam; (b) applicant's for licensure must submit fingerprint cards to the Division and consent to a criminal background check; (c) licenses issued by the Division are conditional pending the completion of the background check and that failure to accurately disclose a criminal history will result in an immediate and automatic license revocation; (d) applicants with a criminal history described in Administrative Rule 162-202-5 do not qualify for a license; (e) applicants with a criminal history other than as described in Administrative Rule 162-202-5 will be considered on a case by case basis and may be required to appear at an administrative hearing to determine qualifications for licensure.

The next proposed rule change is to the PLM Supervision rule, R162-205-1. These changes were reposted in the November 1st bulletin and the rule has been reposted and the public comment period has been opened again. Director Miller wanted to acknowledge and express appreciation for the comments that the Division received from the public. Working with the industry associations

and getting comments from individual members of the mortgage industry the Division was able to come up with a second draft which addresses the concerns that were raised. Our common goal is to get the best rule that we can. The section where the Division received most of the comments from the public originally said the principal lending manager would be responsible for reviewing each loan file. That has been changed to a requirement that the principal lending manager would see that there was a quality control plan that includes procedures for performing pre-closing and post-closing auditing of at least 10% of all the loan files and that if the mortgage company has a quality control plan that already complies with HUD/FHA or Freddie Mac requirements it would be deemed to be in compliance with this rule.

Enforcement Report – Dee Johnson

Mr. Johnson acknowledged and introduced some members of the Enforcement Division: Dave Mecham, who is the Division's Chief Investigator; Marv Everett and Elizabeth Beazley, who are mortgage investigators; and, Jim Cross who is the Fraud investigator. There are 10 stipulations to be considered today, which is a monumental task on the part of the Enforcement staff.

The statistics show in September the Division received 32 complaints, 37 were screened, 10 cases were opened, 12 were closed, leaving a balance of 68 open mortgage cases. In October the Division received 40 complaints, 35 were screened, 4 were closed, 6 were closed, leaving a balance of 66. The case load is coming down to a manageable number in all of the professions, but particularly in the mortgage profession. In the real estate profession we have had a couple of stipulations that have been approved and gone through, some of which have been in the news for two revocations and a \$10,000 fine and a \$40,000 fine. The Commission will see in the future more sizable numbers.

Mr. Johnson stated he foresees a large number of complaints for 2008 for all three professions.

There are three Cease and Desist Orders presented today:
Roger Reeve, Dual Broker; Clareo Property Management; Wayne Freeman,
Rob Justensen, dba Justus Inc.

Director Miller said the public service announcements put out by the Division have run the first set, and the next set is scheduled to run during the next legislative session. Mr. Johnson said the Division has received calls from the public after they have seen the commercials.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren said the statistics show the mortgage officers and entities are showing a slight decline in the numbers.

The Instructor Development Workshop will be tomorrow and Friday, November 8 and 9th. There are approximately 130 people, the largest ever enrolled, registered for this event. The three industries; appraisers, mortgage, and real estate, the pre-license instructors, CE instructors, schools, other parties interested in education of those professions will be attending. The first day a professional will be brought in to teach training techniques. The second day there will be eight breakout sessions. Four of those session will be hosted by individuals here today: Commissioner Maralee Jensen, will be discussing how people end up in the newsletter and how to stay out of it; Commissioner Lance Miller will be discussing changes in the education rules; John Norman of the UMLA is teaching a class on the successful marketing of CE courses; and, David Luna will talk about what role education providers provide in industry regulation.

The newsletter has been delayed a bit because of the IDW. It will go to the printer after the workshop is finished. The cover article will talk about the new Real Estate Licensing Management System ("RELMS") and a number of revisions since the system were first brought out. Other revisions will be out in the next few weeks. In the past, individuals were able to select a box to see the statistics in an Excel spreadsheet. Presently, this new system doesn't have the spreadsheet option. Within the next week there will be the option of selecting the spreadsheet available again. This data is current on a daily basis.

Mr. Fagergren introduced some new members of our staff: Vilath Kinnavongsa, mortgage license technician; Julie Price, will be splitting some of her duties between mortgage licensing; and, Amanda Orme who has returned from maternity leave. It is nice to have some reinforcements to our staff and the Division is appreciative of their hard work.

INFORMAL HEARING – CLOSED TO PUBLIC

- 10:15 Erica Chairez – Application for License
- 10:43 Scott Losch – Application for PLM License – and –
Global Management Inc. – Application for Renewal
This is a telephone hearing.
Beverly Cartwright, Director of Licensing
Henry Mosher, Director of Compliance

11:30 Accredited Home Lenders Inc. – Application for Renewal
This is a telephone hearing.

A motion was made to go into Executive Session from 12:15 p.m. to 1:00 p.m. This was a working lunch.

1:03 Michael Deboer – Application for License

1:30 AFS Financial Inc. – Application for Renewal
This is a telephone hearing.
Peter Microulis, Vice President

A motion was made to go into Executive Session from 1:55 p.m. to 2:35 p.m.

2:35 Nicholas Lindholm – Application for License
This is a telephone hearing.

CLOSED TO PUBLIC

Review of Stipulations:

Joshua Brown
Shawn Roach
Carlos Lira
Tiffany Knight
Jamie A. Solarte
Tigh Gunderson
Eric C. Larsen
Phillip Rowson
Champion Mortgage Company
Leo Kanell II

A motion was made to go into Executive Session from 2:55 p.m. to 2:59 p.m.

Results of Executive Session

Stipulations:

Joshua Brown - Approved
Shawn Roach – Approved
Carlos Lira - Approved
Tiffany Knight - Approved

Jamie A. Solarte - Approved
Tigh Gunderson - Approved
Eric C. Larsen - Approved
Phillip Rowson - Approved
Champion Mortgage Company - Approved
Leo Kanell II – Approved

Director Miller and the Commission wanted to commend the Enforcement staff for all their hard work.

A motion was passed to adjourn at 3:05 p.m.