

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building
Second Floor Hearing Room

9:00 A.M.

January 2, 2008

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

COMMISSION MEMBERS PRESENT

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

GUESTS

John Norman	Pierre Alley
Ron Duyker	Jeremy Plouzek
Eva Rees	David Luna
Howard Tolley	
Mark Steinagel	

The meeting on January 2, 2008 of the Utah Residential Mortgage Regulatory Commission began at 9:03 a.m. with Chair Dailey conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the November 7, 2007 were approved as written.

DIVISION REPORTS

Director's Report – Derek Miller

Director Miller reported that R162-205, referred to as the PLM Supervision rule, has been made effective last month. The original language and the amendments were added to the rule. There are also two other rules in process: R162-210.4.20.1 deals with the disclosures which education providers make to the prospective students; and, R162-207.6 is a modification to the

Division's recently enacted rule which would preclude someone from getting a license if they have had a felony within the last five years, or a misdemeanor that includes dishonesty, deception, fraud, or theft within the last three years. The Division proposed a change to the rule that if someone has a finding by any government agency of fraud that relates to activity specific to their mortgage license, they would be precluded from renewing that license. There is a similar rule on the real estate side which is also in process. Both of those rules are in the rulemaking process. They will probably be published in mid-January and will be open for public comment.

Director Miller met with the Governor's staff last week to talk about foreclosure crisis around the country. Utah can be grateful that we are not suffering like other areas of the country are suffering. He has read some recent articles that foreclosure rates are increasing fairly dramatically in the southern part of the state. Based on the report that was issued by the Mortgage Banker's Association, Utah is still the lowest nationally in foreclosures and delinquencies for sub prime arms. We are also in a unique position in this state to see the kind of problems they are having in other areas, and areas not too far from us, like California, Nevada, and Arizona. The purpose of the meeting with the Governor's staff was to discuss preliminary plans for what the state can do in working with private and non-profit organizations.

Director Miller attended a conference about four weeks ago about foreclosures. There are many agencies out there that want to prevent people from going into foreclosure. The statistic was that if the homeowner would come forward in a timely fashion, 60% of the time they can help people avoid foreclosure. The homeowners that can't be helped are the ones that don't say anything and continue to ignore the notices and phone calls. In other areas there are publicity campaigns to give people information on where they can go for help. His recommendation to the Governor's staff was that if it becomes a problem in our state that the number one thing that needs to be done is to start doing public outreach for help.

Director Miller gave the Commission an update on the upcoming legislative session that will begin in two weeks. The Division is looking at two different bills. A mortgage fraud bill is being sponsored by Senator Killpack in the Senate and Representative Hutchins in the House. This is a bill that is being industry driven. The Division supports this bill which will make mortgage fraud a felony with graduated penalties based on the severity and the dollar amount involved. It is something that will be handled by the Attorney General's Office. The Division also has a clean-up bill that is being sponsored by Representative Froerer. It is similar to the bill we ran last year in that about 90% of it is

technical clean-up type language. There are two substantive issues that relate specifically to the mortgage industry. One is to increase the ceiling for mortgage pre-licensing hours from where it currently sits at 20 hours, up to 90 hours. It doesn't necessarily mean the Division will require a pre-licensing course of 90 hours, but it does increase the ceiling and would allow for that opportunity. The idea is to allow for a 90 hour pre-licensing course, and then if and when that bill is passed, the Commission along with industry representatives, and representatives from the Division would take a strong look at the issue and determine what is necessary and what is required. The second thing the bill would do is remove the language on Principal Lending Manager application that previously would allow someone with five years experience to only take the state portion of the test and just writing a letter saying they have had the required experience. It would make it a requirement to document their experience and they should also be required to take both portions of the exam.

Director Miller took a moment to thank all of those in attendance today and said it is his last Mortgage Commission meeting. Next week he will be moving over to the Governor's Office of Economic Development. He is excited about the opportunity, but saddened by not being able to work closely with all of you. He wanted to thank and acknowledge you who have made his job easy. He thanked Mr. Johnson and Mr. Fagergren for all the support they gave him, as well as all of those on the Mortgage Commission. He also introduced Mark Steinagel, who will be Director Miller's replacement. It has been my honor to serve as the Director for the last two years, and I appreciate the opportunity to have done that. Those in attendance gave Director Miller a round of applause and thanks for doing a great job.

Enforcement Report – Dee Johnson

Mr. Johnson thanked Director Miller for all of the good work he has done for the Division. Mr. Johnson said the Commission and public get to see all the results of what the Division does. They don't get to see the paper shuffling and hair pulling out going on behind the scenes. We are sorry to see him go, and are appreciative of what he has done for the Division.

Mr. Johnson welcomed Mark Steinagel and said that he will be coming into a much better organized Division than we had previously been, and he will get that benefit. We are all looking forward to working with Mr. Steinagel.

Mr. Johnson reported that because of the New Year holiday, we do not have the December figures as yet for statistics. The numbers for November show the Division had received 46 complaints, screened 35 complaints, opened 5 cases,

closed 16 cases, leaving 55 cases open. There is one stipulation for the Commission to review today.

Our state is facing in the next year to 18 months rising foreclosure rates, and Mr. Johnson is sure the Division will be seeing more early defaults. Still, we are in much better shape than many states. The Division has always tried to do what we can in the way of public service announcements. We appreciate the help of the UMLA, UAMB, UAR, and the appraisers in getting out some of these announcements. Mr. Johnson said it will be important to realize there are some alternatives, and while much of it will end up being a servicing issue, we all may have to accept our part in trying to help people finding themselves caught in that position. Builders have stopped taking out permits at the same rate which as been the largest decline in 10 years. The people who are committing fraud on a large scale are not letting this get them down. We hear reports of them out knocking on doors in some of these areas where they have been able to elevate some of the prices. We are all going to have to be diligent in trying to stop this.

Chair Dailey commented they are tracking the current number of sales, and at this point, it is equal to the fourth quarter of 2004. There is about a 4 ½ month supply of what is on the market now including new construction.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren said the last time we met it was just before the Instructor Development Workshop. He said four individuals here today, including two Commissioners, were participants at the workshop and actually held breakout sessions. This was an outstanding event for our instructors, for real estate, mortgage and appraisal professions that happened in November. We appreciated your attendance and participation.

The RELMS (Real Estate Licensing Management System) system has now been corrected to include the Excel spreadsheet option. This was a concern to some, and it has now been added back as another option to provide current information. The data you will see now in the RELMS system is current within a 24 hour period, except for weekends.

Mr. Fagergren wanted to mention our sorrow at losing Director Miller. Many of the changes he did were internal housekeeping in terms of getting us organized and better able to do our jobs. There will be two Mark's with confusing last names now, so we will have to figure something out on how to tell the two of us apart. We are grateful for Director Miller's skills and talents for the last couple of years and we know that he will succeed at what he does.

A comment from John Norman was the Excel spreadsheet on the website currently does not show the addresses on companies nor show the PLM information associated with the companies. Director Miller said it shouldn't be difficult to get that information back on the website.

Commissioner Miller mentioned on the real estate side they are making a rule change regarding advertising on CE courses. Mr. Fagergren said that some issues were conveyed to the Real Estate Commission that may be appropriate for this meeting. The Division has seen a problem where often providers submit a course application the day before the course is taught. We have found out many times the provider has been out actively advertising the course as "certified" or "pending Division approval." This puts the burden on the Division. The Division proposed to the Real Estate Commission to come back with a rule that prevents providers from marketing courses unless or until they have actually received approval. The Commission agrees with proposed rule.

INFORMAL HEARINGS – CLOSED TO PUBLIC

10:00 Quality Home Loans – Application for Renewal
 No representative from the company called or appeared.

A motion was made to go into Executive Session from 10:25 a.m. to 11:00 a.m.

Review of Stipulation:

Jason Jack

11:00 R. Earle Ankers – Application for License

A motion was made to go into Executive Session from 11:30 a.m. to 12:00 p.m.

1:00 Nicole Scharmann – Application for Renewal

A motion was made to go into Executive Session from 1:35 p.m. to 2:00 p.m.

2:00 Timothy Veresch – Application for License

A motion was made to go into Executive Session from 2:36 p.m. to 3:00 p.m.

3:00 Ryan Gloschen – Review of Decision by Division
Did not show, asked to reschedule hearing.

A break was taken from 3:15 p.m. to 4:00 p.m.

4:00 Whitney Ranes – Review of Decision by Division

A motion was made to go into Executive Session from 4:23 p.m. to 4:47 p.m.

CLOSED TO PUBLIC

Results of Executive Session

Stipulation:

Jason Jack - Approved

A motion was passed to adjourn at 4:48 p.m.