

# UTAH RESIDENTIAL MORTGAGE REGULATORY COMMISSION MEETING

Heber M. Wells Building

Room 210

9:00 A.M.

March 5, 2008

## MINUTES

### STAFF MEMBERS PRESENT

Mark B. Steinagel, Division Director  
Dee Johnson, Enforcement Director  
Mark Fagergren, Education/Licensing Director  
Laurie Noda, Assistant Attorney General  
Renda Christensen, Board Secretary  
Tiffeni Wall, Real Estate Education Coordinator

### COMMISSION MEMBERS PRESENT

Maralee Jensen, Vice Chair  
Lance Miller, Commissioner  
Heather MacKenzie, Commissioner

### GUESTS

John Norman	Pierre Alley
Jeremy Plouzek	Darryl Dobson
David Luna	Kevin Swensen
Howard Tolley	Shelley Wismer
Dave Jensen	Michael Welker
Marti Stringham	John Norman
Pierre Alley	Brant Hayward

The meeting on March 5, 2008 of the Utah Residential Mortgage Regulatory Commission began at 9:03 a.m. with Vice Chair Jensen conducting.

### PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the February 6, 2008 were approved as written.

### DIVISION REPORTS

Director's Report – Mark B. Steinagel

Director Steinagel said his first eight weeks with the Division have been a whirlwind. The legislative session ends today and he has made copies for the

Commissioners of some of the bills that have recently passed. HB346 is the Division's bill and it passed yesterday morning unanimously from the Senate. The key portion now allows the Commission to set pre-licensing education hours at an amount not to exceed 90 hours. If the Commission decides to increase the hours it can be done by rule. Chair Jensen asked if the Commission and Division should start the discussion and get something proposed. Director Steinagel said the discussion could be started with the industry to get their comments, but that the Division was not going to push the topic this year.

The "grandfathering" of the PLM application has been repealed. All those applying will now have to take the full 40 hours of education.

All three of the Division licensing groups now have the same outcome on violating the licensing provisions. The first time violation is a Class A Misdemeanor and any subsequent violations would be a 3<sup>rd</sup> Degree Felony. This is one way to give more teeth to the prosecutors.

SB134 is the Mortgage Fraud bill that was also passed yesterday morning. It is a slightly different version with some amendments that were added. The original bill allowed the Attorney General's office to hire a prosecutor, two investigators and support staff. It originally had a fiscal note of \$500,000 and because of the budget concerns they took out the investigators and support staff. They will now try to get a prosecutor and paralegal out of the money allotted to them. The bill also defines mortgage fraud which will now cast a broader net over not just licensees but other individuals. It also creates penalties for someone convicted of mortgage fraud based on the gains made. This bill adds a statement the Division bill didn't have that says, "any license or registration to any person or entity convicted of a violation of mortgage fraud is automatically revoked." Criminal action is a higher bar than our Administration action so if someone has been convicted in court the Division should be revoking their license.

Another bill that passed is HB128 which would affect the industry. Representative Newbold brought this bill forth and it would combine the licenses for a sole provider with their own company into one license. The Division will have to create rules now for entities that only have one person licensed to do loans. The fees will still be for the two licenses but they will now be combined into one. The Division will bring the Commission a draft rule to start the process. This bill will go into effect on May 6, 2008 which is 60 days after the bill is passed.

The Division was also funded for a Real Estate Fraud investigator. This person

will be coordinating with the prosecutor and our office to bring forth more of the mortgage fraud cases. Director Steinagel wanted to thank the industry, UMLA and the UAMB for testifying for the Division on that budget request.

The fee decreases the Division recommended of \$690,000 are still in the bill which hasn't passed yet. Last year it had been taken out by now so it looks like there will be some significant fee decreases. These fees will be more in line with the fees charged for real estate licenses. Overall, it was a successful session for the licensing groups and the Division.

Director Steinagel brought up the nation-wide mortgage licensing system. There is an effort in Congress to regulate the mortgage industry and licensees at a federal level. There are seven states currently using this system. This will regulate licensees in all states at the federal level. States will sign up and put their information into a national database. They want to bring uniformity into a number of the licensing laws. A bill going through Congress now will require states to either do something like this or possibly fall under federal regulation. CSBS and ARMOR's position is that this has stemmed the tide of federal regulation and given us a state option. Comments from those guests in attendance agree that it would be something good for Utah. The overall start-up cost would be \$10 million with Utah's portion to join the nation-wide system at \$216,000. This would mean approximately \$20 fee per licensee.

Mr. Fagergren said the Division has experience on being under federal guidelines with our Appraisers. He suggested to review the information carefully because there are both good and bad sides involved.

Director Steinagel handed out a draft rule R162-201-15, "Marketing of Continuing Education Courses" reads as follows: (1) "A course provider may not advertise or market a continuing education course where Division continuing education course credit will be offered or provided to a licensed attendee unless the course: (a) is approved and has been issued a current continuing education course certification number by the Division; and (b) is advertised with the continuing education course certification number issued by the Division displayed in all advertising materials. (2) A course provider may not advertise, market, or promote a continuing education course with language which indicates Division continuing education course approval is "pending" or otherwise forthcoming." After some discussion, the Commission made a motion to start the rulemaking process and it was passed unanimously.

#### Enforcement Report – Dee Johnson

Yesterday the Division put on a 3-hour training seminar on mortgage fraud

before the Mortgage Fraud Task Force. Dave Mecham, Chief Investigator; Marv Everett, Mortgage Investigator; and, Jim Bolton, Appraiser Investigator presented training. The training covered the three areas of real estate, mortgage, and appraisers. Mr. Johnson complimented the three investigators on the presentation. The training was attended by the U.S. Attorney's, FBI, Attorney General's Office, state investigators from the AG's office and Department of Public Safety, as well as county and city investigators and prosecutors. The compliments and comments were that it was presented in a way that made the information understandable, which has been the largest problem so far. Up until now cases had been labeled as communication and wire fraud with much less penalties than mortgage fraud.

Mr. Johnson reported in February the Division received 25 complaints, screened 8 complaints, opened 10 cases, closed 4 cases, leaving 66 open cases. The 10 cases opened were from three separate complaints we received. It will take some time to resolve those cases, and most of the complaints the Division is receiving now are things that took place one to two years ago. Once lenders recognize what has happened, unless they are financially harmed, they don't complain. Now each of these lenders have gotten to the point where they want to see something done about it. One of these complaints had 31 separate transactions involved. Mr. Johnson said between now and the end of next year he predicts we will see our heaviest flow of complaints.

Last month the Division started auditing some offices. Each time we have gone into a company the investigators have come out many files where if a false document is used in one file it is generally found in five or ten files.

There are three stipulations presented today. None of the licensees have chosen to appear to answer questions. There is also a Cease & Desist order for the Commission's notification purposes only.

#### Education/Licensing Report – Mark Fagergren

Mr. Fagergren thanked the Commission for the motion to get the draft rule dealing with the marketing of CE courses started in the rulemaking process. Since 2006 the Division has been renewing licenses on-line which includes a feature that shows the licensee classes they have taken, and allows them the ability to add classes that don't show up in their account. The provision allowing licensees to add CE completion information was provided to allow courses taken prior to CE banking implementation to be included at the time a licensee renewed their license.

Mr. Fagergren showed a print-out of courses that had been added from 2004

courses which would be too old to be valid for CE, but there are four pages of courses that have been submitted for renewals. He read a few of those submitted under "Name of Course": "Anna," "can't discern the signature," "can't read the signature," "can't read," "doesn't say on certificate." These came off the 2005 list. His third list was from 2006, 2007, and 2008 courses. There should be no reason for this inch-thick report of courses that licensees are submitting. The Division is taking steps to tighten up the security regarding this system. This topic will be discussed on the Division's Caravan this year. The upcoming newsletter will also feature an article on this issue.

**INFORMAL HEARINGS – CLOSED TO PUBLIC**

10:24 Ryan Gloschen – Application for License  
Mr. Gloschen requested to be rescheduled. The Commission has chosen to continue with the hearing.

A motion was made to go into Executive Session from 10:39 a.m. to 10:59 a.m.

**CLOSED TO PUBLIC**

Review of Stipulations:

Blaine Rickford  
Gustavo A. Orellana  
Eduardo Acosta

INFORMAL HEARINGS, Cont.

11:00 Global Equity Lending, Inc. – Application for Renewal  
Thomas Billings, Attorney  
Randy Winningham, Chief Compliance Officer  
David Stockley, President

**CLOSED TO PUBLIC**

A motion was made to go into Executive Session from 11:43 a.m. to 1:00 p.m.

INFORMAL HEARINGS, Cont.

1:00 Andrew Boss – Application for License

A motion was made to go into Executive Session from 1:26 p.m. to 1:40 p.m.

**OPEN TO PUBLIC**

Results of Executive Session

Stipulations:

Blaine Rickford - Approved

Gustavo A. Orellana - Approved

Eduardo Acosta - Approved

A motion was passed to adjourn at 1:40 p.m.