

**UTAH RESIDENTIAL MORTGAGE REGULATOR
COMMISSION MEETING**

Heber M. Wells Building
Room 210
9:00 A.M.
August 6, 2008

MINUTES

STAFF MEMBERS PRESENT

Mark B. Steinagel, Director
Dee Johnson, Enforcement Director
Mark Fagergren, Education and Licensing Director
Traci Gundersen, Assistant Attorney General
Renda Christensen, Board Secretary
Julie Price, Division Staff
Jody Colvin, Division Staff
Vee Kinnavongsa, Division Staff
Elizabeth Beazley, Investigator

COMMISSION MEMBERS PRESENT

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

GUESTS

Kevin Swenson	Ron Duyker
David Luna	Howard Tolley
Jeremy Plouzek	Einar Schow
Arnold Stringham	Chad Ahearn
Pierre Alley	Mike Welker
Paul Naylor	Al Bingham

The meeting on August 6, 2008 of the Utah Residential Mortgage Regulatory Commission began at 9:00 a.m. with Chair Dailey conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the July 2, 2008 were approved as written.

DIVISION REPORTS

Director's Report – Mark B. Steinagel

Director Steinagel mentioned the Division has new hours that started last Monday, August 4, which are 7:00 a.m. until 6:00 p.m., Monday through Thursday. The building will be closed on Fridays. The Division believes it will be better access to the public because they will be able to come in from 7:00 to 8:00 a.m. and from 5:00 to 6:00 p.m.

House Bill 128 requires the Division to permit entity licenses that only have one licensee, the PLM, to have one licensing process for both the entity and the individual. The Division has prepared a rule, R162-207-10, Single Renewal Process for Sole Proprietors, and will submit it in a couple of weeks. Director Steinagel encouraged those in attendance to submit any comments they might have before the rule is submitted.

The licensing numbers for July show a decrease of 9.2% in mortgage licensees. When the Division went on the Caravan in April of this year there had not been a change in the numbers. The month of July shows an increase in the number of inactive and expired licenses.

The Housing and Economic Recovery Act of 2008 was signed by the President a week ago. It will have the greatest impact on the Division and licensees. The Division has been on several conference calls, with another scheduled for this afternoon, with the national association that has been charged with administering this federal act.

Section 1504 states that an individual may not engage in the business of a loan originator without first obtaining and maintaining annually a license and registered with the state, or registered with the National Mortgage Licensing System. The federal banks still have to register with the NMLS but do not have to be licensed with the Division.

Section 1505 requires each state to either participate in the NMLS system and comply with the SAFE Mortgage Licensing Act or be regulated by HUD. In connection with an application the applicant must furnish fingerprints for a state and national criminal history background check, and they may require all licensees to re-submit fingerprints. A personal history and authorization for a credit report must also be submitted.

Under subsection B, it states that anyone who has ever had a license or registration revoked can not ever be licensed. In the last seven years if a person has been convicted of a felony, they can not have a license. If at any time (meaning ever) preceding the date of application the felony involved an

act of fraud, dishonesty, or a breach of trust, or money laundering, they will not be able to obtain a license.

The state can still have licensing, education, and other requirements beyond the federal act. The federal and ethics portion of the national test are things that the Division will lose control over. There will be a uniform test created on a national level. As it stands now, it looks as though everyone will have to take this exam. The state law component will be developed at the state level instead of one test covering all state laws. These laws will be specific to Utah.

Pre-licensing education will require 20 hours of education, including seven hours prescribed topics (three hours of federal law and regulations, three hours of ethics and two hours related to nontraditional mortgage lending standards). These shall be reviewed and approved by the NMLS.

Section 1506 requires the annual continuing education requirements of eight hours (three hours of federal law and regulations, two hours of ethics, and two hours of training related to lending standards for the nontraditional mortgage products). This leaves one hour to cover state law, so this issue will need to be discussed further at another date.

Director Steinagel said there will be many implementation issues to work through in the coming year. The toughest item will be existing licensees because this system will change from a two-year license to an annual license. All licenses will be due at the same time. Renewal time will be from November 1st to December 31st. All of these changes must be implemented within one year, so the Division will have to study it to see the most effective way to comply with these changes.

Enforcement Report – Dee Johnson

Mr. Johnson acknowledged the good job the mortgage investigators, Elizabeth Beazley and Marv Everett have been doing. Both of them have been working hard to keep control on the mortgage case loads.

Mr. Johnson said in the month of July the Division received 33 complaints, screened 19 complaints, opened 6 cases, closed 12 cases, leaving 62 open mortgage cases.

There is one Stipulation being presented to the Commission today. The individual was given the opportunity to address the Commission but has chosen not to appear.

Review of Proposed Stipulation:

John Rice

Education/Licensing Report – Mark Fagergren

Mr. Fagergren commented on the decrease in statistics. Many have changed to show a shift in the active licensees going over to the inactive side.

Mr. Fagergren said Director Steinagel is trying to get answers regarding the changes with the NMLS. The Division is working to get the best system we can for our licensees. Director Steinagel and Chair Dailey will be attending the AARMR convention in Minneapolis from August 18-22, 2008. It will be their opportunity to inform the states about what is acceptable and by what dates.

The Division has sent out the current newsletter. If those in attendance have not received a copy, please check your address with the Division.

The Instructor Development Workshop will be held September 29-30 in Park City at the Yarrow Hotel. The speaker will be Oliver Frescono who is an attorney and author. Mr. Frescono is an expert in mortgage fraud and we have received very positive comments from those who have heard him speak. Commissioners are encouraged to attend.

10:00 **DISCUSSION ON PRE-LICENSING HOURS**

Chair Dailey opened the meeting to discussion on increasing the current 20 pre-licensing hours.

With the comments given by the public in attendance today, Chair Daily will put together a grid to start formulating the topics and additional hours.

CLOSED TO PUBLIC

A motion was made to go into Executive Session from 10:52 a.m. to 10:59 a.m.

CLOSED TO PUBLIC

LICENSE HEARINGS:

11:00 Tanner Scadden – Application for License
 Debbie M. Henderson – Witness for the Division
 Marv Everett – Witness for the Division

CLOSED TO PUBLIC

A motion was made to go into Executive Session from 1:46 p.m. to 2:04 p.m.

Results of Executive Session

Stipulations

John Rice - Approved

A motion was passed to adjourn at 2:07 p.m.