

**UTAH RESIDENTIAL MORTGAGE REGULATOR
COMMISSION MEETING**

Heber M. Wells Building
Room 210
9:00 A.M.
September 3, 2008

MINUTES

STAFF MEMBERS PRESENT

Mark B. Steinagel, Director
Dee Johnson, Enforcement Director
Mark Fagergren, Education and Licensing Director
Renda Christensen, Board Secretary
Amanda Orme, Mortgage Education Coordinator
Tiffeni Wall, Real Estate Education Coordinator
Elizabeth Beazley, Investigator
Jody Colvin, Division Staff

COMMISSION MEMBERS PRESENT

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

GUESTS

Kevin Swenson	Ron Duyker
David Luna	Jeff Parr
Jeremy Plouzek	Einar Schow
Chad Ahearn	Eva Rees
Pierre Alley	Paul Naylor

The meeting on September 3, 2008 of the Utah Residential Mortgage Regulatory Commission began at 9:03 a.m. with Chair Dailey conducting.

Administrative Law Judge Masuda Medcalf administered the Oath of Office to Brigg Lewis as a new Commissioner.

PLANNING AND ADMINISTRATIVE MATTERS

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

DIVISION REPORTS

Director's Report – Mark B. Steinagel

Director Steinagel welcomed Commissioner Lewis. Every year the Attorney General's office has a training class for new and seated Commissioners. It covers Commissioner's duties, laws, and the Open Meetings Act, etc. This can be done on a regularly scheduled commission day and will take approximately four hours. After discussion, it was decided to use part of the agenda in October for this training class.

Director Steinagel mentioned that it is a difficult time for the industry now, and he has reminded the staff to remember when the Division receives phone calls from licensees, to be patient and try to answer any questions and concerns that may arise.

There are some significant changes coming up for the mortgage industry. Director Steinagel and Chair Dailey attended the AARMR conference two weeks ago. Chair Dailey said there is still some confusion on all the new changes taking place and how to implement these changes. Director Steinagel said the NMLS is making it easier to create mortgage fraud in the 50 states by not being able to verify who is signing on to their system, and that uniformity should not trump state authority. There are ten states on the implementation task force and Director Steinagel was asked to sit on this committee. Their first meeting is tomorrow and he is hopeful as to the outcome.

Currently, there are no small brokers involved in the process; they are all the national organizations. The only voices being heard at this time are the large brokerages and the large education firms. One positive thing is that they are going to states that have education requirements in place and certify what they have done. Director Steinagel wants to make sure that state authority is maintained to make this as easy as possible on the industry so that we don't disrupt loan originations, and to meet the Act.

Eva Rees from the Department of Financial Institutions was also at the AARMR conference. There will be some coordination that has to be done with financial institutions. Ms. Rees said there are currently 318 companies that have registered with DFI to do some sort of lending, and the number of mortgage officers affiliated with these companies is still being counted. Many of these mortgage officers are licensed with the Division because they do first mortgages. There is no federal exemption for national banks. Their loan originators all have to register as well, and the registry has to match up with the NMLS. This will mean on audits preformed by DFI they will need to make

sure all loan originators are registered.

Director Steinagel said the most time sensitive issue for the Division is that we must be in compliance by July 30, 2009, and currently, we are issuing licenses for two years that are not going to be two year licenses. He is working on an emergency rule in place that will stop the issuance of these two year licenses. All licenses will be on the same schedule from January 1st through December 31st, and will be for one year. Licenses being issued at this time will have the expiration date of 2010. The Division has three types of options on how to deal with these licenses: 1) immediately stop giving people two year licenses, which will require an emergency rule; 2) licenses that come up for renewal in 2009 can be extended until the end of next year; and, 3) for the licenses issued that show an expiration date of 2010, the Division will contact them with an explanation, issue them a new license that will expire on December 31st, and issue them a refund.

All licensees will need to be on the NMLS by the end of next year. At this point, the Division doesn't know what the adjustments will be in the current rates. Many of these issues have not been decided as of this date.

Commissioner Jensen asked if there were a way in the system to keep a credit for future renewals. Director Steinagel said the NMLS will be the one processing the credit card charges, keeping their fee, and sending the remaining funds to the states. He doesn't believe it will be possible, with the current programming in place, to track each states prorated refunds.

The question as to changing the current license numbers came up, and Director Steinagel said that the NMLS will require a unique identifier for their system, and the state is working on whether or not to change our license numbers to match the NMLS numbers, or issue another number. It will still be a state license; there will not be a national license. The registry is really a data base of shared information. They are not a licensing entity.

Chair Dailey asked if the pre-licensing education hours can be increased. Director Steinagel said what the NMLS requires will be a minimum and that as long as this requirement is met; it might be possible to add the additional hours. Things are still up in the air at this time, so the Division will have to wait to see what the requirements will be when everything settles down.

The general industry feeling regarding these changes is that if someone has ever had a license revoked in any state, they will be denied a license. Basically, this means the state with the strictest requirements will become the high bar

that everyone else has to match.

Enforcement Report – Dee Johnson

Mr. Johnson explained, for Commissioner Lewis's benefit, the process of enforcement actions that come before the Commission. The Division receives complaints, and enforcement does audits on companies and individuals. At that time enforcement determines if an action is necessary. If an action is necessary it needs to come before this Commission which would be in either a stipulated agreement, which is the Division proposing to the respondent a solution to the matter in which the respondent agrees to, and then it is brought before the Commission to approve it to be valid. The Commission can approve, disapprove, or ask that something be changed. If we can't reach a solution to the matter with a stipulated agreement with the individual or entity, then the Division schedules a hearing which comes before the Commission. Today there will be three licensing hearings, they are not disciplinary hearings.

There are two Stipulations being presented to the Commission today. The individuals were given the opportunity to address the Commission but have chosen not to appear.

Review of Proposed Stipulation:

Angela Correa
Jorge Uscategui

Mr. Johnson said there are three Cease and Desist orders that have gone out; one company and two individuals.

Mr. Johnson reported in the month of August the Division received 32 complaints; screened 19 complaints; opened 9 cases; closed 6 cases; and, there are 65 total mortgage cases.

Director Steinagel said in preparing the Annual Report for the Legislature and the Governor, on the mortgage side during the fiscal year 2008, there were 104 revocations. Director Steinagel wanted to highlight the good work of that licensing continues to do, but he also wanted to highlight the work that enforcement has done.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren said the statistics show that from the first of the year there has been a 10% decrease in licensing numbers. There is a current total of 7,521 if you add those three groups. If you add companies and branches, there has been a 14% reduction since the first of the year. If you look at individuals who are inactive, this has grown dramatically with a 23.5% increase. The last

number is inactive entities which has grown by 58% since the first of the year.

Mr. Fagergren said when looking at the new changes that will be coming up, there are three things that come to his mind: 1) to avoid mayhem, the Division is actively engaged in negotiations with CSBS regarding the newly passed legislation and their implementation of plans; 2) "bite the bullet" by notifying licensees about what is taking place and how to deal with potential problems rather than delaying and exacerbating concerns; and, 3) allow flexibility. There are other issues that the Division doesn't have answers on and we will have to deal with issues when we learn about them.

Mr. Fagergren said the next Division newsletter will help to inform everyone of these changes.

A motion was made and unanimously passed to close the meeting for the upcoming hearings.

CLOSED TO PUBLIC

LICENSE HEARINGS:

- 10:10 CMG Mortgage Inc. – Application for Renewal of License
 This is a telephone hearing.
 Guy Schwartz, PLM, and Debbie Peterson, Compliance Officer
 were testifying today.
- 10:30 Assurity Financial Services, LLC – Application for Renewal of
 License
 Troy Hamler, Managing Member
 Gregg Kay, Attorney
- 11:30 Daniel A. Hauser – Application for Renewal of License

CLOSED TO PUBLIC

A motion was made to go into Executive Session from 11:47 a.m. to 12:45 p.m.

Results of Executive Session

Stipulations

Angela Correa - Approved
Jorge Uscategui - Approved

Elections were held and the new officers are Butch Dailey as Chair and Heather MacKenzie as Vice Chair.

Recommendations were made for the Education Committee and the names will be approved at the next meeting.

A motion was passed to adjourn at 12:51 p.m.