

UTAH RESIDENTIAL MORTGAGE REGULATORY COMMISSION MEETING

Heber M. Wells Building

Room 250

8:00 AM

March 11, 2009

MINUTES

STAFF MEMBERS PRESENT

Mark B. Steinagel, Division Director

Dee Johnson, Enforcement Director

Mark Fagergren, Education/Licensing Director

Julie Price, Assistant Board Secretary

Jody Colvin, Mortgage Licensing Technician

Amanda Orme, Mortgage Education Coordinator

Tiffeni Wall, Real Estate Education Coordinator

Elizabeth Beazley, Investigator

COMMISSION MEMBERS PRESENT

Rodney "Butch" Dailey, Chair

Maralee Jensen, Commissioner

Lance Miller, Commissioner

Brigg Lewis, Commissioner

GUESTS

Kevin Swenson

David Luna

Jeremy Plouzek

Irene C. Kennedy

Paul Naylor

Don Downing

David Bornemeier

Amy Anderson

Tammy Lund

Pierre Alley

Gary Nielson

Ron Duyker

Rick Roller

K. Robinson

Chad Ahearn

Steve Johnson

The meeting on March 11, 2009 of the Utah Residential Mortgage Regulatory Commission began at 8:03 a.m. with Chair Dailey conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the January 7, 2009 and February 4, 2009 meetings were approved as written.

DIVISION REPORTS

Director's Report – Mark B. Steinagel

Director Steinagel stated that this is an interesting time in the economy. He noticed that emotions are heightened. The Division is working on being sensitive with what licensees are going through. Director Steinagel spoke about the recession explaining that this too shall pass.

Director Steinagel stated that tomorrow is the last day of the legislative session. He gave an update on several bills affecting the Division.

Senate Bill 260. Director Steinagel passed a handout to those in attendance. This bill offers a state tax credit of \$6,000.00 for those homebuyers purchasing newly constructed residences. The bill hasn't passed yet. There are a lot of industry leaders pushing this bill; if it passes it will be funded through federal funds.

House Bill 86. Director Steinagel passed out a copy of the entire bill to the Commission and Division staff members and a summary of the bill to the public. This is the Division's general bill that covers all the industries the Division regulates. Director Steinagel proceeded to review the bill and its changes and addressed questions from the public and Commission.

SAFE Bill. Director Steinagel stated that the SAFE Bill passed and goes into effect January 1st 2010 with the exception of the transition plan. Director Steinagel passed out a draft of the SAFE transition plan to those in attendance. He discussed what the Division had already completed, addressed pre-license education, continuing education, and the new examination. The Division's philosophy in this transition is to be in compliance, make it easy on licensees, and protect the public.

Enforcement Report – Dee Johnson

Mr. Johnson said in the month of February the Division received 18 complaints; screened 25 complaints; opened 2 cases; closed 4 cases; leaving a balance of 49 open cases.

Commissioner Jensen asked how many cases had been open for more than 90 days. Mr. Johnson responded. The goal is to get the average complaint time down to six months. There are times that it takes that long to get these cases through the system. He stated that the total figure listed can be misleading because they are backed up on screenings and will be having cases open. Commissioner Jensen asked if the Division had any rights once a

case had been send to a prosecutor for criminal action. Mr. Johnson stated that the Division will answer any questions that they have regarding the investigation. The Division is unable to track the status once these cases have left the Division.

Mr. Johnson reported that there were three more instances to locate, fine, and confiscate abandoned or not properly maintained records. The Division is still refining this process. In order to protect the public, if an individual is a licensee, the Division will take a sample and have the rest shredded. So far there have been six of these instances.

The Division is trying to work with people in these hard economic times. They are trying to be sensitive but also be consistent with the fines and orders that they issue.

Mr. Johnson said there are 3 Stipulations being presented today. Those respondents were offered the opportunity to be here today and have chosen not to appear.

Review of Stipulations:

James Ryan Coleman

Bryce L. Olson

Joe D. Thomas

Commissioner Miller asked how the Division is dealing with complaints when the borrower has misrepresented themselves. The Division has told these individuals that they could be considered a co-conspirator and that they might be facing charges. Mr. Johnson states that his investigators are being up front with these individuals.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren discussed the statistics handed out for February. This is the first month that licensing numbers haven't dropped in the past year. Over the last eleven months the number of licensees dropped 19%, there was a 16.5% decrease in companies and branches, an increase of 18% in licensees going inactive, and a growth of 49 % in inactive entities.

Mr. Fagergren discussed the SAFE exam. There has been discussion of how many times an individual can take the exam and how long they must wait in between taking the exam again. He states that our state is one of thirteen states that are on the fast track to having the new exam. Part of the reason for our state being ahead is that we already have an exam and the provider

we use to administer our exam has now been contracted to help administer the new exam. Mr. Fagergren stated that the national component of the exam has 100 questions plus ten pre-test questions. The state portion of the exam has 60 questions +/- ten pre-test questions. Those licensees who wish to have their license in several states are required to take the national exam and the state exam of each state that they are licensing with.

Mr. Fagergren stated that the national and state portions of the exam are continually changing. He states that for the national portion of the exam that 30%-40% will cover federal mortgage laws, 20%-25% general mortgage knowledge, 20%-25% mortgage loan originating activities, 15%-20% ethics. The state portion of the exam will include 5% on the mortgage commission, 15%-20% state law and regulatory definitions, 10%-15% license laws and regulations, 50%-60% compliance, 10%-15% disciplinary actions, 0%-15% unique areas. SAFE is trying to develop a consistent format for the state portion of the exams.

Mr. Fagergren gave an update on pre-license education. He stated that in classroom instruction requires that an instructor lead the course with 50 minutes of actual class instruction per hour. The online instruction is different than what our Division has now. It must be a webinar or video link, live but distant location, given in real time, and have attendance verifications.

Continuing education classes will be much like what the Division currently has. The online portions will have quizzes, security questions, examinations, and don't need to be in real time.

Chair Dailey asked if loan servicers should be under the SAFE Act. Mr. Fagergren responded by saying that some efforts are being made to nationally exempt them, stating that they never should have been included. A letter has been sent to HUD to clarify the scope of the SAFE Act. Chair Dailey also asked if those implementing the SAFE Act are suggesting that they want the ability to approve the state portion as well. Mr. Fagergren stated that they will give some type of definable outline with limitations. Director Steinagel interjected that since SAFE is a national organization; they have the authority to develop a state component. They will work with our state on this.

PUBLIC COMMENT: Pre-License Education

GUESTS

Chad Ahearn
David Luna
David Bornemeier
Amy Anderson
Tammy Lund
Rick Roller
Gary Nielson
Pierre Aikey
Howard Tolley

K. Robinson
Don Downing
Steve Johnson
Karen Barnhill
Irene Kennedy
Paul Naylor
Jeremy Plouzek
Kevin Swenson
Einar Schow

A Utah mortgage pre-licensing outline draft was passed out to all those in attendance. The public had an opportunity to address the Division and Commission with their comments regarding the pre-licensing education.

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

CLOSED TO PUBLIC

LICENSE/RENEWAL HEARINGS:

10:00 Matthew Barrett – Continuation of Renewal Hearing

11:00 Karl Menzer – Reschedule of Renewal Hearing

A motion was made and passed unanimously to go into Executive Session from 11:20 a.m. to 11:50 p.m.

1:00 Twyla Kolinek Matthews – Disciplinary Hearing
Ms. Matthews did not show to hearing. The hearing notice sent to her certified mail at her address of record. It was returned to the Division attempted not known. Proceeded with hearing.
Witnesses:
Tammy Gomez
Marv Everett, Division Investigator

A motion was made and passed unanimously to go into Executive Session from 2:20 p.m. to 2:40 p.m.

3:00 Kimberly Schneider – Renewal/Disciplinary Hearing
Ms. Schneider did not show to hearing. The hearing notice

was sent FedEx to the address of record as well as an additional address. She did not reside at either address.

A motion was made and passed unanimously to go into Executive Session from 3:03 p.m. to 3:27p.m.

5:00 Mark R. Miller – Application for Renewal

A motion was made and passed unanimously to go into Executive Session from 5:20 p.m. to 5:35 p.m.

OPEN TO PUBLIC

Results of Executive Session:

Review of Stipulations:

James Ryan Coleman - Approved

Bryce L. Olson - Approved

Joe D. Thomas – Approved

Director Steinagel asked the Commission if they wanted him to draft a rule for 60 hours of pre-licensed education for their consideration next meeting. The Commission instructed Director Steinagel to do so.

A motion was passed unanimously to adjourn at 5:36 p.m.