

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building

Room 2B

9:00 a.m.

April 1, 2009

TELEPHONIC MEETING

MINUTES

STAFF MEMBERS PRESENT

Mark B. Steinagel, Division Director

Mark Fagergren, Education and Licensing Director

Dee Johnson, Enforcement Director

Renda Christensen, Board Secretary

Traci Gundersen, Assistant Attorney General

COMMISSION MEMBERS PRESENT

Rodney "Butch" Dailey, Chair

Heather MacKenzie, Vice Chair

Maralee Jensen, Commissioner

Lance Miller, Commissioner

Brigg Lewis, Commissioner

GUESTS

J.R. Thompson

Irene Kennedy

Ron Duyker

Kevin Swenson

Pierre Alley

Howard Tolley

Tyler Camp

Don Downing

Al Bingham

Paul Naylor

Tammy Lund

The meeting on April 1, 2009 of the Utah Residential Mortgage Regulatory Commission began at 9:05 a.m. with Chair Dailey conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes - The minutes from the March 11, 2009 were approved as written.

DIVISION REPORTS

Director's Report – Mark B. Steinagel

Director Steinagel handed out and discussed the draft rule R162-202-2, Form of Application, where under 202.2.10 there was a change to add and clarify the reference, "Applicants for a mortgage officer license shall submit proof in the form required by the Division of successful completion of the hours of approved prelicensing education required by Section 61-2c-202(4)(a)(iii)(B) and R162-202-10 taken within one year prior prior to the application."

Reference R162-202-10, Prelicensing Education Requirements, was added to the draft rule. "Beginning January 1, 2010, an applicant for a mortgage officer license shall submit proof of completing 60 hours of prelicense education that complies with the course content outline adopted by the Residential Mortgage Regulatory Commission and the Division."

Director Steinagel spoke with Pete Marks from CSBS yesterday, and there is not a problem allowing applicants to complete our current 20 hours through the end of the year. The students must submit the 20 hours before the end of the year. As of January 1, 2010 those new licensees are going to have to go on NMLS&R and will have to comply with the NMLS&R education.

Commissioner Miller asked a question on how the test will be handled, and if applicants will have to switch over to the SAFE exam on January 1, 2010 as well? Director Steinagel said the SAFE test will be ready July 30, 2009. NMLS&R is backing down on some of the test requirements. There still is a hard-and-fast rule of everyone taking the national component. NMLS&R is allowing states to certify that someone took the state test and passed their state portion with more than 75%. The current implementation proposal is that there will be a test ready on July 30, 2009, and everybody who has been licensed or will be licensed, will have to pass the NMLS&R test which includes a 100 question national component. However, states can certify that someone has passed the state component test with at least 75% (if taken after January 1, 2004).

Commissioner Miller said it might be helpful to allow educators to deviate from the 20-hour outline to cover some of the information that is on the SAFE exam. Much of the SAFE exam material is not on the current outline so the students will not be prepared to pass the exam.

There is an outline for the national component available to the public on the CSBS website under "Testing and Education." It allows educators some flexibility to teach so the student can pass the exam. Two options would be either we allow flexibility in the current 20 hours, or we move to revise our new outline faster, and not have it required to be SAFE approved until January 1,

2010.

Director Steinagel said he doesn't know if the educators will be able to have the 60 hours approved that quickly. Chair Dailey said if the educators are willing to move the 60-hours up, he would suggest this would be the direction to go to get it done. Director Steinagel said when he spoke to Pete Marks, Mr. Marks said someone is going to have to be on the NMLS&R before they complete their education, because prelicense education will be banked. The first people in our state who will be on the NMLS&R and will be required to have that will be the January 1, 2010 licensees.

The consensus is whatever is decided will not make everybody happy. It was decided to give the educators flexibility to start teaching for the test and we will continue on the on the same track of 60-hours and have it ready for January 1, 2010. It was decided that educators should be disclosing the change now.

The question came up if someone fails the exam, how many days do they have to wait until they can re-test? Mr. Fagergren said the answer is 30-days. A person can take the exam four times and if they have still failed the exam, they will have to wait for six months before taking it again.

A motion was made to accept the rule as written, except allow flexibility for educators to adapt the hours to the SAFE exam. The motion passed unanimously.

Enforcement Report – Dee Johnson

Mr. Johnson reported in March the Division received 26 complaints; screened 16 complaints; opened 6 cases; closed 4 cases; and the total amount of cases is 51. The number is reduced from last year and has remained steady for the last four or five months.

There are two stipulations being presented today. Each respondent was given the opportunity to come before the Commission to answer any questions, but each has chosen not to appear.

Review of Proposed Stipulations:

Susanne Jones

Jason Lawson

Education/Licensing Report – Mark Fagergren

Mr. Fagergren said there is a continued decline on the licensing numbers. The numbers show a drop of 92 mortgage officers from the previous month, and the number of inactives seems to be rising each month.

Mr. Fagergren shared some of the discussions in the phone conversations regarding the SAFE Act. In talking about the 20-hour portion of the course they are talking about asking educational providers to break their applications into their various component pieces. For example, if you are making an application, you are supposed to list the number of hours and the relevant key words for a course application (i.e., federal law, ethics, lending standards and non-traditional mortgage, etc.). There will be a charge for each course like we currently charge, regardless of the number of hours.

The new application is more complex than the current application. An example is as part of the application process applicants will be asked to upload multiple documents which would become part of their record. These are the multiple documents an application should have:

A comprehensive application form;

A copy of the course completion certificate;

A copy of the end of course evaluation survey or other assessment evaluation process;

A sample instructor guide including the course summary and learning objectives;

Instructor credentialing information; and,

A financial summary.

Some of the information sought on the new application form will include: (in addition to the educators address, phone number and e-mail)

A list any accrediting or course approval agencies;

Is the organization and entity regulated by any state post-secondary agency?;

A summary of any recent organizational changes;

Any name change or sale merger change in ownership within the last five years;

Has the organization offered training for mortgage officers, mortgage brokers, or branch managers or other professional personnel in the past?;

How many learners have you instructed in the past two years?;

List the states where you have taught; and,

Do you provide mortgage training in states where you are approved by financial mortgage regulator, if so, what states?, etc.

Mr. Fagergren discussed the different types of education: classroom format with an instructor present; the next category is teleconferencing; and, the

third category is on-line classroom which is internet training. After our last phone call, we believe that we have convinced CSBS there should be at least another category, something in between the teleconferencing and the on-line internet access. We think at their next meeting this Thursday they will have a fourth category, something that will offer a little greater flexibility. They are consistent in that live education is going to be required for the prelicensing education.

A motion was made to go into Executive Session from 9:52 a.m. to 9:56 a.m.

CLOSED TO PUBLIC

There was a motion passed to allow Director Steinagel to sign the Stipulations on behalf of the Commission.

Results of Executive Session

Stipulations:

Susanne Jones

Jason Lawson

A motion was passed to adjourn at 9:57 a.m.