

**UTAH RESIDENTIAL MORTGAGE REGULATORY  
COMMISSION MEETING**

Heber M. Wells Building

Room 210

9:00 a.m.

May 7, 2014

**MINUTES**

**STAFF MEMBERS PRESENT**

Jonathan Stewart, Division Director  
Mark Fagergren, Education/Licensing Director  
Jeffery Nielsen, Chief Investigator  
Justin Barney, Hearing Officer  
Elizabeth Harris, Assistant Attorney General  
Renda Christensen, Board Secretary  
Jan Buchi, Mortgage Education Coordinator  
Jennica Robison, Division Staff

**COMMISSION MEMBERS PRESENT**

Lance Miller, Vice Chair  
Rodney "Butch" Dailey, Commissioner  
Cathy Gardner, Commissioner  
John Gonzales, Commissioner

**GUESTS**

Ron Duyker

Chair Hiatt is excused from the meeting this month.

The meeting on May 7, 2014 of the Utah Residential Mortgage Regulatory Commission began at 9:02 a.m. with Vice Chair Miller conducting.

**PLANNING AND ADMINISTRATIVE MATTERS**

Approval of Minutes – A motion was made to approve the minutes from the March 5, 2014 meeting. Vote: Vice Chair Miller, yes; Commissioner Gonzales, yes; Commissioner Gardner, yes. The motion passes.

There was no meeting in April, so there are no minutes for review.

**DIVISION REPORTS**

**Director's Report – Jonathan Stewart**

Director Stewart said there is a multi-state mortgage examination committee that was created by the Conference of Bank Supervisors and AARMR. The purpose of this is to bring all the relevant states together when there are mortgage entities with licenses in numerous states involved in examinations. Utah held out signing this agreement and

joining this multi-state mortgage committee. The Division reviewed the agreement approximately one year ago and decided not to sign it. We were contacted at the end of March about changes to the agreement, and asked if the Division would be interested in signing it now. The Division had the Attorney General's office review the agreement, and in April the Division did sign became a member of the multi-state mortgage committee. Utah can now participate in multi-state examinations. If there is an entity that goes across state lines, and there is reason to perform an examination of them, Utah can now participate with other states in those examinations.

### **Enforcement Report – Jeffery Nielsen**

Mr. Nielsen reported since there was no meeting in April, he will give the statistics for both months.

In March the Division received 8 complaints; opened 2 cases; referred no new cases to the Attorney General's office; closed no cases; leaving the balance of cases at 80.

In April the Division received 6 complaints; opened no cases; referred no new cases to the Attorney General's office; closed no cases; leaving the balance of cases at 80.

Mr. Nielsen said he and Mr. Everett have been interviewing applicants for the investigator position that is open. The list has been narrowed down to five candidates, and the next round of interviews will begin today. Hopefully, by the meeting next month there will be a new mortgage investigator.

There are no stipulations for review today.

### **Education and Licensing Report – Mark Fagergren**

Mr. Fagergren reported the Division is now mid-way through the Caravan presentations. Presentations have been given in Park City, Layton, Vernal, and Logan. Tomorrow the Caravan will be in Provo, and next week the meetings will be held in the southern part of the state.

Mr. Fagergren said there are low numbers of mortgage licensees who are attending the Caravan presentations. He recognizes that the number of mortgage officers is low compared to real estate, but the Division has seen a better representation by Appraisers attending. There may be a lack of understanding by mortgage licensees that they need to take either the Utah specific course or the Caravan.

Our staff receives a number of calls on a couple of items. Last year mortgage processors either had to be employed or licensed. This year, with the legislation that will go into effect, underwriters are similarly included. If we have an employed underwriter or processor, it is the Division's position that if they are employed by the mortgage entity, then they do not need to be licensed.

The staff also receives calls from those who are employed by an entity and also contracts out work for another mortgage entity for underwriting and processing. It is

the Division's position the statute only requires you be employed by a licensed entity or licensed individually, and does not exempt them from the above activity if the employer allow it.

Other calls received ask if a processor or underwriter who is licensed can work for more than one company. It is the Division's position that since they are licensed, they can, unless their contract or agreement with the mortgage company prohibits that.

If a processor or underwriter is licensed, even if it is inactive, they don't have to be sponsored by an entity. This does not apply to mortgage loan originators. To originate loans the person must be licensed and work exclusively for one entity.

Mr. Fagergren brought up another topic that has been discussed previously. The Commission asked the Division to come back the next time we met, and give them some details on how we would implement a third option to become a lending manager. Option One: The first option is three years and 45 loans within the five year period of time.

Option Two: The second option is you can get up to one of the three years waived if you acted in an affiliated practice (i.e., underwriter, processor, second mortgages, pre-license instructor, or manager), you would get one-half of a point per month for a total of 15 points to waive one year, and would have to originate 30 loans instead of 45 loans.

Option Three: The third option would require documenting ten years of full-time management of at least five MLOs, and still have to complete the 45 first lien residential closed-end transactions but they could all be within one year. This would really only help someone who has managed for a long period of time, and has not originated at all for years.

Vice Chair Miller asked the Commissioners to think about adding the third option, and send this option to Chair Hiatt so it can be discussed in the next meeting. The Commissioners would like to meet live for this discussion, so it can include more people in attendance.

In advance of the meeting scheduled with Pearson Vue, Ms. Buchi and Mr. Fagergren have been working on a list of individuals for Subject Matter Expert for Testing Purposes. Ms. Buchi has contacted several people who include experienced lending managers with no violations. Ron Duyker has agreed to help the Division with this, and Ms. Buchi would like three industry individuals to be on the list. The Commissioners said they would recommend other names.

There are no stipulations to review this month.

## **COMMISSION AND INDUSTRY ISSUES**

### **Updates on Rules – Justin Barney**

Mr. Barney said there are no rule updates this month.

A motion was made to adjourn the meeting. Vote: Vice Chair Miller, yes;

Commissioner Dailey, yes; Commissioner Gonzales, yes; Commissioner Gardner, yes.  
The meeting adjourned at 9:34 a.m.