

**UTAH RESIDENTIAL MORTGAGE
REGULATORY COMMISSION MEETING**

Heber M. Wells Building

Room 210

9:00 A.M.

December 7, 2011

MINUTES

DIVISION MEMBERS PRESENT

Jonathan Stewart, Division Director
Xanna Hardman, Assistant Attorney General
Judith Jensen, Assistant Attorney General
Ron Kunzler, Assistant Attorney General
Kent Nelson, Chief Investigator
Dee Johnson, Assistant Chief Investigator
Jennie Jonsson, Hearing Officer
Renda Christensen, Board Secretary
Marv Everett, Investigator
Travis Cardwell, Investigator
Jody Colvin, Division Staff

COMMISSION MEMBERS PRESENT

Lance Miller, Chair
Holly Christensen, Commissioner
Rodney "Butch" Dailey, Commissioner
Steve Hiatt, Commissioner

GUESTS

Jeremy Plouzek
Teresa Trujillo
Monique Minaya

The meeting on December 7, 2011 of the Utah Residential Mortgage Regulatory Commission began at 9:00 a.m. with Chair Miller conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes

A motion was made to approve the minutes from the November 2, 2011 meeting. Vote: Chair Miller, yes; Vice Chair Christensen, yes;

Commissioner Hiatt, yes. The motion carries. Commissioner Dailey was absent from last month's meeting and abstained from voting.

DIVISION REPORTS

Director's Report – Jonathan Stewart

Director Stewart gave the Commission an update on the new Mortgage Commissioner. The Division did submit a name to the Governor's office a few days after the last Mortgage meeting, and we have not heard back yet. He will follow up on the status before the next meeting.

Director Stewart and Ms. Jonsson met with Representative Gage Froerer last month regarding our Division's bill, and he said that he would be our sponsor.

As mentioned last month, Director Stewart and Mr. Fagergren met with Bill Matthews from NMLS. One topic of that meeting was talk about the uniform state exam. Utah does not want to participate in that, and the good news from Mr. Matthews was that they are considering allowing states to opt out, if they choose.

The Division started the "Live Chat" feature on our website on the beginning of November. We had 118 chats in November, and have received positive feedback. The Division is hoping that people will take advantage of the feature.

Ms. Jonsson has new language for the statute that was discussed last month, and will present it during her report. It is included in our bill, and we did tell the Office of Legislative Council that we wanted to be very involved in drafting the language.

Enforcement Report – Kent Nelson

Mr. Nelson said in November the Division received 15 complaints; opened 15 cases; closed 21 cases; leaving the total number of mortgage cases at 123.

There was one criminal filing issued this week against a mortgage licensee in District Court. Rather than publically disclose the name, Mr. Nelson will provide the information to the Commission during their Executive Session later today.

Stipulations for Review:

Monique Minaya

Kathryn Boss

The respondents were advised of the right to appear today, and Ms. Minaya appeared. Ms. Boss chose not to appear.

Education/Licensing Report – Jan Buchi

Mr. Fagergren is on vacation this week, and Ms. Buchi will give his report.

Ms. Buchi said that we are in the middle of renewals that began on November 1st and they will run through the end of the year. This year has settled down from last year. Ms. Buchi gave a breakdown on renewal numbers:

Individual renewals: 3,600

- Approved: 1,150
- Pending: 117
- Renewals not submitted: 2,000

Entity renewals: 783

- Approved: 359
- Pending: 57
- Renewals not submitted: 341

We are approximately half the way through renewals. Last year at this time, we had only 1,000 total licensees requesting renewals, and only 167 had been processed. This year the difference is that licensees can't renew until they have completed their eight hours of CE, which is now automatically banked. The Division has to review any actions taken against licensees, and verify that they have turned in their social security verification forms.

Chair Miller asked what the "drop dead" date was for being allowed to be renewed on time. Ms. Buchi said that it takes about two weeks before the end of the year to be on time. Last year through the end of November, licensing took 1,647 calls from licensees asking questions. This year, the number dropped to 680 calls.

The average on new licensees coming on each month is about 30 to 60. The number is deceiving because it includes people who change from an MLO license to a lending manager license.

If a licensee misses the December 31st deadline, the license will go into a "terminated-failed to renew" status, and after that will go into a reinstatement period. During the reinstatement period, the licensee has to

meet all the renewal requirements, clear any deficiencies, request the renewal, and pay the renewal fee plus a late fee of \$50.00. The deadline for reinstatement is the end of February. After that date, the license will be "terminated-expired."

There have been some updates on the NMLS system. The most recent, implemented September 1, 2011, allows regulatory actions to be posted on NMLS. This won't be available on consumer access until July 2012. This will give us time to make sure everything is up to date on the regulatory actions. These postings will only be the final orders issued by the Division.

In July 2011, the Federal Registry went onto NMLS. With the new round of state licensing updates, there will be an effective date on the new state exams.

In February 2012, the NMLS User's Conference will be held in Scottsdale, AZ. The big issues are:

- the uniform state exam
- changing the name NMLS to Nationwide Multi-type Licensing System
- transitional licenses
- call reports

We are scheduled to do the exam update right after the legislative session has ended.

Industry and Commission Issues – Jennie Jonsson

Ms. Jonsson discussed the language regarding "referral fees" that was previously discussed. Ms. Jonsson handed out a draft of the statute/rule. These have not been finalized in any way, nor have they even published for comments.

In conversation with the mortgage investigators, it was felt the definition of "referral fee" should be along the line of RESPA's definition. The term "referral fee" is now included in the prohibited conduct section. Chair Miller felt the term "employee" should follow HUD's definition which is essentially a W-2 employee.

CLOSED TO PUBLIC

There was a motion to close the meeting to discuss the character, professional competence, or physical and mental health of an individual. Vote: Chair Miller, yes; Commissioner Christensen, yes; Commissioner Hiatt, yes. Executive Session was held from 9:21 a.m. to 9:50 a.m.

OPEN TO PUBLIC

LICENSE/RENEWAL HEARING:

10:00 Christopher Markosian – Disciplinary Hearing

A brief recess was taken until the next hearing.

12:00 J. Scott Kahn – Disciplinary Hearing

Division Witnesses: Jason Sucher
Marv Everett

A motion was made to approve the Division's Response to Respondent's Request to Dismiss on the Basis of Mental Incompetence. Vote: Chair Miller, yes; Vice Chair Christensen, yes; Commissioner Dailey, yes; Commissioner Hiatt, yes. Director Stewart has concurred. The motion passes.

A short recess was taken from 1:04 p.m. until 1:11 p.m.

The Commission has allowed Mr. Kahn to reply to the Division's Response by December 20, 2011. They will withhold their final decision on this hearing until that time.

A short recess was taken from 2:31 p.m. until 2:38 p.m.

3:00 Aaron Musgrove – Disciplinary Hearing
Mr. Musgrove did not appear.

OPEN TO PUBLIC

Results of Stipulations

Monique Minaya - Approved

Kathryn Boss - Approved

A motion was made to adjourn the meeting. Vote: Chair Miller, yes; Commissioner Christensen, yes; Commissioner Hiatt, yes. Director Stewart concurs. The meeting was adjourned at 3:18 p.m.