

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building
Room 210
9:00 A.M.
January 5, 2011

MINUTES

STAFF MEMBERS PRESENT

Deanna Sabey, Division Director
Dee Johnson, Enforcement Director
Mark Fagergren, Director of Licensing and Education
Jennie Jonsson, Hearing Officer
Xanna Hardman, Assistant Attorney General
Renda Christensen, Board Secretary
Jan Buchi, Mortgage Education Coordinator
Jody Colvin, Mortgage License Specialist

COMMISSION MEMBERS PRESENT

Lance Miller, Chair
Maralee Jensen, Vice Chair
Rodney "Butch" Dailey, Commissioner
Holly Christensen, Commissioner

GUESTS

John Norman	Michael Welker
Nathan Pearce	Chad Ahearn
Irene Kennedy	David Luna
Jeremy Plouzek	Brant Meadows
John G. Stevens	

Commissioner Lewis has been excused from the meeting today.

The meeting on January 5, 2011 of the Utah Residential Mortgage Regulatory Commission began at 9:00 a.m. with Chair Miller conducting.

PLANNING AND ADMINISTRATIVE MATTERS

The Oath of Office was administered to Rodney "Butch" Dailey by

Administrative Law Judge Masuda Medcalf. Commissioner Dailey has been reappointed to serve another four-year term as Commissioner.

Elections were held for the upcoming year, and it was unanimously voted and approved by the Commission to have Lance Miller remain as the Chair, and Maralee Jensen to remain as the Vice Chair.

Approval of Minutes – A motion was made to approve the Minutes for December 1, 2010. Vote: Chair Miller, yes; Vice Chair Jensen, yes; Commissioner Dailey, yes; Commissioner Christensen, yes.

DIVISION REPORTS

Director's Report – Deanna Sabey

Director Sabey introduced the new Assistant Attorney General for the Division of Real Estate, Xanna Hardman. Ms. Hardman joined the Division on December 6, 2010, and is doing an excellent job. Her office is in the same area as the rest of the Division staff offices.

The Division has been busy in the month of December with NMLS-related issues. Our staff has done an excellent job in pulling together in this time of numerous phone calls and deadline-related stress and anxiety.

The Division's bill is very close to being finalized. The changes for mortgage will include a number of items. A provision in the prohibited conduct section references a DFI statute 70-d-205. This requires lenders to give a statement to the loan applicant regarding a refund of fees. Rather than referencing the DFI statute, we are incorporating the substantive language. Also, in an effort to make it clear to licensees, all felonies and misdemeanors that are Class "A" and Class "B" will need to be reported. The Division is removing Class "C" misdemeanors, which tend to be minor traffic tickets. This should remove confusion over the need to report many traffic related offenses.

Additional provisions regarding loan modifications include prohibiting up-front fees, and requiring that fees can only be paid once there is a signed agreement between the lender and the consumer as to modified loan terms. The Division is also proposing to include the word "safeguard" in the record requirement, so not only will our licensees have an obligation to keep the records, but they have to safeguard them.

Director Sabey said the Commission might have heard in the media that Modify Utah, a loan modification company, has shut its doors. This was

reported yesterday on the television and in the newspapers. The Division was notified in mid-December that Modify Utah would be closing its doors, so we gave them specific advice on how to notify their customers about what was going on, and to provide options as to where their customers could go for mortgage services, and to provide information on the company's voicemail message.

A comment from the public noted that Idaho has adopted RESPA Section 8 by rule. This is the prohibition against referral fees, but allows an exception if the fee is paid by an employer to an employee. This prompted the question if our statute could be amended to also adopt RESPA Section 8 in rule or reference, instead of the wholesale prohibition against referral fees? Director Sabey said the Legislators have not been too quick to adopt federal rules. In addition this has not been an issue that we have heard people complaining about.

Enforcement Report – Dee Johnson

Mr. Johnson reported in December the Division received 31 complaints; screened 51 complaints; opened 12 cases; closed 8 cases; leaving the total number of mortgage case at 109.

The types of complaints we are seeing now are: short sale scams; loan modifications; foreclosure rescue scams; and, companies who are going out of the loan modification business. It is unfortunate, but it happens. There is a need for additional regulation, which we have added to our statute.

Stipulations for Review:

James S. Creasey

J. Kirk Jensen

Both individuals were given the opportunity to appear today, but have chosen not to.

Mr. Johnson said the Division's goal is to have no cases over one year old, but the cases that we are currently receiving are from 2006, 2007, and 2008. Lending institutions are submitting some serious complaints. Many of these cases will either be brought before the Commission, or settled with stipulations.

Mr. Johnson wanted to personally compliment the entire enforcement staff over the last year. The case numbers have grown, complaints have gone up, and considering the growing case loads, each investigator has done a

great job.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren said there were ten licensing people who have been working in December to accomplish the task of processing renewals. Every licensing person (with the exception of one who had two significant deadlines in the appraisal industry) has helped with inputting social security verification forms, responding to calls, etc. As an example, on December 29th, we had over 500 calls. These are not the type of calls that can be answered in a few minutes. The calls range from those just beginning the renewal process, to those who wanted to check on their license status. The licensing people answered approximately half of those calls, leaving a balance of 234 calls. In addition to the calls, there was a backlog of those who had submitted their renewals. There were 1,350 licensees who had pending applications. As of today, there are 155 phone calls to return and 1,439 pending renewals that have not yet been reviewed. This is about 42% of the total licensees.

At this same time, we are supposed to review credit reports within six months of when they are authorized. Some of our mortgage licensees have authorized the reports, and we are trying to transition these people who are getting through these renewals and reinstatements. There are also certain flags that we will be monitoring for credit. Also, the newsletter mentioned call reporting at the first quarter of this year. We will be doing this and trying to figure out what needs to be done based on the NMLS and SAFE Act requirements regarding call reports.

Mr. Fagergren said that in three past newsletters in 2010, the Division announced that every branch had to have an individual branch lending manager. The rule that went into effect regarding Branch Managers is very similar to our real estate rule with nearly identical verbiage. Some mortgage people have argued at great length that they should be able to have one branch lending manager oversee multiple different branches. We have to explain that a PLM has ultimate oversight, but the concept of a branch lending manager is that they are on-site and reviewing what is happening. Based on some lingering confusion, and those who might hide behind expressed confusion, Mr. Fagergren suggested that we add language to our existing rule that a branch lending manager is uniquely attached and there must be one per branch. The Commission agrees in adding any language needed to clarify this concept.

Industry and Commission Issues – Jennie Jonsson

Ms. Jonsson said three rule amendments have been out for public comment.

The public comment period ended on December 31, 2010 and there were no comments received. R162-2c-201, Licensing and Registration Procedures, provides that if you allow your license to expire and thereafter apply for a new license, you do not have to retake the 20-hour national pre-licensing course. Licensees will also have to submit a social security verification form that is now required by state law. Entities may not use a name that closely resembles the name of another licensed entity or otherwise is confusing to the public.

R162-2c-203, Utah-Specific Education Certification, extends the expiration date on continuing education from December 31, 2010 to February 28, 2011 to accommodate late renewals under NMLS.

R162-2c-204, License Renewal, states that an individual that completes pre-licensing education and obtains the associated license within a calendar year is not required to complete additional CE to renew in the same calendar year.

Motion: To approve all three rule amendments and make them effective on Friday, January 7, 2011. Vote: Chair Miller, yes; Vice Chair Jensen, yes; Commissioner Dailey, yes; Commissioner Christensen, yes. Director Sabey concurs, and the motion passes.

Ms. Jonsson wanted to point out that the Division has proposed to remove Class "C" misdemeanors from the ten-day reporting requirement. This does not go into effect until the bill passes, so please continue to report all convictions, all pleas in abeyance, and all diversion agreements until the bill does pass.

When the bill draft is released, you are going to see what looks like a big change because all of those specific things that disqualify a person from licensure, i.e., a felony in the financial services industry, felony within seven years, revocation, etc., are being pushed down to rule so that we have a little more flexibility as NMLS enters into the enforcement realm. Ms. Jonsson will bring the Commission draft language in February for language that will coincide with the statute when it goes into law.

OPEN TO PUBLIC

LICENSE/RENEWAL HEARINGS:

10:15 Dan Hartle – Application for Renewal
 Mr. Hartle has not appeared for his hearing.

10:15 Sherrell Berrett – Application for Renewal

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; Vice Chair Jensen, yes; Commissioner Dailey, yes; Commissioner Christensen, yes. Executive Session was held from 11:39 a.m. until 12:04 p.m.

CLOSED TO PUBLIC

Review of Stipulations
Deliberation on Hearings

OPEN TO PUBLIC

A motion was made to open the meeting: Vote: Chair Miller, yes; Vice Chair Jensen, yes; Commissioner Dailey, yes; Commissioner Christensen, yes. With concurrence from Director Sabey, the motion passes.

Results of Stipulations

James S. Creasey - Approved
J. Kirk Jensen - Approved

A motion was made to adjourn the meeting: Vote: Chair Miller, yes; Vice Chair Jensen, yes; Commissioner Dailey, yes; Commissioner Christensen, yes. With concurrence from Director Sabey, motion passes. The meeting was adjourned at 12:05 p.m.