

**UTAH RESIDENTIAL MORTGAGE REGULATORY
COMMISSION MEETING**

Heber M. Wells Building

Room 210

9:00 a.m.

March 5, 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

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

GUESTS

Patricia Sosa
Abbie Kerkman

The meeting on March 5, 2014 of the Utah Residential Mortgage Regulatory Commission began at 9:04 a.m. with Chair Hiatt conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes – A motion was made to approve the minutes from the January 2, 2014 meeting. Vote: Chair Hiatt, yes; Commissioner Gonzales, yes; Commissioner Gardner, yes. The motion passes.

A motion was made to approve the minutes from the February 5, 2014 meeting. Vote: Chair Hiatt, yes; Commissioner Dailey, yes; Commissioner Gardner, yes. The motion passes.

DIVISION REPORTS

Director's Report – Jonathan Stewart

Director Stewart introduced Elizabeth Harris who is the new Assistant Attorney General representing the Division.

Director Stewart updated the Commission on the Division's bill, HB 332. A statute of limitations has been added for complaints received by the Division. The Division was approached by members of the real estate industry as well as members of the appraisal industry about a statute of limitations. After several meetings, conversations, and negotiations the Division agreed to allow a statute of limitations for all three industries. The limitation will be ten years from the date of the conduct, or four years from the date the complaint is received by the Division.

Currently, the Division bill has passed the House, passed the Senate Committee hearing on Monday of this week, and is now in fourth position on the Senate calendar. The bill should probably pass today.

Director Stewart said he believes two other bills might be of interest to the Commission. Both bills being presented involve the expungement of administrative actions. HB 124, sponsored by Representative Green, is a bill the Division testified against. It has been sent back to Interim Committee. This bill would allow any administrative action to be expunged after three years if the person's license was in good standing, and they had met all the terms of the original action.

HB 366, sponsored by Representative Hutchings, is also an expungement bill. This bill says if there are parallel proceedings (a criminal action and an administrative action at the same time), based on the same conduct and the criminal action gets expunged, the administrative action would also be expunged. The Division has the same concerns with this bill. In licensing decisions, just because a criminal action is expunged doesn't mean that the Division should not be able to use the conduct and administrative action to make licensing decisions in the future. Director Stewart and others from the Department met with Representative Hutchings yesterday, and sent him some proposed language. The bill is up for another committee hearing today at 4:00 p.m., so we won't know until that time if he has adopted what the Division proposed.

Enforcement Report – Jeffery Nielsen

Mr. Nielsen reported in February the Division received 17 complaints; opened 22 cases; referred no new cases to the Attorney General; closed 2 cases; leaving 78 total cases.

The Division will be posting a job notice for another investigator who can work with both mortgage and real estate cases.

There are no stipulations for review today.

Education and Licensing Report – Mark Fagergren

Mr. Fagergren said he has three issues to discuss with the Commission today.

1. State-specific CE course. As of now, there are only two providers who have been approved. There is concern as to licensees waiting until the end of the year and not being able to complete the course in time.
2. Reinstatement period. The reinstatement period has ended. The Division

had 398 mortgage loan originators and 74 entities reinstating their licenses between the end of the year and the end of February. The totals now are: 3,713 MLO renewals have been approved with 6 renewals on Hold for review. There are 741 entities approved with 26 renewals on Hold for review.

3. Request by Kay Ashton. The Commission requested the Division come back this month with discussion/recommendations as to how the requirements to become a lending manager either could or should be modified. Mr. Fagergren compared the requirements of a lending manager to those of a real estate broker. Two years ago the Commission modified the rule to become a lending manager to require three years full-time experience in originating residential loans. Both depository and non-depository experience count. The Commission determined that 45 mortgage loans must be closed during this three year period. As an alternative two years of experience and 30 months with up to 15 points being waived for being a loan underwriter, mortgage loan manager, loan processor, pre-license instructor, or someone who originates second mortgages. The CFPB denied the transitioning (granting a license before a candidate meets all licensing requirements) of licenses and stated it does not comply with the SAFE Act.

After some discussion on this item, recommendations were presented:

1. Consider extending the time for a lending manager who allows their license to expire, extend time from two months to one or two years. The real estate industry has extended their time to two years for a broker.
2. A third option might consider how a person can have a track to be a lending manager based on management experience, rather than origination experience. If this was accepted, the Division would recommend that the person should have ten years of mortgage loan origination management. Also, clearly and uniformly define terms; what does it mean to manage individuals. Still recommend 45 loan originations in the past five years. This Option #3 would allow for three ways to be a lending manager: 3 years and 45 transactions; 2 years and 30 transactions and 30 months in other related fields; 10 years management background and 45 transactions in the past 5 years.
3. The Division reminded the Commission that they have denied a number of lending manager applicants because they did not meet the current qualifications. These same individuals have subsequently gone out and obtained the required experience.

The Commission considered these recommendations and their comments are as follows:

- Commissioner Dailey – Make the requirements similar to a Principal Broker
- Commissioner Gardner – Agrees with Option #3, verify experience

Commissioner Gonzales – Verify management experience
Vice Chair Miller – Agrees with Option #3
Chair Hiatt – Agrees with Option #3, verify experience

Chair Hiatt asked the Division to come back next month with recommendations for the best way to verify the experience.

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 to discuss or proposed stipulations to review. The Division received a request from Lori Crow to have some changes made to a prior Order issued by the Commission. After discussion, the Commission proposed two Motions:

A motion was made to extend the fine due for 70 days until May 15, 2014. Vote: Chair Hiatt, yes; Commissioner Dailey, yes; Commissioner Gardner, yes; Commissioner Gonzales, yes. Vice Chair Miller was joining the phone meeting from Canada and has lost connection. The motion passes.

A motion was made to extend the required continuing education course on Ethics for 70 days until May 15, 2014.

A motion was made to adjourn the meeting. Vote: Chair Hiatt, yes; Commissioner Dailey, yes; Commissioner Gonzales, yes; Commissioner Gardner, yes. The meeting adjourned at 10:08 a.m.