

**UTAH RESIDENTIAL MORTGAGE
REGULATORY COMMISSION MEETING**

Heber M. Wells Building

Room 210

9:00 A.M.

November 2, 2011

MINUTES

DIVISION MEMBERS PRESENT

Jonathan Stewart, Division Director
Mark Fagergren, Licensing/Education Director
Xanna Hardman, Assistant Attorney General
Judith Jensen, 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
Steve Hiatt, Commissioner

GUESTS

Jeremy Plouzek
Gary Nielson
Greg Christensen
Peter Stevens
Shannon Taylor

The meeting on November 2, 2011 of the Utah Residential Mortgage Regulatory Commission began at 9:00 a.m. with Chair Miller conducting.

Commissioner Dailey is excused from the meeting today.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes

A motion was made to approve the minutes from the October 5, 2011 meeting. Vote: Chair Miller, yes; Vice Chair Christensen, yes; Commissioner Hiatt, yes. The motion carries.

DIVISION REPORTS

Director's Report – Jonathan Stewart

Director Stewart announced we have two names, one of which will be presented to the Governor to fill the vacancy on the Commission.

The Division has recently officially hired Travis Cardwell as an Investigator.

Director Stewart announced that Bill Matthews from NMLS will be visiting the Division on Friday, November 4, 2011.

Mr. Everett approached Director Stewart yesterday about a possible statutory change. The Division occasionally does unannounced inspections during which we request documents. On occasion, attorneys will refuse on the ground that the Division has not given reasonable notice of the need for the records. Our statute states "upon reasonable notice from the Division, a licensee must to a licensee produce all records described" in the previous section. Mr. Everett would like to change the wording because it defeats the purpose of unannounced inspections. One suggestion would be to say "no reasonable notice needs to be given for the records that are required to be regularly kept." Chair Miller said that the Division needs to specify where the records are kept.

Last month the Commission discussed the topic of referral fees and split commissions. Ms. Jonsson has drafted some statutory language for the Commission to review. There was discussion on this proposal, and Ms. Jonsson will have revised language next month.

The Department is being asked to present all legislation at Cabinet Council on November 14, 2011. Director Stewart said we can present the idea and say that we are still working on the language.

Enforcement Report – Kent Nelson

Mr. Nelson reported in October the Division received 10 complaints; opened 67 complaints; closed 10 cases; leaving the total number of mortgage cases at 129. There is a one time adjustment this month on the cases opened. Cases were opened on Fortified Financial and CC Brown Law totaling 56

cases.

Stipulations for Review:

Ted Schmidt

Ruben Hernandez

Steven R. Vanderlaan

Lori Crow

Ken Bolinder

The respondents were advised of the right to appear today, but have chosen not to appear.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren said the Division's newsletter has gone out since our last meeting. There is an article about renewal information.

The IDW was held and Chair Miller was gracious to attend and be on a panel to answer questions from the audience. He represented this Commission and the industry very well.

Progression on the 40-hour MLO curriculum that was discussed last month had been made. Jan has worked on a rough draft outline that reduced the hours to 28, and she believes that she can cut that down to 15 hours. Ms Buchi said there is no immediate rush because there is not an opportunity to meet with our testing provider until next spring after the legislative session.

The process for renewals is open now. In one day (yesterday) we received 41 company renewals, 11 renewal requests from branch offices, and 104 individuals renewal requests. The companies don't have to fill out the questionnaires, and the branches are just confirming they have a BLM. Individuals are required to fill out social security verification forms, and our staff will compare that with our database to make sure the numbers match. Questionnaires will also be reviewed at renewal.

There have been approximately 300 social security forms submitted by companies that have had all of their employees fill them out. These are being scanned so the staff can pull up the forms and compare the information with our LES database.

Some renewals will be delayed if there are any deficiencies. We have had some individuals that have had deficiencies from 2010 and we didn't feel it was sufficient to suspend their licenses. At this point, it will hold up their

renewal if they don't respond to the request for information.

The most common question the staff is receiving is, "What do I need to renew?" We refer them to the article in the newsletter, and tell them that all they need is CE. Those who have upgraded their licenses to a PLM also ask if they still need CE. Unfortunately, because of NMLS policy, they will need CE. NMLS doesn't count the 40-hour education toward their CE requirements.

A person can't request renewal until his/her CE has been banked. There is a lag time of 24 hours after the provider records it until it is posted in NMLS. There is also another 48 hours until the non-compliance flag will fall off. We are recommending the CE be done by the 15th of the month, or licensees may be risking late fees and complications.

Industry and Commission Issues – Jennie Jonsson

Ms. Jonsson said that the rule amendments voted on last month regarding renewal, reinstatement, and reapplication were made effective on October 11, 2011.

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LICENSE/RENEWAL HEARING:

10:00 Steven Brantley – Application for License
Mr. Brantley did not appear for the hearing. He has signed a stipulation to be presented to the Commission for review.

Industry and Commission Issues (Continued)

Chair Miller continued the discussion dealing with payment of referral fees to unlicensed individuals versus. Mr. Everett suggested that the term "referral fee" be defined in rule.

A cap of \$500.00 on a referral fee per transaction with a limit of four per year was suggested by Mr. Everett and Mr. Cardwell. The fee would be an incentive rather than an income source. It was decided to broadly define the issue in statute and specifically define the terms in rule. Ms. Jonsson will prepare language for review next month.

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 10:25 a.m. to 10:30 a.m.

Deliberation of Stipulations
Deliberation on Hearing

OPEN TO PUBLIC

Results of Stipulations

Ted Schmidt - Approved
Ruben Hernandez - Approved
Steven R. Vanderlaan - Approved
Lori Crow - Approved
Ken Bolinder – Approved
Steven Brantley - Approved

10:35 COMMISSIONER TRAINING – Assistant Attorney General Tony Patterson

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 11:55 a.m.