

**UTAH RESIDENTIAL MORTGAGE
REGULATORY COMMISSION MEETING**

Heber M. Wells Building
Room 210
9:00 A.M.
September 7, 2016

MINUTES

DIVISION MEMBERS PRESENT

Jonathan Stewart, Division Director
Mark Fagergren, Education and Licensing Director
Jeffery Nielsen, Chief Investigator
Justin Barney, Hearing Officer
Elizabeth Harris, Assistant Attorney General
Amber Nielsen, Board Secretary
Tim Cuthbertson, Division Investigator
Lark Martinez, Mortgage Education Coordinator
Mike Page, Division Staff
Desha Pages, Division Staff
Faruk Halilovic

COMMISSION MEMBERS PRESENT

Steve Hiatt, Chair
George P. Richards, Vice Chair
Cathy J. Gardner, Commissioner
John T. Gonzales, Commissioner
Kay Ashton, Commissioner

PUBLIC

Katrina Loken
Burton Embry
Lance Miller
Teresa Whitehead

The meeting on September 7, 2016 of the Utah Residential Mortgage Regulatory Commission began at 9:02 a.m. with Chair Hiatt conducting.

PLANNING AND ADMINISTRATIVE MATTERS

A motion was made and seconded to approve the July 6, 2016 minutes. Vote: Chair Hiatt, yes; Vice Chair Richards, yes; Commissioner Gardner, yes; Commissioner Gonzales, yes; Commissioner Ashton, yes. The motion is approved.

Public Comment Period

There were no comments given.

DIVISION REPORTS

Director's Report

Director Stewart reported Commissioner Gonzales has completed his term as a member of the Commission. The Division has submitted a name to the Governor for Commissioner Gonzales' replacement. Director Stewart thanked Commissioner Gonzales for his service and presented him with a plaque in honor of his time on the Commission.

Director Stewart presented some proposed changes for consideration at the upcoming Legislative Session. Director Stewart stated the first proposed change which would apply to all industries under the Division would clarify that the Division has the ability to conduct a private or public investigation. The second proposed change would add authority specifically stating that the Division can interview witnesses. The third proposed change would allow for citation authority to be used within one year (instead of six months) from the date of the conduct.

Director Stewart stated the first proposed change for the mortgage industry would clarify a conflict with language regarding whether an underwriter requires a license or not. The second change would add a deadline for filing the required Call Reports; the deadline possibly being 75 or 90 days following the end of a quarter. The third change would add citation authority for failing to timely file a call report.

Enforcement Report – Jeffery Nielsen

Mr. Nielsen reported in August the Division received 2 complaints; opened case; closed 1 case; leaving 68 open mortgage cases. The AG's office has 11 cases.

There are no stipulations for review.

Mr. Nielsen announced he will be leaving the Division. This will be his last mortgage meeting. Chair Hiatt thanked Mr. Nielsen for his work and wished him luck.

Education/Licensing Report – Mark Fagergren

Mr. Fagergren announced the Instructor Development Workshop will be October 25th and 26th. The IDW is a required course for Pre-License Instructors, but may be attended by anyone. This course is for instructors but agents could come based on the capacity requirements with the facility. The Keynote Speaker Eric Storey is a success story who was inspired by the IDW and improved his instruction. He received the Distinguished Real Estate Instructor designation. The IDW will be held

at the Park City Marriott.

Mr. Fagergren reported that on July 15, 2016 the Division was contacted by Peter Marks from the NMLS. He said it was prudent that the Division have a review of the current Utah test, either a cursory review or a full review, irrespective of the proposal to adopt the Uniform State Test. The Division prefers to have the full review of the questions. The Division contacted the same panel who reviewed the test previously. The panel reviewed the 209 questions on the test. The questions were reviewed, revised, rewritten, or removed; an additional 45 questions were added. There are currently a total of 254 questions in the pool for the Utah test. The test has 3 forms or versions of the test.

Mr. Fagergren clarified some information regarding the Uniform State Test. The National Test includes the UST; of the 125 questions there are 16 questions that are the "UST." The UST questions are based on the Model State Law which Utah did not adopt. The UST would not test on any Utah State Law. Mr. Fagergren noted the vote today would not be to add the UST since it's already included in the National exam; the vote would be to encourage legislation to eliminate the Utah State exam. Mr. Fagergren listed some pros and cons of eliminating the Utah State test.

There are no education stipulations to review this month.

Hearing Officer Report – Justin Barney

Mr. Barney reported there are no licensing stipulations for review this month.

Mr. Barney reported on the AARMR Conference. He noted the UST was discussed at the meeting and he heard from both states that have the UST and those who do not have the UST; the NMLS is looking to upgrade the software, which might automate a lot of the application process; transitional licensing from the banking industry to the non-depository industry was discussed and several concerns were presented at the meeting; some issues with the current licensing software were discussed; there was a discussion whether account executives needs to be licensed or not; there was some discussion about uniformity of advertising rules among the states; there was a discussion on "zombie" foreclosures; and the CFPB stated they were still seeing gaps with compliance and stated they would be increasing their enforcement, especially on issues of discrimination.

Commission and Industry Issues

Mr. Barney presented draft language for a rule change regarding signing on behalf of another individual, which was discussed in the previous meeting. Mr. Nielsen raised a concern in the language asking that we include a guideline on the use of a stamped signature as part of this rule update. There was a discussion on this rule proposal. The Commission asked that the Division amend the proposed language to reflect the discussion at today's meeting and present that amended language at the next meeting.

Chair Hiatt opened the discussion regarding the proposal to adopt the Uniform State Test. Chair Hiatt first opened the floor to members of the public. Burton Embry of Primary Residential Mortgage presented his and his company's support for the adoption of the UST. He also is representing the Mortgage Compliance Professionals Association of America's support for the adoption of the UST. He stated there are roughly 46 states who have already adopted the UST. He believes one of the primary concerns surrounding the adoption of the UST is proving minimal competency. Teresa Whitehead of Citywide Home Loans also presented her and her company's support for the adoption of the UST. Their view is that the UST is like a Series 7; the test would look more professional to the industry. She believes the CE requirement for Utah is already one of the most difficult CE requirements and alleviates the need a state specific test. Commissioner Richards feels the test might somewhat be a measure of proficiency; but the real benefit comes from immediate and ongoing training. Commissioner Ashton stated the industry is currently split between the depository and non-depository sides. His desire is to minimize the gap between both sides of the industry. He is a huge proponent of universal licensing at some point. He feels much of the test deals with the process of licensure, which you should know if you're going to become licensed. He noted the state has the two hour CE requirement, which is one of the highest in the country; most other states have only one hour. He noted statistically most states have seen an increase in licensing after adopting the UST. He agreed with Mr. Fagergren that many of those individuals might be out of state individuals; however, Utah people would be able to easier work out of state as well. He noted DFI has adopted the UST; he stated in the Division does not adopt the UST, the non-depository mortgage bankers may start a push to become regulated under DFI. Vice Chair Gardner noted that while most states have adopted the UST, there are only 11 states who do not have additional documentation requirements in addition to the UST. She stated the NMLS makes it very clear the UST does not test on state specific information. The NMLS feels if additional documentation is required that should be done through CE with or without testing components along the way. She noted the letters given to the Commission and Division did state their support of and advocacy for the Division, should the Division adopt the UST. She understands that many feel the education is far more important; but she feels that testing is still important. Should the UST be adopted, she feels would should increase the required CE and we should also have a stricter testing component in conjunction with that CE.

A motion was made to close the meeting for the sole purpose of discussing the character, professional competence or physical or mental health of an individual. Vote: Chair Hiatt, yes; Vice Chair Richards, yes; Commissioner Gardner, yes; Commissioner Gonzales, yes; Commissioner Ashton, yes. The motion is approved.

CLOSED TO PUBLIC

An Executive Session was held from 9:58 a.m. to 10:05 a.m.

OPEN TO PUBLIC

Results of Executive Session

Results of Stipulations

Alpine Mortgage, LLC – Approved with Division Concurrence

A motion was made to adjourn the meeting. Vote: Chair Hiatt, yes; Vice Chair Richards, yes; Commissioner Gardner, yes; Commissioner Gonzales, yes; Commissioner Ashton, yes. The motion is approved. The meeting adjourned at 10:06 a.m.