

**UTAH RESIDENTIAL MORTGAGE  
REGULATORY COMMISSION MEETING**

Heber M. Wells Building

Room 210

9:00 a.m.

October 2, 2019

TELEPHONE

**MINUTES**

**DIVISION MEMBERS PRESENT**

Mark Fagergren, Licensing and Education Director

Justin Barney, Hearing Officer

Chad Tengler, Real Estate Analyst

Stephen Gillies, Assistant Attorney General

Mary Martinez, Board Secretary

Marv Everett, Investigator

Lark Martinez, Education Coordinator

Tim Cuthbertson, Investigator

Mike Page, Division Staff

**COMMISSION MEMBERS PRESENT**

G. Scott Gibson, Vice Chair

Cathy J. Gardner, Commissioner

George Richards, Commissioner

Jeff England, Commissioner

**PUBLIC PRESENT**

Scott Sabey

The meeting on October 2, 2019, of the Utah Residential Mortgage Regulatory Commission began at approximately 9:12 a.m. with Vice Chair Gibson conducting.

**PLANNING AND ADMINISTRATIVE MATTERS**

Approval of Minutes – A motion was made and seconded to approve the amended minutes of the meeting held September 4, 2019, as written. Vote: Vice Chair Gibson, yes; Commissioner Gardner, yes; Commissioner Richards, yes; Commissioner England, yes. The motion is approved.

**DIVISION REPORTS**

**Director's Report – Director Stewart**

Director Stewart announced Chad Tengler would be leaving the Division for private practice. He informed the commission the Division will be extending an offer of employment to an attorney today to fill the position.

Director Stewart Shared his AARMR Conference Notes.

- Pilot program – 3 states with money service businesses. They each have a multi-state agreement. Each state would do a part of the application to see improved efficiency.
  1. A state would capture most of the common licensing requirements. And will issue a certification within 25 days.
  2. Each individual State will review what is required for their state.

Director Stewart advised there had been 29 licenses issued

- There were people who were part of the pilot program that spoke very highly of the program.
  - Thought there would be benefits if it was used also in the mortgage licensing.
  - Continue to explore this program.
- Wants to see if other states to follow.
- No one has approached Utah, if they do, Director Stewart will keep you updated.

Tim Doyle spoke about the MLS. Temporary authority goes live November 24, 2019

- Mr. Doyle informed Intent of law more streamline for someone from a bank to a non-depository lender.
- MLS has looked at 2018 statistics, even though the system has not gone live. And temporary authority is not authorized yet; they assumed as if it were and looked at the following:
  - People who transferred state to state, or transferred from a bank to a non-depository institution. To see how it would affect people
- 1% of the applicants would not have qualified for temporary authority because of a revocation previously in their career.
  - 16% of applications were new and would not qualify.
  - 6% were bank employees going to a nonbank entity which is the main reason for the law change.
  - 77% were state to state. These were already vetted by another state and applicants would have been processed quickly.
  - The law wouldn't have had a significant impact for the study group.
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- CFPB – How will handle enforcement
  - Regulatory agency needs to be careful not to jump to conclusions
  - And investigation on ZILLOW for possible RESPA violations. Ultimately it was decided not to take action.
  - They also mentioned low compensation.
  - The CFPB will have a publication that will be available soon this will highlight compensation issues.
- Idaho case – Security issues – enforcement
- Deep Fakes – with technology now they can imitate voice and video of anyone.
  - Example – Someone could imitate a bank president. Very concerning.
  - Example – Fake loan originator from Full Spectrum Loans (FSL) contacted a Consumer about a debt consolidation loan. He utilized a MLS number. The person falsely represented himself and convinced the consumer to stop making payments on their loan and consolidate with FSL. After the FSL representative convinced the consumer to send \$3,200 as an application fee. After sending the money the consumer, despite repeated attempts, was unable to reach FSL. After a domain search they were able to track the person down and take action.
- Frauds are going to great lengths to take advantage of consumers.

### **Enforcement Report – Kadee Wright**

Ms. Wright reported that in September statistics. The Division received 6 complaints; closed 3 complaints, for a total of 107 Mortgage cases. The AG's office has 4 pending cases.

### **Stipulation**

Security National Mortgage Company

### **Education/Licensing Report – Mark Fagergren**

Mr. Fagergren stated the Division is working on a residential 2020 outline for Mortgage. Ms. Lark Martinez has worked hard to put the outline together.

- This year there have been less statutes and rule changes
- Less substantive issues for this course

Mr. Fagergren asked the commissioners for bullet points for the course subjects on timely industry issues. He has already received inquiries from first providers for the outline.

Information suggestions for the outline from Commissioner England, Commissioner Gardner, Commissioner Richards, and Mr. Barney

- Licensed and unlicensed activities; what is permissible and what is not.
- Clarification on RESPA: Violation and Fees
- Holiday events sponsored by mortgage lenders and originators. What types of activities are allowed and what are not.
- Need to have an official position: Example – Single loan officer provides tickets for a Real Estate company for all of their agents and their wives to attend a performance at Hale Theater for a family – are these allowed?
  - Is this a solicitation for business?
  - Are these payments.
- This commission has discussed this in the past yet possible violations continue to happen.
- Difference between providing an event or something given to specific loans?
- Deep Fake to be covered
- Wire Fraud – as viewed on KSL \$600,000 from Chase bank from a Contractor builder ended up in china; one of the largest scams in the industry.
  - Once the wire is gone, it is hard to trace.
- Fraud – When an email is received and a change has been made to the IP address, yet sent from another address.
- Past criminal activity – can they be licensed or not licensed.
- May reach out again.

Mr. Fagergren thanked the commissioners for their willingness to help.

### **COMMISSION AND INDUSTRY ISSUES**

Mr. Barney reported that a proposed rule amendment for mandatory CE Course has been filed. It is currently open for public comment until October 15, 2019. The rule may be made effective after the public comment period has been completed and comments, if any, have been considered by the Commission.

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

**CLOSED TO PUBLIC**

**EXECUTIVE SESSION** – 9:40 a. m. – 10:17 a. m.

Mr. Barney reported the commission considered the proposed Stipulation for Security National and voted to reject the stipulation.

A motion was made to adjourn the meeting. Vote: Vice Chair Gibson, yes; Commissioner Gardner, yes; Commissioner Richards, yes; Commissioner England, yes. The motion is approved. The meeting adjourned at 10:30 a.m.