

**UTAH RESIDENTIAL MORTGAGE
REGULATORY COMMISSION MEETING**

Heber M. Wells Building
Room 210
1:00 P.M.
October 19, 2016

MINUTES

DIVISION MEMBERS PRESENT

Jonathan Stewart, Division Director
Mark Fagergren, Education and Licensing Director
Kadee Wright, Chief Investigator
Justin Barney, Hearing Officer
Elizabeth Harris, Assistant Attorney General
Judith Jensen, Assistant Attorney General
Amber Nielsen, Board Secretary
Eric Stott, Division Analyst
Marvin Everett, Investigator
Tim Cuthbertson, Investigator
Lark Martinez, Mortgage Education Coordinator
Mike Page, Division Staff
Desha Pages, Division Staff
Faruk Halilovic, Division Staff

COMMISSION MEMBERS PRESENT

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

PUBLIC

Morgan Hall	Bryant Brown
Teresa Whitehead	Austin Baird
Paul Miller	Tim Roush
Steve Roberts	

The meeting on October 19, 2016 of the Utah Residential Mortgage Regulatory Commission began at 1:05 p.m. with Chair Hiatt conducting.

Discussion and Action/Decision on NMLS Uniform State Test; Pre-licensing

Education, Continuing Education, and Testing Requirements for ALL New and Renewing Licensees

Director Stewart reported that prior to the meeting he spoke with all the Commissioners to find out what they felt would be appropriate. Director Stewart presented a proposal adding additional continuing education in exchange for adopting the UST. In an effort to not penalize current licensees, Director Stewart's proposal would be that any new MLO that takes the UST would be required to take an additional continuing education course of three to six hours which would be taken once before the first renewal. The course would cover commonly known problems and would be designed by the Division and/or a committee which could contain members of the industry. The hours required would be determined by the content. Vice Chair Richards asked to clarify the total number of hours continuing education that would be due. Director Stewart clarified that would be in addition to the regular continuing education requirement from the NMLS and the Division. Chair Hiatt asked to clarify if this would be for any new MLO or any new to Utah MLO. Director Stewart clarified this would be for any new to Utah MLO. Commissioner Ashton asked to clarify that the continuing education would be the regular Utah two hour course plus the new MLO course. Director Stewart affirmed. Vice Chair Richards asked to clarify how long the MLO would have to take the course. Director Stewart stated that would be during the first renewal period. Commissioner Gardner asked if there would be any revision to the pre-licensing education requirement. Director Stewart stated there would not. Mr. Fagergren discussed how the course would be tracked. Lark Martinez states this is something the Division would have to track outside of the NMLS, like the state continuing education is tracked now. Vice Chair Richards asked for clarification on the whether the education would be required in the first calendar year or in the first renewal cycle. Director Stewart stated that is something that would need to be decided, but the proposal is for the first renewal. Chair Hiatt asked if the Commission had any initial thoughts or reactions they wanted to share at this time. Commissioner Ashton stated he would like to hear from the public. Vice Chair Richards agreed. Director Stewart brought up that Chair Hiatt had asked that the education requirement be outlined when the UST proposal is adopted so the industry knows in advance what that will be; Director Stewart stated the statute would be drafted to allow rule authority for the continuing education requirement and would allow the outline to be prepared and made ready in advance of the statute becoming effective. Director Stewart told our Representative and our drafter about this meeting today, and they could add that language to the bill proposal.

Chair Hiatt turned the time over to the public for their reactions. Teresa Whitehead stated she loved the proposal. She feels it would be easier for her loan officers to do all their education at one time (either at the time of initial licensure or at the time of renewal) rather than splitting the education up throughout the year. Mr. Fagergren asked whether she would prefer that the requirement be due at the time of renewal or due with the pre-licensing. Ms. Whitehead stated she would prefer at the time of pre-licensing but it doesn't matter to her either way. Ms. Whitehead

stated with the additional CE requirement and the pre-licensing requirement, she feels there won't be a large influx on licensees from other states.

Austin Baird stated since Utah already requires 15 hours pre-licensing, rather than having a separate 3-6 hour requirement, the Commission might consider simply changing the 15 hours to include the 3-6 hours.

Steve Roberts stated the ability to get everyone done collectively would be best rather than separating the requirement out through the year.

Chair Hiatt asked Director Stewart for some guidance on what would need to be determined today as far as working out the amount of hours and when the hours would be required. Director Stewart stated the two things which would need to be decided as soon as possible to be added to the statutory change are whether or not Utah is adopting the UST and if the Commission would want rule making authority for an additional educational requirement. If the rule making authority is broad enough, the issue of pre-license or continuing education can be decided later. Director Stewart stated he prefers the continuing education requirement as a refresher course. Chair Hiatt stated that even though the Commission doesn't need to decide every facet today, he would like to state the general intent.

Commissioner Ashton stated Utah is already one of the most difficult states to get licensed. His preference would be to adopt the UST and leave the requirements as they are currently. However, if the choice is to not adopt the UST or to adopt the UST with the additional education, then he would choose to adopt the UST with the additional education. He believes the additional continuing education would be more effective than the pre-licensing education. He would like to make things as easy for the industry as possible and would not oppose the adoption of more pre-licensing if that is the industry preference. He would prefer the continuing education be required sometime during the first renewal period.

Commissioner Gonzales stated that knowing the two hours of state continuing education would remain in place, he would support having the additional continuing education requirement rather than upfront as pre-licensing education. He believes it makes more sense to have the requirement as CE. Commissioner Ashton and Mr. Fagergren confirmed the pre-licensing requirement.

Commissioner Gardner stated when the first proposal was considered the reasons cited for eliminating the UST were to save time and expense for incoming licensees from outside of Utah. This proposal accomplishes just that.

Vice Chair Richards agrees with the proposal. He does not think the education should be pre-licensing, but should be continuing education.

Mr. Fagergren clarified the Division interprets a new licensee as anyone who has never been licensed and anyone who allowed their license to expire and did not reinstate during the reinstatement period. Chair Hiatt agrees with the Division position but feels that should be defined in rule. The Commission agrees.

Commissioner Gardner wanted to make sure the public members understood. Ms. Whitehead agrees.

Chair Hiatt stated he was not in favor of adopting the UST at the last meeting, primarily because he couldn't reconcile the benefit of adopting the UST versus leaving the Utah State Test in place. He feels some form of continuing education instead of taking the Utah State Test is a reasonable trade-off. With the knowledge that there would be authority to put the continuing education requirement in place which would be from about three to six hours, he could support that.

A motion was by Commissioner Ashton and seconded by Vice Chair Richards to recommend to the Division to present legislation to modify the statute to adopt the UST for the test for Utah, and no longer require the Utah State Test; with that legislation that there be rule making authority given to the Commission with the Division Director's concurrence to require between three to six hours of continuing education. Vote: Commissioner Ashton, yes; Commissioner Gonzales, yes; Commissioner Gardner, yes; Vice Chair Richards, yes; Chair Hiatt, yes. The motion is approved.

Mr. Fagergren asked for clarification that inactive mortgage loan originators would not be required to take the 3-6 hours while renewing inactive, but would have to take the education when they activate. Commissioner Ashton feels that might be something which would need to be determined later. Director Stewart stated he believes the inactive MLO should not be required to take that course for renewal.

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 1:41 p.m.