Recommendations for Utah Mortgage Commission

Continuing Education Course Outline

I. STATUTORY / RULE UPDATE

- Mortgage loan processors must be licensed or employed - 61-2c-102 (1)(h)(i)(D)(IV)
  - Employed Processors - Supervisory responsibility of principal lending manager for employed loan processors
    - PLM still responsible for remotely located employed loan processors
  - Contract Processors - Must be licensed as loan originators in Utah

- 10 day reporting requirement for all felony convictions and misdemeanors related to theft & financial fraud 61-2c-205 (4)(a)

- Qualifications and experience to become Lending Managers
  - Definitions of Lending Managers R162-2c-102 (11),(12)
  - Qualifications of Lending Managers R162-2c-201(2)
  - Experience equivalency calculation R162-2c-501a
  - Experience points table R162-2c-501b

- Employee Incentive Program R162-2c-301b
  - Definition of an incentive program R162-2c-102 (8)
  - A licensed entity may pay an incentive to a licensed MLO that is sponsored with that entity (in Utah or another state)
    - A licensed entity may NOT pay an incentive to an unlicensed employee
    - Circumstances and limitations under which an incentive can be paid R162-2c-301b (2,3)

- Entity Reporting Requirements
  - Mortgage Call Reports (quarterly) 61-2c-302 (5)(a)
  - Report of Statement of Conditions (annually)
- Uniform State Test
  - Why Utah does not participate in the UST? (No state specific Utah laws or administrative rules are included in the test)
- All disciplinary actions now posted on NMLS Consumer Access
- Advertising policies
- Record keeping requirements

II. ETHICS (Case Studies, Examples, etc.)

- Licensee submitted to a lender a verification of rent form that was completed by a third party that had never managed the borrower's property and was illegally completing verifications of rent on properties not managed by the company.
- Licensee agreed to the revocation of her license for originating loans where the licensee incorrectly indicated that the loans were for primary residences. In addition the licensee listed a different address on each loan application, representing each as being the borrower's current address.
- Licensee cashed a borrower's check for an appraisal fee and refused to refund the money after the appraisal was canceled (no documentation authorizing forfeiture of the money upon canceling the transaction)
- An unlicensed individual accepted a fee for working on a loan modification without being licensed as a mortgage loan originator.
- Licensee initialed an FHA/VA addendum on behalf of sellers and borrowers in a transaction without holding power of attorney for either party.
- Licensee arranged for a hard money down-payment loan on a property, but did not disclose the loan to the purchase-money lender or, subsequently, to the lender on a second mortgage.
- Licensee attempted to obtain a loan in his name to buy a home on behalf of some clients. In so doing, he represented to the lender that funds belonging to his clients and tendered as a down payment were his own personal funds.
- Licensee sanctioned for failing to update his NMLS record and respond to a division request for information.

III. COMMISSION HEARINGS ISSUES (or areas of concern)

IV. LENDING MANAGER RESPONSIBILITIES AND SUPERVISORY DUTIES

• PLM failed to adequately supervise an unlicensed employee who worked in the capacity of a loan officer by discussing rate, term payments, and other pertinent information regarding mortgage transactions.

• Mortgage entity sanctioned for failing to disclose numerous regulatory actions in other states, including license revocations and cease and desist orders, due to its failure to address violations and work with regulators to resolve licensing deficiencies.

• Mortgage entity failed to safeguard personal information of clients