

the UMLA Insider

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NEWS OF THE UTAH MORTGAGE LENDERS

March 2005 Edition

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Mortgage Professionals and their Clients

by Melanie Koerner

According to a recent study of licensed loan officers, an astonishing number of loan officers are afraid of their clients! How does this happen in an industry where we are assisting families in obtaining the American dream. We work one on one with people in the most personal of financial circumstances, where we have to ask for more information than most people are willing to tell almost anyone.

The study showed that amazingly 61% of loan officers are afraid of people in general! 72.5% of loan officers do not fill out an entire loan application completely! The main reasons are: fear of rejection as well as fear of intrusion. What can be more intrusive than a home mortgage where your financial follies are brought out and scrutinized before an underwriter to decide if you "Qualify." (See *Mortgage Pros* p 5)

“The study showed that amazingly 61% of loan officers are afraid of people in general! 72.5% of loan officers do not fill out an entire loan application completely!”

A Realtor's Perspective

Support is the secret. As a realtor and a licensed mortgage officer, I have the privilege of seeing both sides of the industry. On the realtor side, I have the support of the Board of Realtors®. They offer education and promote ethics. They have all of the tools necessary to help, the willing, run a successful practice.

The legal hotline is one example. Curtis Bullock will answer all types of legal questions as part of the service of being a member. From big "can they do that?" questions to "what should I do here?" Not only is he helpful, he is a necessary source for the industry. In the education department, they teach classes ranging from a-z, including real estate specific on how to run a business and state required education. They have fun teachers like Jack Marinello (take anything he offers) and serious classes like "how to stay out of jail."

They elect members to this organization to help improve the laws, educate the consumers, and refine the industry. They are the watchdogs. They hold the members to the highest ethical standards possible. I have no doubt that without the Board of Realtors® (See *Realtor* p 5)



by Kroger Menzer

2005 Legislative Update

Together our voice is louder than each of our individual voices alone. UMLA membership is one powerful way for you to protect your industry in the Utah State Legislature.



by John Norman

This year we worked to protect your business from harmful legislation. We also helped promote positive changes for the industry as a whole.

What were those harmful bills and what were the positive ones?

- **HB 192 – UTAH HIGH COST HOME LOAN ACT AMENDMENTS**
Defeated

Representative Wayne Harper (R-West Jordan) proposed additional changes to the High Cost Home Loan Act that he passed last year. These changes, although not significant to the majority of our business because they only would have applied to high cost loans, were at best, bad policy and at worst harmful to our industry.

These bad changes included: 1) a prohibition on refinancing w/in one year; 2) High Cost loans could not be used for home improvements; 3) additional disclosures that suggested that a borrower talk with a financial planner about their decision, and 4) prohibited making a high-cost loan without regard to the borrower's ability to repay. All these provisions are problematic and we worked to defeat this bill.

- **HB 302 - REGULATION OF CONSTRUCTION INDUSTRY**
Opposed

Representative J. Stewart Adams (R-

Layton) proposed that the regulation and administration of contractor related regulation from the Division of Occupations and Professional Licensing be transferred to the Division of Real Estate.

Homebuilders are currently regulated by the Division of Occupations and Professional Licensing. The individuals overseeing that regulation have no building background, (one is a former Nurse and the other a former Police Officer). Needless to say, they are not happy with their regulator and would like someone different. The Division of Real Estate seems like it may be a better place for builders of homes.

That said, we did not want the regulation of our industry to be adversely affected by the overwhelming task of trying to regulate another complex and vast industry. Thus, we support the further study of this situation over the next year. We will monitor this situation and watch for impact on our industry.

- **SB 157 - UTAH CONSUMER CREDIT CODE AMENDMENTS**
Supported

Senator Peter C. Knudsen (R-Brigham City) offered changes to the Consumer Credit Code that are positive for all members of the industry. This bill brought Utah law into conformity with federal law allowing the charge of a prepayment penalty on closed-ended second mortgages. This bill would require however that a lender offering a closed-ended second mortgage with a prepayment penalty also offer and document the offering of a closed-ended second mortgage without a prepayment penalty, and the one with the prepayment penalty must have a lower interest rate. Thus, two TILA disclosures should be signed and perhaps and election form stating that the consumer is affirmatively choosing the one with the prepayment penalty.

- **SB 158 - DISHONORED INSTRUMENT AMENDMENTS**
Supported

Senator Peter C. Knudsen (R-Brigham City) offered changes to the Consumer Credit Code that are positive for all members of the industry. This bill allows secondary market purchasers of mortgage loans to enforce *(Continued on p 3)*

The 2nd Annual

ULTIMATE loan officer

Seminar

Register today at
www.uml.org



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approved

Brought back due to popular demand and now expanded to 2 sessions!

Morning Session
13 year mortgage marketing veteran, *Bliss Sawyer* helps loan originators with exciting, informative marketing strategies designed to help lenders at any stage of their business.

Afternoon session
Featuring a panel of 3 top Utah loan originators and 2 top producing Utah realtors to answer your questions about marketing your mortgage lending business.

Thanksgiving Point, Garden Room
(3003 North Thanksgiving Way, Lehi, Utah)

Wednesday, May 11th

9am – 12n and 1:15 – 3:30pm

UMLA Member Tuition: \$60.00, \$80.00 at the door – space permitting
Non-UMLA Member Tuition: \$80.00, \$105.00 at the door – space permitting
Registration is at 8:30am. Space is limited.



the terms of the note with regard to dishonored instruments (ie. Bounced checks). Previously, Utah law had a loophole that prevented a secondary purchaser to enforce the terms of the mortgage contract with regard to dishonored instruments.

• **SB 172 - DIVISION OF REAL ESTATE AMENDMENTS**
Supported

Senator Michael G. Waddoups (R-West Jordan) is carrying this bill for the Dexter Bell the Division Director for the Division of Real Estate. Most of the changes in this bill are technical. This bill does grant the Division the authority to define words in statute that are currently undefined. This is important from the UMLA's perspective because it may help in the enforcement and regulation of our industry.

• **HB 210 - RESIDENTIAL MORTGAGE PRACTICES EMPLOYMENT SECURITY REVISIONS**
Favored

Representative Mark W. Walker (R-Sandy) proposed the same piece of legislation the UMLA had Rep. Urqhart (R-St. George) run last year. This bill did not pass but would have been a positive one. This bill would have exempted from the employment Security Act an individual: holding a license or registration under the Utah Residential Mortgage Practices Act; and whose services are paid for by commission. This would effectively prevent the Department of Workforce Services (DWFS) from auditing mortgage companies with regard to payment of unemployment insurance. Although companies that pay their loan officers as independent contractors do not pay unemployment insurance, it is possible that the DWFS could audit and find that these loan officers should have been treated as W-2 employees. The UMLA will put together some education regarding the factors that DWFS would look at in their audit.

• **SB 040 - REGULATION OF TITLE INSURANCE INDUSTRY**
Favored

Senator Thomas V. Hatch (R-Panguitch) is helping the title industry by creating a Title Commission much like the Mortgage Commission and Real Estate Commission. This bill is a positive bill for the Title Industry in Utah and many or our title company members.

• **1sbSB 039 - CONSUMER CREDIT PROTECTION**
Watched

Senator Carlene M. Walker (R-Cottonwood Heights) proposed this bill that allows a consumer to place a security freeze on the consumer's credit report. This bill appears to be problematic from the consumer credit *(Continued on p 4)*

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BEST OF STATE

Dear Association Members,

The Best of State call for entries is currently under way, and we wanted to inform you of the opportunity you have to nominate and be nominated for awards and recognition. Best of State has awards available in banking, mortgage banking, and financial services. The Best of State Awards were created to recognize outstanding individuals, organizations and businesses in Utah. Utah is a great place to live and work, and there is so much that is deserving of recognition. Best of State hopes that by recognizing excellence in our community and sharing examples of success and triumph in so many worthy endeavors, we will all be inspired to reach a little higher, to try a little harder, and to work a little longer for our dreams and goals.

Nominations are being accepted through March 31, 2005. Nominees must either live, work, or do business in Utah. A nominee may be an individual, business, or other organization. Anyone associated with the individual, business or organization may nominate. We encourage self-nomination, as nominees are often best qualified to describe their own achievements and successes. Any individual, business, or other organization may be nominated in multiple categories.

Please visit www.bestofstate.org for further information and nomination links. We are excited to have the members of your organization participate and hope you will take the opportunity to recognize those who work so hard to make Utah such a great place.



standpoint. However, our credit reporting members have not raised any concern. This may be a positive thing for Utah consumers, but it will impact those attempting to get mortgages by increasing the cost of pulling credit scores.

• SB 064 - REAL ESTATE TRANSACTIONS AND SECURITIES

Did not pass

Senator Al Mansell (R-Sandy) - This bill modifies the Utah Uniform Securities Act and Real Estate provisions to address certain real estate transactions. This bill allows certain 1031 exchanges to be treated as real-estate transactions and not solely securities. This bill requires the Division of Real Estate to regulate 1031 exchanges thus adding to the regulatory burden of the DRE.

Reflections from the President of the Board

Since my involvement with the UMLA, I have stood by the fact that our members truly represent the very best, the “cream of the crop”, in the lending industry. I strongly encourage you to get involved right away by joining a committee and attending our activities. Being involved is exciting and allows you the opportunity to make a difference in protecting, contributing, and improving the industry we all love.



by John Aldrich

We are happy to inform you of our UMLA Web-site. We hope that this site will become your home page, or, in the very least, that it gets added to your “favorite” list. In addition to everything the site currently offers, there will be many changes

and improvements in the future, so keep checking back with us often.

For our members, this site is designed as a tool to keep you informed about the many programs, events, opportunities, and resources available to you. We hope it will be an effective resource to help you become a better lending professional.

Mortgage consumers should be confident knowing that as a UMLA member you will represent them well. Our association admonishes our members to adhere to a higher level of ethics and business practices. Belonging to this association proves you are dedicated to your profession and that you are striving to excel.

As the 2005 President, I personally thank you for your dedication to help grow this great association. I sincerely welcome your thoughts or suggestions. Please contact me at johna@firstcolonymortgage.com.

Sincerely,

John Aldrich
President of the Board 2005

Advertising Compliance seminar

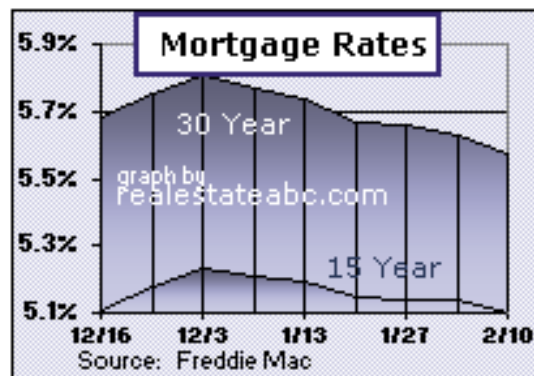


Your advertising could be costing you more than you think!

Is your advertisement in compliance? The rules that govern mortgage advertising are complex. Join us for a comprehensive seminar; TRUTH IN ADVERTISING, that will help you understand the rules and avoid the pitfalls of non-compliance with State and Federal Regulations.

Where: Utah Housing Corporation, 2479 S. Lake Park Blvd.
West Valley City
When: Wednesday, April 20th, from 9:30am – 11:30am
Tuition: \$50.00 – UMLA member \$60.00 at the door – space permitting
\$75.00 – Non member \$85.00 at the door – space permitting

Register today at www.UMLA.org!



Realtor continued from page 1

...the industry would struggle.

The Utah Mortgage Lenders Association (UMLA) is the mortgage officer's version of the Board of Realtors®. It too offers member education. In fact, the UMLA has been offering classes to help its members understand the complexities of the industry long before the law required it. Not just classes on what bank offers what loan products, but classes that address tough issues like how to stay in compliance with the laws and what type of ads are illegal. They have speakers from the Division of Real Estate, FBI and FNMA who all come in and help educate its members. Just like the Board of Realtors®, they too promote the image, standards, and ethics of the industry. They help promote fair and legal practices, and help remove the "bad apples" from the industry. The UMLA also lobbies for the industry helping pass regulations to protect both the public and the mortgage industry. Their slogan is "Taking Pride in Our Profession." This one organization does more for the mortgage industry than any other local organization. Soon the public will start to ask mortgage officers... "are you a member?" How are you going to answer?

Mortgage Pros continued from page 1

One of the biggest fears that a loan officers has is the telephone. What? How can we be afraid of the main instrument that we use to conduct our business. How many telephones do we see everywhere these days. Almost everyone knows someone with a mobile phone or a car phone even a hand held organizer phone that can access the internet. With all of these ways to communicate with our clients we should always be able to return our phone calls. Incredibly 83% of loan officers do not ask for referrals. How hard is it to ask "do you know anyone else who might be interested in my professional services?"

In conclusion if we break through these fears and change our mindset we can start changing the way the public views the scary words "Loan Officer". Start returning those phone calls and remember that most people just want a home to call their own, and who is better qualified to help them achieve that goal? The "scary" loan officer!

Lets change that image!



New Member Profiles

Each month, there are mortgage lending businesses that join the UMLA because of the high value associated with the association. We call these companies our new members.

National Companies

Byte Mortgage Software
 CIT - Las Vegas
 Fremont Investment and Loan
 GB Home Equity
 HMIC Harbourton Mortgage
 New Century Mortgage
 Saxon Mortgage
 Taylor, Bean and Whitaker
 US Bank Consumer Finance

Local Companies and Individuals

Brighton Insurance Group - Judy Bigler
 Charter One Bank
 Citizens First Financial Corporation
 Compass Lending Solutions, LLC
 First Community Mortgage
 First Magnus Financial
 First Southwestern Title Agency
 Franklin Direct
 Lincoln Mortgage Group
 Metro National Title - Shannon Warnock
 Metropolitan Mortgage
 Miller Mortgage Services, Inc.
 Mortgage Center of Utah
 The Mortgage Co-op
 Titan Capital Funding Inc.
 Universal Mortgage Corp.
 Utah Funding, Inc.

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