

In order to qualify for the safe harbor, or prove that a violation was unintentional, a PLM should be able to produce explicit evidence of internal controls designed to ensure compliance with State & Federal laws. These controls should include: 1) written procedures, 2) regular training of licensed and unlicensed personnel, and 3) internal auditing procedures.

If such a regime of written procedures, training, and auditing were followed, the UMLA believes each PLM would know each and every loan officer, and that each loan officer would know their PLM. A loan officer should have ready access to their PLM and be able ask questions and receive guidance on short notice.

### WRITTEN PROCEDURES

The PLM should be responsible for the entity's written procedures. These procedures should be designed to ensure compliance with State & Federal Laws and protect Utah consumers. Evidence that the procedures are known to the entity's licensed and unlicensed personnel, and that the procedures are followed should be available upon request.

### TRAINING

The PLM should be responsible for instituting a training program that will ensure continued competence of the loan officer.

### AUDITING

Mortgage company controls ought to include some form of pre-closing and post-closing file auditing by the PLM or under the direction of the PLM. Depending on the volume and size of a mortgage company it may be impracticable to require that all files or even a certain percentage of files to be audited. However, there must be some evidence that auditing takes place, corrective action is instituted, harm to the consumer is prevented and/or remedied, and the Division is confident that any violation or fraud is 1) detectable under the program, and 2) not condoned either explicitly or complicity by the PLM.

### Other Items of Concern

The UMLA is concerned that new entries into the industry could use additional training or education regarding the following areas:

- Ethics
- Fraud
- Case studies of concluded Division investigations
- Suitability/Predatory Lending<sup>1</sup>

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<sup>1</sup> The UMLA does not feel it necessary at this time to pass new laws or rules with regard to suitability or predatory lending. The UMLA merely feels that additional training for new licensees in these areas could be useful in maintaining the minimum competence needed to protect Utah consumers.