

Dear Commissioners, Director Miller and division staff,

Congratulations to Director Miller on the successful passage of SB 199. The passage of the bill helped clarify our statute and amend key language to eliminate some of the chaos within industry. I believe the bill will be a huge milestone for cleaning up our industry. As a follow up to the bill I would like to share some ideas with the public, the division and the commission on possible administrative rules that would close potential loopholes and clarify the role of origination verses advertizing services used to mask origination services.

Draft

R162-205.1 Residential Mortgage Unprofessional Conduct

Add (a) (i) performing advertising or marketing activities for the solicitation, origination or placement of residential mortgage loans on behalf of an entity or an individual other than for the entity and PLM in whom the licensee is employed.

Add (a) (ii) a licensee may not use another business entity to conceal or evade the direct or indirect compensation for the solicitation, origination or placement of a residential mortgage loan.

Add (a) (iii) an entity or Principle Lending Manager may not engage in the act of paying directly or indirectly a licensee through another individual or entity for services rendered and compensation earned on a residential mortgage loan transaction.

Add (a) (iv.) an entity or Principle Lending Manager may not engage in the act of splitting directly or indirectly a licensee's compensation to the licensee and any other entity the licensee has an ownership interest for the solicitation, origination or placement of the residential mortgage loan.

Add (j) any advertisement and advertising, including all material printed, published, displayed, distributed or broadcast for the purpose of obtaining application for loans, shall state and clearly indicate the identity of the licensee and entity. Licensees and business entities shall be identified by means of names filed with the division. The use of loan advertisements which provide only telephone numbers or newspaper box addresses or any other lack of identifying features that do not clearly indicate the identity of the licensee is prohibited.

Add (k) the Principal Lending Manager pay or offer to pay consideration to any individual or entity that uses another business entity to conceal evasion of compensation for the origination of a residential mortgage loan.

I recognize some of these may duplicate and need refinement but it's the concepts we need to address. Thanks for your input and dedication to our industry and profession.

Pierre A. Alley

Chairperson -Utah Residential Mortgage Regulatory Commission