

## **Utah Division of Real Estate (UT-DRE) Continuing Education (CE) Notice for 2024**

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### **Purpose**

The purpose of this notice is to inform NMLS approved course providers of the required topics to be covered in the 1- hour state specific Continuing Education (CE) requirement which must be met as a condition for maintaining a mortgage loan originator (MLO) license with the Utah Division of Real Estate.

**This course should be completed by licensees in 2024 and CE credits given for the 2024 renewal period. The course will be expired on February 28th, 2025 or the course's renewal period, whichever comes first.**

### **CE requirements are as follows:**

- 3 hours of Federal law;
- 2 hours of Ethics;
- 2 hours of non-traditional mortgage lending;
- 1 hour of general electives;
- 1 hour of Utah state-specific defined electives

**Total CE: 9 Hours**

**UT-DRE has established the following required topics list for the 1 hour of state-specific CE:**

### **Utah Residential Mortgage Practices and Licensing Rule Changes – 15 min** (effective August 8<sup>th</sup>, 2023)

- **R162-2c-301a - Unprofessional Conduct**

(2)(a)(iii) Clarifies that a lending manager, if acting as a PLM or BLM, must exercise reasonable supervision over each sponsored mortgage loan originator and unlicensed staff member, including each sponsored mortgage loan originator or unlicensed staff member teleworking.

(2)(a)(vii) Requires lending managers to establish, maintain, and enforce written policies and procedures to ensure customer privacy, customer information security, encryption of data, and password management, including a cyber security policy that provides that each teleworking employee and sponsored originator must use a secure virtual private network maintained by the sponsoring mortgage entity.

(2)(a)((viii)(B) Clarifies that an LM remains personally responsible and accountable for adequate supervision of sponsored mortgage loan originators, unlicensed staff, and entity operations throughout all locations, including persons teleworking.

(3)((a)(ii) Clarifies that a mortgage entity shall keep and dispose of records and customer information according to R162-2f-302.

(3)(a)(vi) Requires mortgage entities to notify, in writing and without unreasonable delay, each affected customer of a suspected breach of the mortgage entity's security system, if misuse of the customer's personal information occurs or is likely to occur as a result of the suspected security breach.

- **R162-2c-302 - Requirements for the Security, Retention, and Disposal of Records and Customer Information.**

(1)(a) requires an entity licensed under the Utah Residential Mortgage Practices Act to maintain and safeguard for the period set forth in Section 61-2c-302 the following records and customer information:

(xv) customer information acquired in the application or lending process.

(1)(d) requires an individual who terminates sponsorship with an entity to turn over to the entity any records and customer information in the individual's possession when the sponsorship is terminated.

(2) requires a person who disposes of records and customer information at the end of the retention period to destroy the records and customer information, including any personal information by shredding, erasing, or otherwise making the information indecipherable.

(3)(a) If a licensed entity is actively engaged in the business of residential mortgage loans, the PLM is responsible for proper retention, maintenance, safeguarding, and disposal of records and customer information.

(3)(b) If a licensed entity stops doing business in Utah, the control persons as of its last day of operation, are responsible for proper retention, maintenance, safeguarding, and disposal of records and customer information.

### **Utah Reverse Mortgage Act – 15 minutes**

(Changes made during 2023 Legislative Session in H.B. 94, 2nd Substitute – <https://le.utah.gov/~2023/bills/static/HB0094.html> (effective May 3rd, 2023))

## **H.B. 94, 2nd Substitute – Reverse Mortgage Amendments**

- **57-28-202. Borrower requirements.**
  - Requires a borrower to be 62 years old or older for a home equity conversion mortgage insured by the Federal Housing Administration under Title 1 of the National Housing Act;
  - Requires a borrower to be 55 years old or older for proprietary loans not insured by the Federal Housing Administration.
- **57-28-204. Independent counseling.**
  - Requires borrowers of a federally insured loan to meet with an independent housing counselor before the Federal Housing Administration assigns a case number;
  - Requires borrowers of a non-federally insured loan to meet with an independent housing counselor before the prospective borrower signs a reverse mortgage application.
- **57-28-207. Cooling off period – Closing.**
  - Cooling off period reduced from seven days to five days.

## **Mortgage Commission Suggested Topics – 15 Minutes**

- **Gramm-Leach-Bliley Act and FTC Safeguards Rule – What your business needs to know:**  
*The extended deadline given to financial institutions covered by the Gramm-Leach-Bliley Act to develop and implement the revised Safeguards Rule ended June 9<sup>th</sup>, 2023.*
  - [How to comply with the Privacy of Consumer Financial Information Rule of the Gramm-Leach Bliley Act.](#)
  - [Standards for Safeguarding Customer Information](#)
- **Conflict of Interest**

**U.S. Department of Housing and Urban Development (HUD) released Mortgagee Letter 2022-22.** The letter clarifies the Conflicts of Interest and Dual Employment Policy for most single-family FHA-insured Mortgage Transactions.

**Utah Residential Mortgage Practices and Licensing Act -** Prohibit a licensee from using multiple "hats" in the same transaction.

- **61-2c-301 Prohibited Conduct –** Violations of the chapter
  1. A person transacting the business of residential mortgage loans in this state may not:

- i. engage in the business of residential mortgage loans with respect to the transaction if the person also acts in any of the following capacities with respect to the same residential mortgage loan transaction:
  - ii. appraiser;
  - iii. escrow agent;
  - iv. real estate agent;
  - v. general contractor; or
  - vi. title insurance producer;
- **R162-2c-301a. Unprofessional Conduct.**
  - (1) Mortgage loan originator.
    - (b) Prohibited conduct. A mortgage loan originator who engages in any prohibited activity shall be subject to discipline under Sections 61-2c-401 through 61-2c-405. A mortgage loan originator may not:
      - (v) unless acting under a valid real estate license and not under a mortgage license, perform any act that requires a real estate license under Title 61, Chapter 2f, Real Estate Licensing and Practices Act

*Additionally...*

**Utah Real Estate Licensing and Practices Administrative Rules** - Prohibit this activity.

[R162-2f-401b. Prohibited Conduct](#) - As Applicable to Utah Licensed Real Estate Agents

An individual licensee may not:

- (n) act as a real estate agent or broker in the same transaction in which the licensee also acts as a:
  - (i) mortgage loan originator, associate lending manager, or principal lending manager;
  - (ii) appraiser or appraiser trainee;
  - (iii) escrow agent; or
  - (iv) provider of title services

Please review [Mortgagee Letter 2022-22](#) in its entirety to ensure compliance, and please be aware of and carefully follow *Utah law and administrative rules* relating to conflicts of interest.

**Mortgage Licensing and Disciplinary Actions taken in 2022 – 15 min.**  
*(Please see the link on our website for full disciplinary actions.)*

Multiple licensee applications for initial license or license renewal were either denied or placed on probation for the initial licensing period due to their criminal histories. The licensing sanctions varied based on whether the criminal conduct was either reported by the licensee or determined by the criminal background check, the recency of the offense, and the severity and number of criminal convictions.

#### 4Q – 2021

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There were no disciplinary or licensing actions in the mortgage industry in the fourth quarter.

#### 1Q – 2022

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CANOPY MORTGAGE, LLC, mortgage lender company, Lindon, Utah. In a stipulated order dated February 1, 2023, Canopy Mortgage admitted that it failed to pay for an appraisal it ordered within 30 days following the date it received payment for the appraisal, in violation of Utah administrative rules. Canopy agreed to pay a civil penalty of \$1,500. Case number MG-20-120045

STIKA, JOSHUA ALDEN, lending manager, Draper, Utah. In a stipulated order dated January 4, 2023, Mr. Stika admitted that he withheld payment for an appraisal and a re-inspection fee ordered by Mr. Stika's staff. The prospective borrower did not pay the fee, and the transaction did not close. Mr. Stika admits that his failure to pay was a violation of Utah administrative rules. Mr. Stika agreed to pay a civil penalty of \$1,500. Case number MG-19-107727

#### 2Q -2022

There were no disciplinary or licensing actions in the mortgage industry in the second quarter.

#### 3Q – 2022

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CHANGE LENDING, LLC, (formally know as COMMERCE HOME MORTGAGE, LLC), mortgage lender company, Anaheim, California. In a stipulated order dated August 18, 2023, Change Lending admitted that its principal lending manager left the company and was not replaced. This resulted in the automatic inactivation of the company's license. During this time, Change Lending continued to transact mortgage business in Utah without an active license, in violation of Utah law. After discovering this oversight, Change Lending self-reported the matter to the Division and designated a new principal lending manager. The Division then reactivated its license. Change Lending closed 16 loans while its license was inactive. Since these events, Change Lending has implemented a number of protocols to prevent another similar occurrence. Change Lending agreed to pay a civil penalty of \$5,000. Docket number RE-23-5016 and Division Case No. MG-19-112703

CITY FIRST MORTGAGE SERVICES, LLC, mortgage lender company, Bountiful, Utah. In a stipulated order dated August 2, 2023, City First admitted that between June 2019 and June 2020, it operated an unregistered branch in South Jordan, Utah. None of City First's employees associated with the unregistered branch held a lending manager license at the time. City First admits that its actions are in violation of Utah Administrative law and agreed to pay a civil penalty of \$10,000. Division Case No. MG-19-115347

O'CONNELL, JOHN PATRICK, lending manager, San Juan Capistrano, California. In an order dated June 9, 2023, Mr. O'Connell's license was granted and placed on probation through the 2024

licensing cycle due to his criminal history and licensing restrictions placed on his California mortgage loan originator and real estate broker licenses. Docket number MG-2023-038

WRIGHT, MARK CHRISTOPHER, lending manager, license expired January 1, 2022, Highland, Utah. On April 20, 2022, Mr. Wright pleaded guilty to bank fraud in a federal criminal case. In a stipulated order with the Division dated August 2, 2023, Mr. Wright admits that his guilty plea in the criminal case resulted from fraudulent documents that he and his assistant created in connection with 16 mortgage loan applications originated between February 22, 2017, and May 3, 2019, while his license was sponsored by American Pacific Mortgage. The documents were created or utilized to satisfy underwriting conditions and influence the mortgage lender to issue the loans. Mr. Wright received compensation of \$48,054.08 from American Pacific Mortgage in connection with the loans. His sentence in the criminal case includes an order that he pay restitution in the amount of \$48,054.08. On November 10, 2022, the Federal Housing Finance Agency suspended Mr. Wright from engaging in a business relationship with each federally regulated entity for five years beginning December 28, 2022. Mr. Wright admits that his actions are violations of Utah law and administrative rules. He agreed to pay a civil penalty of \$59,000 of which up to \$49,000 may be reduced dollar for dollar for restitution paid in the criminal case. He also agreed that he will not apply for a Utah mortgage loan originator license for at least eight years. Division Case No. MG-19-113440