

Agenda	<h1 style="text-align: center;">2008-2009 Mortgage Broker Rulemaking Task Force</h1> <p style="text-align: right;"> February 18, 2009 9:00 –11:00 a.m. DRE 9th floor conference room Colorado Division of Real Estate 1560 Broadway, Suite 925 Denver CO 80202 303.894.2166 </p>	
Task Force Members:	Anita Padilla, Bart Bartholomew, Brad Groves, Bill Kidwell, Charles L. Workman, Dan Eason, Geoffrey Schroder, Jan Zavislan, , Lainey Hamrick, Stacey Harding and Jason Lyon.	
	Agenda topics	
9:00 – 9:30 a.m.	Alternate disclosures defined in section 12-61-914, C.R.S.	Cary Whitaker
9:30 – 10:00 a.m.	Revisiting the Surety Bond and Errors and Omissions Insurance Requirements	Cary Whitaker
10:00 - 10:15 a.m.	Break	N/A
10:15 – 10:50 a.m.	Defining Financial Responsibility	Cary Whitaker
10:50 – 11:00 a.m.	Public Commentary	Cary Whitaker

Minutes	<h1 style="text-align: center;">Mortgage Broker RuleMaking Task Force</h1> <p style="text-align: right;"> February 18, 2009 9:00 – 11:00 a.m. DRE 9th floor conference room Colorado Division of Real Estate 1560 Broadway, Suite 925 Denver CO 80202 303.894.2166 </p>	
Task Force		

Members Present:	
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9:00 – 9:30 a.m.	Alternate disclosures defined in section 12-61-914, C.R.S.	Cary Whitaker
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Discussion:

1. Section 12-61-914(2)(e), C.R.S. requires mortgage brokers to provide the borrower(s) the following statement:
 - a. If the borrower is unable to obtain a loan for any reason, the mortgage broker must, within five days after a written request by the borrower, give copies of each appraisal, title report, and credit report paid for by the borrower to the borrower, and transmit the appraisal, title report, or credit report to any other mortgage broker or lender to whom the borrower directs the documents to be sent.
 - b. Transmit, per Black’s Law Dictionary, means to send or transfer (a thing) from one person or place to another.
2. Section 12-61-914(2)(g), C.R.S. requires mortgage brokers to provide the borrower(s) the following statement:
 - a. That moneys paid by the borrower to the mortgage broker for third-party provider services are held in a trust account and any moneys remaining after payment to third-party providers will be refunded.
3. Does the Director need to create a disclosure form addressing these statements?
4. Are these requirements obvious enough that a rule is unnecessary?

Results:

Action Items:

Person Responsible:

Timeline:

9:30 – 10:00 a.m.	Revisiting the Surety Bond and Errors and Omissions Insurance Requirements	Cary Whitaker
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Discussion:

1. Update on permanent rule increasing the deductible for reverse mortgage transactions.
2. Current Error and omissions insurance requirements are as follows:
 - a. Mortgage brokers, at a minimum, shall acquire and maintain the following terms of coverage:
 - i. The contract and policy are in conformance with all relevant Colorado statutory requirements;
 - ii. Coverage includes all acts for which a mortgage broker license is required, except those illegal, fraudulent or other acts which are normally excluded from such coverage;
 - iii. Coverage shall encompass all types of transactions conducted by the mortgage broker;
 - iv. Coverage is for not less than \$100,000.00 for each licensed individual per covered claim, with an annual aggregate limit of not less than \$300,000.00 per licensed individual; and
 - v. Coverage contains a deductible no greater than \$10,000.00.
 - b. Mortgage brokers who conduct reverse mortgage transactions shall, at a minimum, acquire and maintain the following terms of coverage:
 - i. The contract and policy are in conformance with all relevant Colorado statutory requirements;
 - ii. Coverage includes all acts for which a mortgage broker license is required, except those illegal, fraudulent or other acts which are normally excluded from such coverage;
 - iii. Coverage shall encompass all types of transactions conducted by the mortgage broker;
 - iv. Coverage is for not less than \$100,000.00 for each licensed individual per covered claim, with an annual aggregate limit of not less than \$300,000.00 per licensed individual; and
 - v. Coverage contains a deductible no greater than \$21,000.00.
 - c. Due to some testimony and comments from the legislators in the Business and Labor Affairs committee, who passed HB09-1085 unanimously, it was insinuated that they may like define compliance for individuals who are employees or exclusive agents operating under company policies.

- d. What would be appropriate terms and conditions for such company policies?
- e. Should there be a rider that lists all of the individuals covered? If not, how could a company policy be enforced?

3. Currently, all mortgage brokers are required to have a \$25,000.00 surety bond.

- a. Due to some testimony and comments from the legislators in the Business and Labor Affairs committee, who passed HB09-1085 unanimously, it was insinuated that they may like define compliance for individuals who are employees or exclusive agents operating under a company bond.
- b. What would be appropriate terms and conditions for such company policies?

Results:

Action Items:

Person Responsible:

Timeline:

10:00 - 10:15 a.m.	Break	

10:15 – 10:50 a.m.	Defining Financial Responsibility	Cary Whitaker
<p>Discussion:</p> <ol style="list-style-type: none"> 1. The S.A.F.E. Act requires mortgage loan originators to demonstrate financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the loan originator will operate honestly, fairly and efficiently. 2. What constitutes financial responsibility? <ol style="list-style-type: none"> a. How do the errors and omissions 3. On January 28, 2009, HB09-1085 was amended to remove specific language. This language provided parameters for demonstrating financial responsibility and provided alternate means in which determine such a requirement. The language that was removed is as follows: <ol style="list-style-type: none"> a. Current outstanding judgments, except judgments solely as a result of medical expenses; b. Current outstanding tax liens or other Governmental liens and filings; c. Foreclosures within the past three (3) years; or d. A pattern of seriously delinquent accounts within the past three years. 4. What, if any, other financial circumstances should be considered by the Director. 		
Results:		
Action Items:		
Person Responsible:		
Timeline:		

10:50 - 11:00 a.m.	Public Commentary - Public to limit comments to five (5) minutes.	Cary Whitaker
Public Attendees:		
Public Comments:		