



March 7, 2019

To: Utah House Business and Labor Committee Members
Re: Letter in Opposition to S.B. 121, which seeks to repeal Utah Code § 31A-23a-503

Dear Honorable Members of the Committee:

I am the President of the Utah Association of Mortgage Professionals. Our organization is dedicated to increasing consumer confidence in mortgage professionals, combatting fraudulent, deceptive, and illegal practices in the real estate mortgage industry, ensuring compliance to all laws and rules, and educating mortgage professionals.

In review of the proposed S.B. 121, we are opposed to this bill for the following reasons:

1. We are disappointed in the legislatures lack of communication and outreach with us for commentary on this bill. We feel that Utah Code § 31A-23a-503 was not problematic and should not be considered for amendment, let alone repeal.
2. We generally are in support of Utah Code § 31A-23a-503, which we believe places reasonable and appropriate limits on realtors or home builders from being able to exert unfair or undue control over real estate transactions or the Utah real estate industry in general.
3. We believe it is crucial for the real estate industry and for real estate markets for title companies to be true fiduciaries, and we believe this means they must be impartial and neutral third parties in the transactions in which they administer. We believe there is a dangerous and unnecessary conflict of interest that exists if a real estate brokerage or builder is in control of the title company/settlement agent for the transaction.
4. We believe it is best for consumers, lenders, and mortgage brokers if the title company/settlement agent is not controlled/owned by a real estate broker or home builder who is also a party to the transaction.
5. Mortgage lenders deposit their loan documents and loan funds into the care of escrow settlement agents/title companies for nearly every real estate transaction that occurs in Utah. The prospect of making such deposits to a settlement agent that is not impartial presents a new and unnecessary problem for our real estate lending industry here in Utah.
6. We are concerned with the apparent accelerated introduction of this bill. The promoters have not consulted with our association and we have not been invited to participate in any discussion or make any commentary. If passed, this bill will impact Utah voters both significantly and negatively.
7. A hasty repeal of Utah's long-established law seems short-sighted. The motivation behind S.B. 121 seems to be for the financial benefit of a small group of persons without consideration of the damages that will affect the Utah voter and consumer.
8. The potential damages from the unintended consequences of S.B. 121 far outweigh the proposed benefits.

We are in regular contact with the Utah legislature when bills are being considered that impact our industry. If the Utah legislature believes it to be necessary to make changes to laws affecting the mortgage lending or real estate industries, we respectfully request to be contacted and included in the process and ask that there be a more methodical approach in seeking the input and involvement of all persons and groups affected by such changes.

We ask you to protect the Utah consumer and vote NO to this bill.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Lauren E. Patterson', with a large, stylized flourish.

Lauren E. Patterson
President Utah Association of Mortgage Professionals