

**MORTGAGE AND REAL ESTATE LICENSURE EXEMPTIONS  
FOR ATTORNEYS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: LaVar Christensen**

Senate Sponsor: John L. Valentine

---

---

**LONG TITLE**

**General Description:**

This bill modifies provisions related to licensing by the Division of Real Estate to address exemptions from licensure for attorneys.

**Highlighted Provisions:**

This bill:

- ▶ addresses the licensure exemption related to residential mortgage loans and an attorney;
- ▶ addresses the licensure exemption related to real estate and an attorney; and
- ▶ makes technical and conforming amendments.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**61-2c-105**, as last amended by Laws of Utah 2010, Chapter 379

**61-2f-202**, as last amended by Laws of Utah 2010, Chapter 184 and renumbered and amended by Laws of Utah 2010, Chapter 379



28 *Be it enacted by the Legislature of the state of Utah:*

29 Section 1. Section **61-2c-105** is amended to read:

30 **61-2c-105. Scope of chapter -- Exemptions.**

31 (1) (a) Except as to an individual who will engage in an activity as a mortgage loan  
32 originator, this chapter applies to a closed-end residential mortgage loan secured by a first lien  
33 or equivalent security interest on a dwelling.

34 (b) This chapter does not apply to a transaction covered by Title 70C, Utah Consumer  
35 Credit Code.

36 (2) The following are exempt from this chapter:

37 (a) the federal government;

38 (b) a state;

39 (c) a political subdivision of a state;

40 (d) an agency of or entity created by a governmental entity described in Subsections  
41 (2)(a) through (c) including:

42 (i) the Utah Housing Corporation created in Title 9, Chapter 4, Part 9, Utah Housing  
43 Corporation Act;

44 (ii) the Federal National Mortgage Corporation;

45 (iii) the Federal Home Loan Mortgage Corporation;

46 (iv) the Federal Deposit Insurance Corporation;

47 (v) the Resolution Trust Corporation;

48 (vi) the Government National Mortgage Association;

49 (vii) the Federal Housing Administration;

50 (viii) the National Credit Union Administration;

51 (ix) the Farmers Home Administration; and

52 (x) the United States Department of Veterans Affairs;

53 (e) a depository institution;

54 (f) an entity that controls, is controlled by, or is under common control with a  
55 depository institution;

56 (g) an employee or agent of an entity described in Subsections (2)(a) through (f):

57 (i) when that person acts on behalf of the entity described in Subsections (2)(a) through  
58 (f); and

- 59 (ii) including an employee of:
- 60 (A) a depository institution;
- 61 (B) a subsidiary of a depository institution that is:
- 62 (I) owned and controlled by the depository institution; and
- 63 (II) regulated by a federal banking agency, as defined in 12 U.S.C. Sec. 5102; or
- 64 (C) an institution regulated by the Farm Credit Administration;
- 65 (h) except as provided in Subsection (3), a person who:
- 66 (i) makes a loan:
- 67 (A) secured by an interest in real property;
- 68 (B) with the person's own money; and
- 69 (C) for the person's own investment; and
- 70 (ii) that does not engage in the business of making loans secured by an interest in real
- 71 property;
- 72 (i) except as provided in Subsection (3), a person who receives a mortgage, deed of
- 73 trust, or consensual security interest on real property if the individual or entity:
- 74 (i) is the seller of real property; and
- 75 (ii) receives the mortgage, deed of trust, or consensual security interest on real property
- 76 as security for a separate money obligation;
- 77 (j) a person who receives a mortgage, deed of trust, or consensual security interest on
- 78 real property if:
- 79 (i) the person receives the mortgage, deed of trust, or consensual security interest as
- 80 security for an obligation payable on an installment or deferred payment basis;
- 81 (ii) the obligation described in Subsection (2)(j)(i) arises from a person providing
- 82 materials or services used in the improvement of the real property that is the subject of the
- 83 mortgage, deed of trust, or consensual security interest; and
- 84 (iii) the mortgage, deed of trust, or consensual security interest is created without the
- 85 consent of the owner of the real property that is the subject of the mortgage, deed of trust, or
- 86 consensual security interest;
- 87 (k) a nonprofit corporation that:
- 88 (i) is exempt from paying federal income taxes;
- 89 (ii) is certified by the United States Small Business Administration as a small business

90 investment company;

91 (iii) is organized to promote economic development in this state; and

92 (iv) has as its primary activity providing financing for business expansion;

93 (l) except as provided in Subsection (3), a court appointed fiduciary; or

94 (m) an attorney admitted to practice law in this state ~~§~~ [f] : (i) if the attorney is not

95 **principally engaged in the business of negotiating residential mortgage loans when**

95a **considering the attorney's ordinary practice as a whole for all the attorney's clients ; and (ii) [f] ←~~§~~**

95b when

96 the attorney ~~§~~ [f] **renders services** **engages in loan modification assistance** ←~~§~~ in the course of

96a the attorney's practice as an attorney.

97 (3) An individual who will engage in an activity as a mortgage loan originator is

98 exempt from this chapter only if the individual is an employee or agent exempt under

99 Subsection (2)(g).

100 ~~§~~ [f] (4) (a) **Notwithstanding Subsection (2)(m) [f] , an attorney exempt from this chapter**

101 **may not engage in conduct described in Section 61-2c-301 when transacting business of**

102 **residential mortgage loans. [f]**

103 [f] (b) **If an attorney exempt from this chapter violates Subsection (4)(a), the attorney:[f]**

104 [f] (i) **is not subject to enforcement by the division under Part 4, Enforcement; and [f]**

105 [f] (ii) [is] **may be subject to disciplinary action generally applicable to an attorney admitted to**

106 **practice law in this state.[f] ←~~§~~**

107 ~~§~~ [f] [f] (c) ~~§~~ [f] (c) ←~~§~~ **If the division receives a complaint**

107a ~~§~~ [f] **alleging [f] [regarding] ←~~§~~ an attorney exempt from this chapter**

108 ~~§~~ [f] **is in violation of Subsection (4)(a)[f] or that an attorney subject to this chapter has**

108a1 **violated this chapter ←~~§~~ , the division shall forward the complaint to the**

108a **Utah State**

109 **Bar for disciplinary action. [f]**

109a ~~§~~ [f] ~~§~~ (d) ~~For an attorney who the division finds is not to be exempt under Subsection (2)(m), the~~

109b ~~division may independently take enforcement action against the attorney under Part 4,~~

109c ~~Enforcement. ←~~§~~ ←~~§~~~~

110 [f] (5) [f] [f] ←~~§~~ (a) An individual who is exempt under Subsection (2)

110a or (3) may voluntarily

111 obtain a license under this chapter by complying with Part 2, Licensure.

112 (b) An individual who voluntarily obtains a license pursuant to this

112a Subsection ~~§~~ [f] (5) [f] [f] ←~~§~~

113 shall comply with all the provisions of this chapter.

114 Section 2. Section 61-2f-202 is amended to read:

115 **61-2f-202. Exempt persons and transactions.**

Senate 3rd Reading Amendments 3-8-2011 rd/po

Senate Committee Amendments 3-1-2011 rd/po

- 4 - House Committee Amendments 2-10-2011 bb/po

116 (1) (a) Except as provided in Subsection (1)(b), a license under this chapter is not  
117 required for:

118 (i) an individual who as owner or lessor performs an act described in Subsection  
119 61-2f-102(17) with reference to real estate owned or leased by that individual;

120 (ii) a regular salaried employee of the owner or lessor of real estate who, with reference

121 to nonresidential real estate owned or leased by the employer, performs an act described in  
122 Subsection 61-2f-102(17)(a) or (b);

123 (iii) a regular salaried employee of the owner of real estate who performs property  
124 management services with reference to real estate owned by the employer, except that the  
125 employee may only manage real estate for one employer;

126 (iv) an individual who performs property management services for the apartments at  
127 which that individual resides in exchange for free or reduced rent on that individual's  
128 apartment;

129 (v) a regular salaried employee of a condominium homeowners' association who  
130 manages real estate subject to the declaration of condominium that established the  
131 condominium homeowners' association, except that the employee may only manage real estate  
132 for one condominium homeowners' association; and

133 (vi) a regular salaried employee of a licensed property management company who  
134 performs support services, as prescribed by rule, for the property management company.

135 (b) Subsection (1)(a) does not exempt from licensing:

136 (i) an employee engaged in the sale of real estate regulated under:

137 (A) Title 57, Chapter 11, Utah Uniform Land Sales Practices Act; and

138 (B) Title 57, Chapter 19, Timeshare and Camp Resort Act;

139 (ii) an employee engaged in the sale of cooperative interests regulated under Title 57,  
140 Chapter 23, Real Estate Cooperative Marketing Act; or

141 (iii) an individual whose interest as an owner or lessor is obtained by that individual or  
142 transferred to that individual for the purpose of evading the application of this chapter, and not  
143 for another legitimate business reason.

144 (2) A license under this chapter is not required for:

145 (a) an isolated transaction by an individual holding a duly executed power of attorney  
146 from an owner;

147 (b) services rendered by an attorney admitted to practice law in this state in performing  
148 the attorney's duties as an attorney;

149 (c) a receiver, trustee in bankruptcy, administrator, executor, or an individual acting  
150 under order of a court;

151 (d) a trustee or employee of a trustee under a deed of trust or a will;

152 (e) a public utility, officer of a public utility, or regular salaried employee of a public  
153 utility, unless performance of an act described in Subsection 61-2f-102(17) is in connection  
154 with the sale, purchase, lease, or other disposition of real estate or investment in real estate  
155 unrelated to the principal business activity of that public utility;

156 (f) a regular salaried employee or authorized agent working under the oversight of the  
157 Department of Transportation when performing an act on behalf of the Department of  
158 Transportation in connection with one or more of the following:

159 (i) the acquisition of real estate pursuant to Section 72-5-103;

160 (ii) the disposal of real estate pursuant to Section 72-5-111;

161 (iii) services that constitute property management; or

162 (iv) the leasing of real estate; and

163 (g) a regular salaried employee of a county, city, or town when performing an act on  
164 behalf of the county, city, or town:

165 (i) in accordance with:

166 (A) if a regular salaried employee of a city or town:

167 (I) Title 10, Utah Municipal Code; or

168 (II) Title 11, Cities, Counties, and Local Taxing Units; and

169 (B) if a regular salaried employee of a county:

170 (I) Title 11, Cities, Counties, and Local Taxing Units; and

171 (II) Title 17, Counties; and

172 (ii) in connection with one or more of the following:

173 (A) the acquisition of real estate, including by eminent domain;

174 (B) the disposal of real estate;

175 (C) services that constitute property management; or

176 (D) the leasing of real estate.

177 (3) A license under this chapter is not required for an individual registered to act as a  
178 broker-dealer, agent, or investment adviser under the Utah and federal securities laws in the  
179 sale or the offer for sale of real estate if:

180 (a) (i) the real estate is a necessary element of a "security" as that term is defined by the  
181 Securities Act of 1933 and the Securities Exchange Act of 1934; and

182 (ii) the security is registered for sale in accordance with:

- 183 (A) the Securities Act of 1933; or  
184 (B) Title 61, Chapter 1, Utah Uniform Securities Act; or  
185 (b) (i) it is a transaction in a security for which a Form D, described in 17 C.F.R. Sec.  
186 239.500, has been filed with the Securities and Exchange Commission pursuant to Regulation  
187 D, Rule 506, 17 C.F.R. Sec. 230.506; and  
188 (ii) the selling agent and the purchaser are not residents of this state.
- 
- 

**Legislative Review Note**  
**as of 1-28-11 7:16 AM**

**Office of Legislative Research and General Counsel**



# FISCAL NOTE

H.B. 93

SHORT TITLE: Mortgage and Real Estate Licensure Exemptions for Attorneys

SPONSOR: Christensen, L.

2011 GENERAL SESSION, STATE OF UTAH

## STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget.

## LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments.

## DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.