

i. Legislation Introduced to Make Loan Limits Permanent

Reps. Gary Miller (R-CA) and Brad Sherman (D-CA) have introduced H.R. 1754, the "Preserving Equal Access to Mortgage Finance Programs Act". This legislation will make the current loan limits permanent. The current GSE limits range from \$417,000 to \$729,750, depending on local area median home price. The FHA limits range from \$271,050 to \$729,750, also based on 125% of local area median home price. Both of these limits are set to expire on September 30, 2011 and will reset to 115% of local area median up to \$625,500. This bill has been referred to the House Financial Services Committee.

ii. QRM Rule Published in Federal Register

On April 29, 2011, six federal regulators (the Fed, OCC, FDIC, SEC, HUD, and FHFA) jointly published the proposed Qualified Residential Mortgage (QRM) rule in the federal register. The proposed rule implements a provision of the Dodd-Frank Act that requires lenders that securitize mortgage loans to retain 5% of the credit risk unless the mortgage is a QRM or is otherwise exempt (for example, FHA mortgages are also exempt). Comments on the proposed rule are due by June 10, 2011. The proposed rule narrowly defines a QRM, including a 20% downpayment, low debt-to-income ratios, and other strict credit criteria. NAR has already raised concerns about the impact these standards will have on the pricing, terms, and availability of non-QRM loans to otherwise creditworthy borrowers, including low and moderate income borrowers who maintain good credit and seek safe loan products to qualify for affordable mortgages. NAR will submit written comments by the deadline. To learn more about the issues raised by the proposed rule, please visit NAR's new QRM webpage at <http://www.realtor.org/topics/qrm>.

iii. Industry Groups Issue White Paper on QRM

On April 13, 2011, NAR issued a White Paper, "[Proposed QRM Harms Creditworthy Borrowers and Housing Recovery](#)," jointly with the Center for Responsible Lending, the Community Mortgage Banking Project, the Mortgage Bankers Association, the Mortgage Insurance Companies of America, and the National Association of Home Builders. The White Paper warns about the negative impact of a proposed rule that would implement a provision of the Dodd-Frank Act that requires lenders that securitize mortgage loans to retain 5% of the credit risk unless the mortgage is a qualified residential mortgage (QRM) or is otherwise exempt (for example, FHA mortgages are also exempt). The proposed rule includes a very tight definition of QRM, including a 20% downpayment, low debt-to-income ratios, and other strict credit criteria. The White Paper argues that the QRM definition will become the standard mortgage which will harm the ability of responsible consumers who maintain good credit and seek safe loan products to qualify for affordable mortgages and will also harm the housing market. To learn more about QRM, please visit NAR's webpage at <http://www.realtor.org/topics/qrm>.

iv. Federal Reserve Issues Proposed Qualified Mortgage (QM) Rule

In a move that surprised many, on April 19, 2011, the Federal Reserve issued a [proposed rule on the Qualified Mortgage \(QM\)](#) under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Not to be confused with the Qualified Residential Mortgage (QRM), the QM is not concerned with securitization but rather with consumer

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protection from predatory lending. Congress essentially sought to create a "safe" mortgage that would have features and underwriting that protect consumers.

The QM rule proposal was not expected until 2012 and was expected to be issued by the Consumer Financial Protection Bureau. However the Fed used interim authority in Dodd-Frank to issue the proposal now. The comment period ends July 22, 2011 and at that point, the Bureau is expected to take over review of comments and the rule process. The rule proposal is extensive and contains items of significant concern as well as items consistent with NAR policy. NAR is evaluating the proposal on its own and in context with the controversial QRM proposal to ensure that consumers have access to affordable safe mortgage credit.

v. Q&A on MARS Rule

NAR Legal Affairs has posted a document with answers to some common questions about the "Mortgage Assistance Relief Services" rule ("MARS rule") and what it means for disclosures, fees, and short sale negotiations. The MARS rule, issued by The Federal Trade Commission ("FTC"), affects most real estate professionals who represent clients involved in a short sale transaction. The FTC is considering possible options to help make the rule more applicable in a real estate brokerage context and is continuing to discuss the issue with NAR staff. Real estate professionals should continue to monitor the status of the NAR/FTC discussions on the MARS page at <http://www.realtor.org/topics/mars>.

vi. House Committee Passes 5-Year Extension of National Flood Insurance Program

On May 13, 2011, the House Financial Services Committee, on a unanimous 54-0 vote, reported a 5-year Flood Insurance Reform Bill, H.R. 1309 (Biggert, R-IL; Waters, D-CA). The bill now goes to the full House for consideration, before moving on to the Senate. The legislation would reauthorize the National Flood Insurance Program (NFIP) to continue issuing flood insurance through fiscal year 2016, and also institutes key reforms to encourage program participation and strengthen its long-term solvency. Reforms include indexing coverage limits for inflation which have not been updated since 1994; adding coverage options for business interruption and cost of living expenses; re-establishing a Technical Mapping Advisory Committee of engineers, surveyors and other mapping experts to independently review and recommend ways to strengthen the scientific integrity and reliability of the 100-year flood maps; streamlining the map appeals process and reimbursing the cost for successful appeals. NAR worked with Committee members to keep the legislation moving in order to beat the current September 30 deadline for reauthorization of the NFIP. NAR continues to work with the bill's authors to address NAR's remaining concerns with the bill's provisions to phase-in over 5 years the full-risk premium rate for some older properties and to study and seek bids for privatization of the NFIP after 5 years.

vii. NAR Hosts Mortgage Liquidity Symposium

On May 10, 2011, CNBC Real Estate Reporter Diana Olick moderated a panel of industry experts at a symposium during NAR's 2011 Midyear Meetings. Panelists, including David H. Stevens, former assistant secretary of the U.S. Department of Housing and Urban Development and Federal Housing Administration commissioner, provided their insights on the lack of availability of mortgage financing and agreed that some policies put in place by lenders, creditors, and regulators may further the delay of a housing and economic recovery. Stevens told attendees the entire financial industry made bad decisions regarding risky loan products and there is no doubt that reforms are needed to get back to a level of sustainable access for qualified consumers. NAR's credit policy, approved by the Board of Directors in November 2010, states that the credit and lending communities, as well as federal regulators should reassess the entire credit structure and look for ways to increase the availability of credit to qualified borrowers who are good credit risks. Panelists agreed that the pendulum on mortgage credit has swung too far in the other direction after the recent housing downturn and is putting an unnecessary burden on creditworthy consumers, impeding the economic and housing market recoveries.

viii. NAR Hosts Webinar with Bank of America

On May 9, 2011, NAR President Ron Phipps hosted a webinar with executives from Bank of America to discuss updates on the state of home finance, credit standards, and the latest on short sales. The hour long webinar includes information on obtaining deficiency waivers for underwater homeowners and BoA's "cooperative" short sale program, modeled after the Treasury Department's HAFA program, that provides for a pre-approved sales price for homes. For more information on short sales, visit <http://www.Realtor.org/shortsales>.

ix. NAR Seeks Additional Clarification on FHFA's Proposed Rule on Use of Private Transfer Fees for FHLBs and GSEs

On April 7, 2011, NAR [submitted a letter](#) to the Federal Housing Finance Agency (FHFA) in response to its proposed rule on the use of private transfer fees for the Federal Home Loan Banks (FHLBs) and the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac. NAR supports the proposed rule, which restricts the FHLBs and the GSEs from dealing in mortgages on properties encumbered by certain types of private transfer fee covenants and in certain related securities.

The proposed rule recognizes that, in very limited situations, transfer fees may be excepted when paid to a nonprofit organization and when they provide direct benefits to the encumbered property. This exception has created some confusion around the direct benefit to the encumbered property. In its letter, NAR asks FHFA to clarify the definition or provide some examples of direct benefits to encumbered property.

x. 45-Day Short Sale Decision Legislation Introduced

On Tuesday, April 12th, 2011, Representatives Tom Rooney (R-FL) and Robert Andrews (D-NJ) introduced H.R. 1498, the "Prompt Decision for Qualification of Short Sale Act of 2011". This legislation makes it mandatory for mortgage servicers to reply to a short sale application within 45 days of submission. If the servicer fails to provide a decision to the short sale applicant within that time period, the application is deemed approved. NAR has heard from many of our members nationwide that the length of time for a decision on a short sale application remains a significant impediment for this foreclosure mitigation option. It is the NAR's hope that this legislation will not just shine a light on the short sales issue, but establish a mechanism for the development of an appropriate solution.

xi. NAR Comments on Credit Score Regulations

On April 14, 2011, NAR submitted comments to the Federal Trade Commission (FTC) and the Federal Reserve Board on proposals to amend their risk-based pricing rules. NAR also submitted comments on the Federal Reserve Board's proposed rule to amend certain adverse action model notices in Regulation B. The proposed rules would make the risk-based pricing and certain adverse action notices consistent with section 1100F of the Dodd-Frank Act which requires that the notices include a credit score used in making the credit decision and information relating to credit scores.

NAR supports the proposed amendments that will provide consumers with their credit score used in making a credit decision when the score results in less favorable terms to the consumer than the most favorable terms available to a substantial proportion of consumers or when a creditor notifies consumers against whom it has taken an adverse action.

REALTORS® believe having access to and an understanding of one's credit score is an important factor in attaining financial literacy and, given this information, will be in a better position to correct any inaccurate information while gaining a better understanding of what factors affect the score so they can work to increase it.

xii. All-New NAR Member Guide Now Available

The all-new 2011 Member Guide is now available at <http://MemberGuide.REALTOR.org>. The Member Guide continues to be a great resource, showcasing the outstanding value of membership for your dues dollars. Access the online Member Guide and utilize your member benefits whenever and wherever you are. The user-friendly digital format provides an efficient, personalized experience, which defines core membership value and speaks from all three levels of the REALTOR® organization, so you can realize the full scope and value of your REALTOR® membership. Enhancements to the Member Guide's new online format include: customization, based on each member's unique NRDS ID; real time, up-to-the-minute member benefits information, news and events; customizable digital membership card, for smartphone display and printing; a quality mobile experience; and free iPhone and iPad apps (coming in late June). The new Member Guide is a tremendous resource. Get started with the Guide, and encourage your fellow REALTORS to do the same. It's your guide to how NAR and your REALTOR® organization are working for you!

xiii. Limited Great Educational Opportunity Available Through REALTOR® University

Have your agents register for the REALTOR® University Webinar Summit and use the code “RUWS9” and they will get access to 6 hot topic real estate webinars from industry experts for only \$14.99. The summit will take place on May 24th but hurry space is limited! For more information and to view the schedule visit

<http://www.learninglibrary.com/AspDotNetStoreFront70/c-126-12-webinar-summit.aspx?cid=RU0120>

xiv. Exclusive OfficeMax® Discounts Available to REALTORS®

NAR’s newest REALTOR Benefits® Program Partner, OfficeMax, offers you and your office significant discounts on more than 12,000 office supply products and an additional five percent discount on already reduced items, with free shipping. Offices with more than 25 employees are eligible to sign up for the “Business-to-Business Program”. Shop on line, at retail stores, and through OfficeMax’s commercial catalog, which is not available to the general public. Taking advantage of this program is easy! Simply request a Digital Retail Connect Card by sending an e-mail to AdvantagePrograms@OfficeMax.com or by calling 800-248-6343.

http://www.realtor.org/realtor_benefits/benefits_partners/officemax?&cid=OM0016

UPCOMING DATA RELEASES

Thursday, May 19

April Existing-Home Sales

Tuesday, May 24

Commercial Forecast

Friday, May 27

Pending Home Sales Index

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