NATIONAL ASSOCIATION of REALTORS® | Real Estate Services

Newsletter Update

i. NAR Responds to RFI on Government REO Properties

On September 15, 2011, NAR President Ron Phipps submitted NAR's comments to the Federal Housing Finance Agency (FHFA, the conservator of Fannie Mae and Freddie Mac (the GSEs)), the Department of Housing and Urban Development (HUD), and the Department of the Treasury on enhancing Fannie Mae, Freddie Mac and the Federal Housing Administration's REO asset disposition strategies. Based on the input of three NAR committees, NAR asks that the agencies consider program proposals that would:

- Focus on providing mortgage financing to qualified homebuyers and investors to increase the absorption rate of the current REO inventory and prevent increases to the existing REO inventory.
- Expand resources dedicated to pre-foreclosure efforts, including loan modifications and short sales.
- Continue the timely and orderly disposition of REO inventory assets, and in limited geographic areas where alternatives are needed, rely on the expertise of local businesses including contractors, real estate brokerage firms, and professional property management companies.

NAR also urged the agencies to create an advisory board made up of public and private industry participants, including real estate professionals, to ensure that the efficient disposition of agency REO properties minimizes taxpayer losses, charges to the FHA fund, and negative effects on local real estate markets.

September 2011

ii. Super Committee to Set Agenda for Tax Reform

A so-called "Super Committee" has been charged with the responsibility of finding deficit reduction measures that total $1.2 to $1.5 Trillion by Thanksgiving, 2011. The Committee can use any mix of spending cuts and tax increases. If the Committee fails to meet that target, then automatic spending cuts go into effect, largely drawn from defense activities.

While observers have been optimistic about prospects for further deficit reductions, the picture has been compromised by statements that no changes will be made to major entitlement programs and that there will be no tax increase. That leaves few options available to the Super Committee, as most federal spending is based in entitlements (and interest payments on the national debt).

Of course, the term "no tax increase" can mean one of two things: (1) a package of provisions that includes both tax reductions and tax increases that, when combined, produce no net tax increase or (2) no revenue raisers of any type. Any change to the mortgage interest deduction (or other housing provisions) would clearly be a revenue raiser. However, at this time it is impossible to predict how the "no tax increase" statement will play out.
Individuals close to the Super Committee deliberations (which take place largely in private) believe that any tax provisions in a package are likely to be fairly narrow in their application. Rather, the expectation is that the Super Committee will lay out guiding principles and timelines as part of their package, but no major reforms will be undertaken.

iii. Bank of America (BoA) Reaches Out to NAR on Exiting its Correspondent Mortgage Lending

Rumors had been circulating for weeks that Bank of America (BoA) was planning to exit the correspondent mortgage lending business. On August 31, 2011, BoA confirmed this announcement and immediately requested a conference call with NAR Leadership. The purpose of the call was to provide information to NAR regarding BoA's decision to leave this line of business, outline its next steps and to assure NAR that the bank will continue to be a driving force in the home lending business.

During the call, BoA confirmed that it will be exiting the correspondent mortgage lending business and intends to sell the division to another suitor. The Bank said it was a strategic, customer-driven decision to provide consumers with a more positive home lending experience in addition to providing higher servicing standards. BoA believes that the decision will bring more value to existing and future customers and will support growth across the Banks brand. Though Correspondent lending currently makes up 50% of the Banks origination activities, the Bank will focus on bolstering origination volume through its direct-to-consumer mortgage business. BoA noted that it has already reduced the number of its correspondent lenders since its acquisition of Countrywide and that 95% of the Bank's correspondents have relationships with other lending institutions thereby reducing the impact to consumers.

BoA's correspondent lending operations will continue until the division is sold or the decision is made to wind down the correspondent division. The Bank will provide notice of their decision along with plans for an orderly transition at that time.

BoA thanked their correspondent partners and assured NAR that they will continue to fully participate in the home lending business. Moving forward, BoA will continue to consult with NAR leaders as the Bank strategically adapts their business model.

iv. NAR Urges More GSE Refinancing

On August 25, 2011, NAR President Ron Phipps [wrote to senior Administration officials] urging them to adopt a mortgage refinancing program based on the principles in S. 170 (Boxer, D-CA and Isakson, R-GA) and H.R. 363 (Cardoza, D-CA). These bills would allow refinancing of mortgages owned or guaranteed by Fannie Mae or Freddie Mac without regard to loan-to-value ratio. More refinancing could save families from foreclosure, give them more disposable income which will stimulate the economic recovery, and, therefore, actually reduce the national debt.

v. CFPB Lays Out Plans for Combined Truth in Lending and Good Faith Estimate

In an industry conference call on August 18, 2011, the Consumer Financial Protection Bureau (CFPB) received additional input and discussed the plan going forward for combining the Truth in Lending (TIL) and the Good Faith Estimate (GFE). Most of the comments revolved around minor proposed changes to the sample forms the CFPB has been publicly circulating. A number of commentators reiterated the lack of value of including APR information that confuses consumers. However, CFPB seemed reluctant to change anything regarding to APR which has become a central feature to TIL disclosures over the years despite rampant consumer confusion.

The main takeaway from the call is that CFPB does indeed plan to try to synchronize the new GFE/TIL with the HUD 1 and they also plan to address the mechanics behind the forms such as dealing with tolerances and other issues under RESPA. When one visits the CFPB website, they may not see tolerances on the proposed GFE/TIL but that does not mean CFPB has abandoned the 2009 HUD regulation. CFPB will continue to modify the forms and take comments over the next month or more. It was also made clear that one does not need to use the online comment procedure to comment on the forms and other matters during this open process. They will take letters and other communications throughout. To view the proposed forms visit: http://www.consumerfinance.gov/knowbeforeyouowe/

vi. NAR Supports Extension of Key SBA Programs

On Wednesday, September 14, 2011, Rep. Joe Donnelly (D-IN) and Rep. Dan Boren (D-OK) introduced two bills extending important Small Business Administration (SBA) loan programs: The SBA 504 Loan Refinancing Extension Act of 2011 and the SBA Express Loan Extension Act of 2011. The SBA 504 Loan Refinancing Program allows small businesses to refinance certain owner-occupied commercial properties, while the SBA Express Program gets loans to small businesses on a timely basis. Both of these programs have been beneficial to small business owners, and NAR sent a letter thanking Reps. Donnelly and Boren for their efforts.

NAR will continue to support programs that improve liquidity in the commercial real estate market, and the extension of these SBA programs is a step in the right direction.

vii. NAR Calls for Ban on AMC Indemnification Clauses

On August 11, 2011, National Association of REALTORS® (NAR) President Ron Phipps sent a letter to federal regulators calling for a ban on the use of indemnification clauses used by appraisal management companies (AMCs). The letter was sent to Federal Financial Institutions Examination Council (FFIEC), the US Department of Housing and Urban Development, the Federal Housing Finance Agency, and the US Department of Veterans Affairs.

Indemnification clauses are becoming more common in service contracts used to engage AMC panel appraisers. In many cases, appraisers are asked to sign contracts that include language to indemnify and hold harmless the AMC against any suit, threat, or claim on any work product or service provided as part of the contract agreement. In some instances, the appraiser is even required to indemnify the lender and the AMC for amounts equal to their costs in repurchasing a mortgage loan, regardless of any proof of culpability on the part of the appraiser. The AMC is free from any legal obligation and the appraiser bears all responsibility.

NAR strongly supports the independence of appraisers and the appraisal process. The use of indemnification clauses places pressure on the appraiser, compromises their independence, and has a negative effect on the quality of appraisal reports. This adds risk for both consumers and lenders while diminishing much needed public trust in the appraisal profession.

viii. HUD Unveils REO Web-Based Mapping Portal

The US Department of Housing and Urban Development (HUD) launched a web-based mapping tool that displays the geographic location of all foreclosed properties owned by the Federal Housing Administration (FHA), Fannie Mae, and Freddie Mac. The foreclosures owned by these organizations accounts for nearly half for all real estate owned (REO) properties in the country. According to HUD, this tool will be particularly important to communities participating in the Neighborhood Stabilization Program (NSP) as it allows users to search a specific address or neighborhood and obtain an estimated delinquency count based on HUD analysis for local NSP program activities.

In addition to mapping individual properties, the portal provides consolidated listing for user-defined neighborhoods with details such as list date, price, number of bedrooms, and bathrooms. It also includes links to Fannie Mae's Homepath, Freddie Mac's Homesteps, and the HUD Homestore to connect potential buyers to the acquisition process. The REO Portal is designed to support a more efficient disposition of REO properties to support the stabilization of neighborhoods and recovery of local housing markets by enabling a neighborhood-focused, strategic approach to acquisition.

ix. zipLogix Celebrates 20 Years of Innovation in Real Estate Technology

For 20 years, zipForm® – zipLogix's real estate forms software and the exclusive and official forms software for NAR – has been the real estate industry's technology foundation. Today zipLogix, an NAR REALTOR Benefits® Program Partner, supports half a million users and delivers innovative products, Web applications and custom Broker Solutions that significantly improve productivity and efficiency and address the specific needs of REALTORS®.
http://www.realtor.org/realtor_benefits/benefits_partners/zipform?cid=ZL0011

x. RPR Unveils New One-Stop Resource for Brokers/Agents

Now it's even easier for you and your agents to learn the latest on Realtors Property Resource™ (RPR) features and programs and how this tremendous NAR member benefit can impact your business. Visit the newly designed http://blog.narrpr.com where you'll also find specific tools designed to help you communicate the benefits of RPR to your agents, including training modules, sample e-mail communications for you to customize and even content for your sales meetings on how to use RPR. Visit http://blog.narrpr.com today. http://blog.narrpr.com today.

xi. Promotional Materials Available for REALTOR® Designation Awareness Month

In today's changing market, it is more important than ever to remind your agents of the importance of continuing education, and encourage them to start or complete an official NAR designation or certification. Plan now to promote November as REALTOR® Designation Awareness Month to your agents, visit www.realtor.org/DesignationAwarenessMonth for a customizable press release, access to the new 'Education & Resources Guide', and online banner ads. The new ''Education & Resources Guide' is available as a free e-product.
Link: http://www.realtor.org/education/realtor_university/AEdesignationawarenessmonth?wt.mc_id=RU0083

xii. Share this Great Educational Opportunity with your Agents

REALTOR® University is excited to bring six of the top minds in real estate education for the Webinar Summit, October 4th. The summit consists of 6 business building webinars ranging in topic how to close more deals quicker, strategies for working with distressed properties, listing tips to using Facebook and video and blogs to dominate your market. Agents can access all six of these great sessions for only $19.95! Register and use the coupon code "RUWSF8" to save $5. To view the full schedule and to register visit: http://www.learninglibrary.com/AspDotNetStoreFront70/c-126-15-webinar-summit.aspx?cid=RU0135

xiii. Get the Facts on the Ifbyphone Advantage

REALTOR Benefits® Program Partner, Ifbyphone offers a free e-book on the important role your phone can play in your marketing efforts and growing your brokerage. Find out how Ifbyphone can help you leverage ROI to help turn leads into deals. Visit http://resources.ifbyphone.com/real-estate-e-book-website/ for details.

UPCOMING DATA RELEASES

Wednesday, September 21
August Existing-Home Sales

Thursday, September 29
Pending Home Sales Index

Thursday, October 20
September Existing-Home Sales

Real Estate Services Staff
Ken Trepeta – Director, ktrepeta@realtors.org
Kara Beigay – Communications Manager, kbeigay@realtors.org
Patricia Tarhon – Project Coordinator, ptarhon@realtors.org