

# ALTA Federal Conference and Lobby Day

March, 2011

Submitted by Paula J. Bachmeier, NDFTA Executive Director

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March 14<sup>th</sup>

## ALTA GOVERNMENT AFFAIRS COMMITTEE MEETING STATE LEADERS LUNCH AGENTS SECTION MEETING STATE ADVOCACY MEETING

- Much discussion on GSE (government-sponsored enterprises) FreddieMac and FannieMae fall under this category.  
It is important that we in North Dakota understand what would happen if there were no GSE:
  - 1) A 30-year fixed rate pre-payable mortgage would be more expensive and most likely be inaccessible to the everyday borrower.
  - 2) The bulk of the mortgage loans would end up in the portfolios of the “too big to fail” lenders (the Wells Fargo, Bank of America, Chase, Citimortgage lenders), thereby potentially eliminating the ability of our local banks, credit unions, etc to participate in the origination of mortgage loans. Today 44% of all mortgage loans are originated in those small, community-based lenders.
  - 3) Jobs would in turn then be lost at the small based companies now providing services to their local lenders - the appraisers, attorneys, **TITLE (AND ABSTRACT) COMPANIES**, etc. as these big lenders would then shift relationship from the local contacts to national contracts.
- Further discussion on where the GSE needs to go:
  - 1) Need the face of the government in order to improve and standardize underwriting practices to avoid happened in the “bust” when credit was granted to basically anyone asking.
  - 2) Need the face of the government in order to be assured that the equity provided for a security is properly identified and established and in fact solid.
- Much assertion that by taking FreddieMac and FannieMae out of the picture the conventional loans will revert back to the traditional 20% down, balloon type loans as then the funding will be from privatized sources.
- The local community banks and their local contacts would then lose revenue - originations, flood certifications, termite inspections, title premiums, abstracting, opinions, etc.
- FHA would be left alone, but the premiums would rise dramatically thereby narrowing the market share.

Other topics:

- Dodd Frank Rule  
850 pages of the US Code was altered - the last change was done in the 30's and only involved 85 pages.
  - Consumer Finance Protection Agency (CFPA)  
Starting July 21 HUD will no longer regulate RESPA - the CFPA will.  
Some things to be aware of:
    - 1) There will be a combination of disclosures
    - 2) There will be penalties imposed for violations
    - 3) The CFPA will be looking to find examples of violations
  - **NEW FORMS ARE GOING TO IMPLEMENTED - INCLUDING NEW HUDS**  
(looking to combine the GFE/TIL/HUD to be more easily understood by the consumers)
  - Elimination of the mortgage interest deduction
    - 1) If eliminated, it could put as much as \$50,000,000,000.00 back into the government
    - 2) There would be a strict change of the tax code
    - 3) The elimination could have a significant impact on home prices as it could bring the benefit of home ownership down
  - There is discussion on capital gains taxes being re-implemented for home sales and 1031 exchanges. Again that would have a significant impact on home prices and the benefits of home ownership.
  - Louisiana has introduced legislation to require that the insurer of title and examining attorney be reflected on the recorded mortgage (would be great for us to determine who is violating our plant law)
  - Discussion on the Federal Titling System - not likely to happen
  - An interesting discussion on a foreclosure that was done in MA where assignments of a mortgage were recorded in the wrong order and a lower court deemed the foreclosure invalid. In subsequent appeals the voidance of the foreclosure was upheld. Important for us to make sure that we are reviewing any assignments to make sure they are recorded properly.
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March 15<sup>th</sup>  
**US REPRESENTATIVE ED ROYCE (R-CA)**  
**US REPRESENTATIVE ED PERLMUTTER (D-CO)**  
**US SENATOR BEN NELSON (D-NE)**

Much discussion from both sides of the aisle on the importance of retaining GSE and what has to be done to get things back on track.

**MORTGAGE FRAUD TASK FORCE**  
**Gregory Brown, FBI Supervisory Special Agent**  
**Robb Adkins, US Department of Justice**  
**Fernando Ramos, HUD Office of the Inspector General**

The Fraud Task Force visited many situations where loan fraud was prevalent. There were many cases presented, discussion of “flipping” properties, etc.

**RESPA REFORM - LESSONS LEARNED AND REGULATORY ENFORCEMENT TRENDS**  
**Dan Wold, Old Republic National Title Insurance**  
**(and a member of the ALTA RESPA implementation team)**  
**Bart Sapiro, HUD Office of RESPA**  
**Laura Gipe, HUD Office of RESPA**

Much discussion on the new Good Faith Estimates (GFE) and HUD - 1 which of course have been in place more than a year. There will be many adjustments in how we do things again coming once the CFPB previously addressed is up and running, including the implementation of new forms.

There are no FAQ's being published but they have set up a “RESPA Roundup” which publishes changes/questions periodically.

One of the RESPA Roundups in April provided that if a service was quoted in the GFE but not used or to be paid for in the closing, do we show it on our HUD for the comparison table. I specifically asked about Owners' title insurance since it is not used in many markets in ND. I received a direct answer: It is required that on ALL purchases the lender is to quote a premium for owners title insurance. If that policy is not sold or to be used on the HUD, the GFE amount provided by the lenders **IS NOT TO BE SHOWN ON THE HUD COMPARISON TABLE.**

Today, March 17<sup>th</sup>, I sent a specific email to Laura Gipe addressing again how the abstract update is to be addressed on the HUD and the question on the owners premium - as some lenders are still requiring the quote to be shown on the comparison table when no insurance has been purchased, thereby giving them some cushion on the 10% violation. I also included in my question if there was a quote for an appraisal, tax service, flood certification, etc, and one was not done whether that GFE number is shown on the HUD. I will send a message out to the association once I get a response.

**ALTA POLICY BRIEFING**  
**Justin Ailes, ALTA Director of Government Affairs**  
**Kelley Williams, ALTA Manager of Government Affairs**  
**Steve Gottheim, ALTA Legislative and Regulatory Counsel**

Much information is presented to us to help prepare us for our meetings with our state delegation including GSE Reform, preservation of the 30-year fixed rate mortgage, promotion of responsible underwriting standards, etc. Also encouraging us to share the state of business at home, invite them to our business to see all that we do, etc.

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March 16<sup>th</sup>  
**LOBBY DAY**

Another hour of briefings during breakfast and then off to Capitol Hill. Karen Johner, Tim Pearson and I joined Josh Reisetter, (SDLTA President, who we all met at last year's convention) on our visits. We were able to meet with a staff member of Kristi Noem, the freshman Representative from South Dakota. We all also met with a staff member from Senator Hoeven's office. Unfortunately, my flight did not allow me to join Karen, Tim and Josh with meetings with Senator Conrad and Representative Berg staffers, but I understand those meetings went well. We are very lucky in that Lisa Wheeler, an affiliate in our organization, has a niece who serves on Senator Hoeven's staff and a nephew who serves on Representative Berg's staff. While right now they are all involved in the budget issues, they were all very receptive to our points.

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In summation, I can only say that again these were three days of intense meetings, briefings and information-packed presentations. I again was reminded that we in North Dakota are not insulated from what is going on in Washington. Every decision involving GSE will have a direct impact on us in North Dakota. We must all be aware and on a vigilant watch for information and news as it comes through about the changes in mortgage lending.

I urge all of you if you have any influences, friendships, contacts with our congressional delegation that you remind them that we are here at home in the trenches trying to make the American dream possible for all North Dakotans. We do not want to see big business/big banking take over our livelihoods and affect the ability of our neighbors to own a home. Please do not hesitate to call me if you have any questions.