



# ALTA Advocacy Update

**To:** Interested ALTA Members  
**From:** Kurt Pfothenauer, Chief Executive Officer  
**Date:** May 23, 2011  
**Subject:** ALTA Advocacy Update

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## Combined Mortgage Disclosure

The Consumer Financial Protection Bureau (CFPB) has released its first draft (actually there are two versions) of a combined Truth in Lending disclosure and Good Faith Estimate. The Bureau is holding a beauty pageant on [their website](#), allowing the public and industry to vote on which version they like better.

In response to release of the forms, ALTA President Anne Anastasi put out this [statement](#): "ALTA believes these forms are an important step in the right direction. We strongly support consumers understanding the costs of a loan and related settlement services early in the home buying and mortgage refinance process. Finding harmony between simplification and providing detailed information to help consumers make informed choices when obtaining a loan will remain the highest hurdle." ALTA's RESPA Implementation Task Force is already combing through the forms. At the request of the CFPB, they are preparing a detailed critique.

Meanwhile, the CFPB is also interested in getting direct feedback from you. That is why last Wednesday, ALTA sent out a grassroots alert to over 14,000 members of the industry asking them to go to the [CFPB website](#), look at the forms and provide feedback to the Bureau. The deadline to provide initial feedback through the website is *this Friday May 27th*.

## Private Transfer Fees

We have hit 30! Congratulations to Oklahoma and Nevada on becoming the 29th and 30th states to ban private transfer fee covenants. A nice win for the entire OLTA and NVLTA teams. As state legislative sessions continue to wind down, a handful of states remain poised to ban PTFs. If your state would like some extra help in joining the 60% of states that already ban these covenants, please reach out to Nick Hacker at [nick@alta.org](mailto:nick@alta.org).

## Qualified Residential Mortgages

In a Senate Banking Committee hearing last Tuesday, American Securitization Forum President Tom Deutsch set the stage for the pending battle between industry and regulators over new securitization rules [saying](#), "Making changes to the entire engine of the securitization machine across all asset classes [could result] in a complete breakdown...The fear is a death of 1,000 cuts." Tom's testimony came as ALTA joined other consumer and industry groups in asking regulators to delay the comment period for the new risk retention and qualified residential mortgage rule.

Industry is not the only group disappointed in the QRM proposal; the provision's chief sponsors, Senators Kay Hagan (D-NC), Mary Landrieu (D-LA) and Johnny Isakson (R-GA), published this [op-ed](#) arguing that the new rule runs counter to the intent of the law - their law! Of note was this statement from the Senators, "In contrast to our express intent - and despite repeated warnings from other members of Congress, consumer groups and bankers - regulators crafted a narrow definition that could unnecessarily slow the housing market recovery, increase costs to otherwise qualified homebuyers and dampen incentives for sound underwriting."

The chief concern with the QRM is its down payment requirement. According to Corelogic, 39% of borrowers in 2010 paid less than 20% down, and would therefore not have been able to meet the most basic QRM threshold. QRM is shaping up to be one of the biggest fights coming out of Dodd-Frank. So far, it's everyone against the regulators. It's not clear if they will buckle under the political pressure and unilaterally change the rule, or make Congress force them back to the drawing board.

### **HUD Investigation**

After last week's Washington Post expose on lax project controls at HUD, the House Government Reform and Oversight Committee [announced hearings](#) into the alleged misuse of hundreds of millions of HUD funds. The Senate Banking Committee is also planning an investigation. ALTA is monitoring these developments because of their potential to lead to major changes at HUD, both in operations and funding.

### **Flood Insurance**

A long term sustainable fix for the National Flood Insurance Program (NFIP) [passed](#) a crucial vote in the House Financial Services Committee and is now headed for a vote on the House floor sometime after Memorial Day. The Senate has not yet announced plans to take up the bill, but the program will lapse on September 30 unless Congress acts. The NFIP has already been through ten short term extensions during which the program has been lapsed (and closings delayed) for a total of 53 days. This year alone, ALTA Grassroots activists have sent over 300 messages to Congress urging extension of the NFIP. Meanwhile, due to massive flooding in the Midwest along the Mississippi River, this year is shaping up to be one of the [worst years](#) for the NFIP, and that's before hurricane season.

### **Hill Meetings**

ALTA lobbyists were on the Hill last week talking GSE reform with Members and their staffs. Last week, we met with Senators Bob Corker (R-TN), Jon Tester (D-MT), Mitch McConnell (R-KY), John Cornyn (R-TX), John Barrasso (R-WY) and Kay Hagan (D-NC) and Representatives John Sullivan (R-OK), Bill Shuster (R-PA), Lee Terry (R-NE). Our lobbyists also met with staff from the offices of Senators Pat Toomey (R-PA), Lisa Murkowski (R-AK), and Tim Johnson (D-SD) and Representatives Todd Young (R-IN) Spencer Bachus (R-AL), and David Schweikert (R-AZ).

### **Housing Policy & Data**

Rates for 30-year fixed-rate conventional mortgages dropped 2 basis points last week to 4.61%, a record low in 2011.

Sales of [existing homes fell](#) in April to a seasonally adjusted rate of 5.05 million, missing the benchmark set by analysts. Most economists consider 6 million sales healthy for our economy. This is disappointing news given that the housing market is heading into the traditionally busy spring selling season. A [massive overhang of REOs](#) continues to force down prices for previously occupied homes, preventing the market from bottoming out and stabilizing. Predictably, the news was no better for new home sales, with home builders breaking ground on [10% fewer homes](#) in April than in March and with building permits down 4%.

In searching for any positive housing news, the best I could find is that the number of households [delinquent on mortgage payments](#) reached its lowest level in nearly two years during the first quarter and appears to be stabilizing according to the Mortgage Bankers. Roughly 6 million homeowners are 30 days late on their mortgages. As an interesting side note, these [graphs](#) highlight differences in foreclosure trends between judicial and non-judicial states.

State and federal regulators and prosecutors are [stepping up](#) their investigations of lenders. This includes increasing put backs for lenders who violate the terms of government loan programs and applying the century old False Claims Act to lenders for the first time. Many of these laws require lower burdens of proof than traditional fraud statutes, giving the government a leg up in settlement negotiations.

Despite the recent rise in values for [apartment buildings](#) brought on by falling homeownership rates and record low vacancy rates, multi-family buildings are not immune from the foreclosure wave that is still gripping the country. Last year, Fannie took title to 232 properties through foreclosure (more than double the amount in 2009). Meanwhile, loans backing another 481 properties were seriously delinquent. So far the high foreclosure rates are focused in four states, Arizona, Florida, Georgia and Ohio.

Despite our housing woes, the United States real estate continues to remain a top investment choice of foreign buyers. [International purchases](#) surged by \$16 billion this year. The National Association of Realtors 2011 Profile of International Home Buying Activity shows \$82 billion in real estate bought by foreign buyers in the year ending March 2011, up from \$66 billion the previous year.

## **ALTA News**

ALTA's Agent and Abstractors Section held its quarterly conference call last week. The discussion included a report by Chairman Frank Pellegrini on the NAIC's request of ALTA for suggestions on how to improve consumers' ability to shop for title and settlement services, an update on the upcoming Large Agents meeting in Park City Utah, and a preview of the results from the Agents and Abstractors Research Committee survey. The next call will be August 9, 2011.

The Government Affairs Committee held its monthly call on Tuesday to discuss the latest on GSE reform, QRM and President Obama's potential recess appointment of Elizabeth Warren to head the CFPB. If you would like to join our June GAC conference call please email Justin Ailes at [justin@alta.org](mailto:justin@alta.org).

Speaking of Justin, ALTA has promoted him to Vice President of Government Affairs. In his new role, Justin will oversee ALTA's day to day government relations efforts including federal and state government affairs, legislative and regulatory advocacy, legal issues, political action committee (TIPAC) and

grassroots engagement. Please join me in congratulating Justin on this well deserved promotion.

GAC and Agent's section were not the only folks to meet last Tuesday as ALTA's State Legislative and Regulatory Affairs Committee (SLRAC) held its monthly conference call to discuss pending legislation in Michigan regarding MERS and to receive an update on state efforts to stop private transfer fees. This information sharing meeting is proving a useful tool for state LTA leaders who wish to keep abreast of legislative and regulatory trends in other states and the lessons learned. If you would like to join SLRAC, contact Nick Hacker at [nick@alta.org](mailto:nick@alta.org).

TIPAC had another strong week bringing its 2011 total to \$168,090 from 248 contributors. If you have any questions about TIPAC please contact Kelley Williams at [Kelley@alta.org](mailto:Kelley@alta.org) or seek out your local TIPAC representative at your LTA annual convention.

I hope you find this ALTA Advocacy Update useful. Please e-mail me if you have questions or comments.

Best regards,

A handwritten signature in blue ink that reads "Kurt R. J. Fuchs" followed by a horizontal line.