Reader Input on Issues; Volcker Rule Delay - Phew! Lots Training and Conferences Coming Up

By: Rob Chrisman | Mon, Apr 23 2012, 10:15 AM

In this business, you can never have too much Dodd Frank, can you? The House Financial Services Committee has unveiled the **Dodd-Frank Burden Tracker**, an online resource to help the public keep track of all the new government rules and red tape required by the Dodd-Frank Act. The Dodd-Frank Act mandates that government regulators write more than 400 new rules and requirements that will be imposed on the private sector. Since the law was passed by Congress and signed by the President Obama in July 2010, the Tracker reveals that regulators have written only 185 of the 400 rules, these 185 rules consume 5,320 pages, and it will take private sector job-creators 24,035,801 hours every year to comply with these first 185 Dodd-Frank rules.

We did receive an extension/clarification of the Volcker Rule, part of Dodd Frank. Anyone hedging borrower rate locks breathed a sigh of relief when the Federal Reserve clarified that **U.S. banks will have at least until July 21, 2014 to ease into the Volcker rule's trading and investing crackdown**. The Fed also said it has the ability to extend the compliance period for the yet-to-be-finalized rule beyond that date if needed. The Volcker Rule bans banks from trading with their own funds and greatly limits their ability to invest in hedge and private equity funds. It seeks to limit risk-taking by banks that have government backstops like federal deposit insurance. Some of that sounds okay, but it also eliminates banks' ability to use MBS's and other instruments to hedge their locked residential pipelines - and does that really help borrowers and the public?

Several weeks ago the commentary mentioned an SEC case brought against Tony Nocella and Russell McCann, associated with **Franklin Bank** (Louis Ranieri's failed institution), and I have been asked several times since then for information on the case. Here it is. And while we're on bank closures, if the lack of them in 2012 compared to the past few previous years is any indication that things are improving in the U.S., then things are improving in the U.S. We had one Friday (Fort Lee Federal Savings Bank in New Jersey, was closed, and through the FDIC **Alma Bank** (NY) assumed its deposits), but the pace has dropped off considerably.

(By the way, earlier this month **Regions Financial** repaid all of its $3.5 billion in TARP, increasing the profit made on the bank portion of the program to $18 billion. **Synovus** was then the bank with the largest TARP outstanding at $967 million, followed by **Zions** at $700 million.)

What do mortgage banks have to pay on their debt? If your Texas' **Nationstar Mortgage** (Nationstar Capital, part of Fortress Financial), 9.625%. The company, which is servicing 645,000 mortgages for $107 billion, announced the pricing of $275,000,000 aggregate principal amount of privately placed senior notes due in 2019: an offering price of 100% and carrying a coupon of 9.625% per annum, payable semi-annually in arrears, beginning November 1, 2012. The Notes will be unsecured and will be guaranteed on a senior basis by certain of the Company's wholly-owned subsidiaries. Nationstar "will use the net proceeds from this offering for general corporate purposes, which may include future acquisitions and transfers of servicing portfolios and/or related businesses from third parties."

How 'bout some recent educational **reader letters**? On the drop in foreclosures, Jamie from First American wrote, "One reason for the decrease in foreclosure filings---at least in NV---is due to assembly bill 284. Banks can no longer file NOD's unless they possess the ORIGINAL note. Clark County (Las Vegas) went from filing over 3,000 NOD's in September to only 60 in October. Last report pulled showed less than 4,800 in inventory. We'll be dried up by June/July. It's made even more of a mess of our great city."

On the **differences between Freddie & Fannie on HARP underwriting**, another wrote, "The comments you shared from the LO in North Carolina, regarding the HARP 2 differences between Fannie and Freddie a while back rang all too true. I took an application for a borrower with a LTV of 105%. His mid-score is 725, his DTI is 40, he has owned the home for 3 years, and is at 6.50%. We are lowering his payment by $280. The loan is owned by Freddie Mac. He has never been late on a payment. He was declined (Approve/Caution finding). The reason: high credit card balances. You see, the borrower made a tactical error last year (though, in his mind an all-too-sensible one) by consolidating his credit card balances to two low-interest cards, pretty much maxing them out. He then closed out all of his other accounts (and I can see the wincing already). He thought it reflected a 'responsible' approach by limiting his exposure to greater debt. While I understand the issue his actions created, isn't this program supposed to help existing borrowers and reward them for their timely payments? I have zero doubt that if this was a Fannie loan, he would have been approved. Frustrated was just one of the words shared by the borrower (with some other non-printable ones thrown in as well)."

Regarding REO, one person "in the know" wrote, "Most of the Fannie properties are sold in a closed auction setting and the bidders are professional. No bidder is going to let another bidder buy the properties for pennies. Most of them go for a fair market value based on location and condition many have been vacant for over 100 days and are in poor or tear down condition. Maybe they are getting them for pennies on the Sales Price from 5 years ago. Another factor that is often not considered is the ugly title baggage in unpaid liens, utilities, HOA and municipal fines that are key in many of the property offerings. Don't believe everything you hear."

The mortgage industry sure **loves a good convention**, training session, or webinar, and many are coming up. Up in New Jersey, the MBA-NJ Webinar Series Presents, "How the CFPB's Enforcement will change the Face of Lending." "The fundamental shift in compliance directed by the CFPB will require changes in every-day compliance, staffing, training, monitoring and in all manners in the way lenders do business and think about business. In this webinar, we will discuss the upcoming changes and what lenders will need to do to adapt to the new environment that is quickly emerging as a result of this new federal agency." It is Wednesday, April 25, from 12-1PM, $65.50 for members, and $95.50 for non-members. (Apparently that 50 cent is critical in pricing strategy - like gas stations.) Sign up here: http://www.mbanj.com/.

The FHA and HUD are putting on a number of conferences and events over the next couple of months, including the ongoing FHA Basic Loss Mitigation training. These seminars are designed for HUD-approved housing counseling agencies, local servicing lenders, and non-profits and will take place in Columbia, SC (May 10th); Atlanta, GA (May 11th); and Jacksonville, FL (May 23rd). See https://eclass.hudtulsa.org/ to register.

The Underwriting the FHA Appraisal webinar will take place on April 25th and will cover HUD appraisal protocol and how to underwrite Fannie appraisal forms. You can register here.

Also taking place on April 25th is the NSC's Servicer Performance Scorecard webinar, which provides an overview of scoring elements, calculation methodologies and the like.   Register here.

The National Fair Lending Training Program is putting on an event in New York, NY on April 27th that will cover how to identify lending violations and strengthen clients' negotiating position with a lender or servicer. More information is available here.

HUD is sponsoring the Veterans Symposium on Housing Resources for Vets, which will take place in New York on May 1st. The aim is to educate real estate professionals on the housing resources available to veterans as well as the challenges they currently face.

A webinar on 203(k) consulting training is available to both new and experienced consultants. It will be held on May 1st; those interested can register here.

The NeighborWorks Training Institute will be holding a conference in New Orleans from May 7-11 that will feature over a hundred training courses in different areas.

Neighborworks will also be offering foreclosure counseling training in Seattle, WA from May 21-25. The training, consisting of nine separate courses, is designed for regional practitioners who are interested in expanding their foreclosure prevention counseling capacity. Scholarships are available! More information can be found here.

The National Reserve Mortgage Lenders Association Western Regional Meeting will take place from May 16-17 in Irvine, CA. Discussion topics include policy, best practices and marketing. See nrmlaonline.org.

In a trend that I am seeing with many groups around the nation, which is (basically) mortgage brokers, mortgage "professionals," and mortgage bankers **joining together** for conferences, the Maryland Association of Mortgage Professionals "will again co-sponsor the Northeast Conference of Mortgage Brokers taking place in October in New Jersey." More information can be found here.

Enough education - how about this market? One trader reported on Friday that "Flows were incredibly light (a slight selling bias in 10s) in what amounted to one of the quietest days of the year." By the end of the day the 10-yr was sitting at a yield of 1.97%. Wells Fargo's economic group wrote, "This week of economic releases painted a somewhat mixed picture, but the underlying trend still reflects an economy that is growing at a modest pace. The milder-than-usual winter likely brought some activity forward and below-consensus readings are due in part to payback. Housing starts, existing home sales and industrial production all posted disappointing readings in March that are likely not indicative of the underlying trend. Headline retail sales, however, came in more than double the consensus estimate in March, ending the first quarter on a positive note."

So here we are, another week, another set of economic news. There is nothing slated for the U.S. today, but tomorrow we kick in with the Case-Shiller 20-city Index (which I think last rose during the Eisenhower Administration), Consumer Confidence, New Home Sales, and another housing price index (FHFA's). Wednesday is the volatile Durable Goods number. Thursday is Jobless Claims and Pending Home Sales; Friday is GDP, a University of Michigan consumer sentiment number, and the Employment Cost Index. Early on, **equity futures are pointing lower this morning, the 10-yr is down to 1.92%, and MBS prices are better by .125-.250.**

(Parental discretion advised.)

The Jewish Taxi Driver:
A drunk woman, stark naked, jumped into a taxi in New York City. The taxi driver, who happened to be an old Jewish man, opened his eyes wide and stared at the woman. He made no attempt to start the cab.
She said to him, "What's wrong with you, honey? Haven't you ever seen a naked woman before?"
The old man said "Lady, I'm not staring at you, I am telling you, det vould not be proper vair I come from".
She said, "Well, if you're not staring at my boobs sweetie, what are you doing then?"
He said, "Vell, I am looking and I'm looking, and I am tinking to myself, 'vair in da hell is dis lady keeping de money to pay for dis ride?'"

View this Article: https://www.mortgagenewsdaily.com/opinion/04232012-volcker-rule-dodd-frank