

# State Lending Law Changes Sweep Across the Country; LO Updates

By: Rob Chrisman | Wed, Jan 3 2018, 9:18 AM

Regardless of weather, there are 251 business days in 2018, one more than in 2017. For years we've been counting the days for rates to move higher, yet the 10-year Treasury note finished 2017 yielding 2.41% versus beginning 2017 yielding 2.45% - nearly unchanged! Yet the entire yield curve has been flattening: The Fed has raised short term rates, which tend to impact 15-year pricing, while the long end of the curve has barely budged. Loan officers have noticed that the spread between 30-year and 15-year fixed-rate mortgages, historically around .75%, has shrunk to .50% or less. The flattening yield curve has puzzled many, as typically it leads to a recession, but now some economists are saying there are several causes, none of which warrant a "red flag" of concern – for now.

## State News

If you think lending in one state is tough, and expensive, try making home loans in multiple states. Rewarding, yet expensive and complicated.

From the Minnesota Wisconsin area comes news that Mortgage Lending Services, LLC has changed its name to TruStone Home Mortgage, LLC. The mortgage company's new name takes advantage of the increased brand recognition of its parent company, TruStone Financial Federal Credit Union.

The New Jersey Department of Banking and Insurance has recently **eliminated certain borrower protections** regarding [appraisal fees](#). The survey benchmark? Unnecessary. The Department has decided to eliminate the survey and the "usual, customary and reasonable" fee pricing concept. The Department has adopted a simple requirement that an appraisal fee charged to a consumer must total no more than the amount charged by a third-party appraiser.

The group also issued a [Bulletin](#) setting out the maximum principal amount for loans that may be considered "high-cost home loans" under the New Jersey Home Ownership Security Act of 2002. The adjusted dollar amount may be effective for loan applications received on or after January 1, 2018.

The New Jersey Home Ownership Security Act of 2002 requires an annual review and adjustment (if necessary) of the maximum principal loan amount that may be **considered a high-cost home** loan in New Jersey. The adjustment is based on the housing component of the national Consumer Price Index, which measures the average change in housing prices over time. The definition of "high-cost home loan?" **\$487,618.86.**

The Ohio Department of Commerce announced its annual loan [prepayment penalty adjustment for 2018](#). The announcement states that **no penalties may be imposed** on prepayment or refinancing of a residential mortgage loan of **less than \$89,261.**

Because the State of Texas is implementing new requirements for Texas 50(a)(6) refinance loans effective Jan. 1, 2018, including a revised form of 12-day notice, Fannie Mae [will not purchase these loans](#) closed during the first 12 days of 2018. Fannie Mae will purchase Texas 50(a)(6) loans that meet its requirements that are closed on or after Jan. 13, 2018. Please note that Texas 50(a)(6) loans closed in 2017 can be delivered any time under normal guidelines.

Black, Mann & Graham, L.L.P. publishes video explaining the changes to Home Equity Lending in Texas – (S.J.R. 60). [Click this video link](#) to view the video/download the presentation materials.

Sellers that intend to deliver Texas Section 50(a)(6) Loans and Texas Section 50(f)(2) Loans should review the court case of Garofolo v. Ocwen Loan Servicing, decided by the Texas Supreme Court in 2016. Wells Fargo Funding does not have an overlay specific to the outcome of this case. However, it is strongly recommended Sellers consult their document preparation vendors to implement a "Terms and Conditions" agreement ensuring borrowers **acknowledge all applicable terms** and conditions of their Loan as it relates to the Texas Constitution.

Ditech approved correspondent clients should note that on November 7, 2017, Texas voters approved SJR 60 which amends the home equity lending provisions in Article XI, Section 50 of the Texas Constitution. Effective for loans closed on or after January 1, 2018, total fees paid by the applicant(s) and spouse(s) **cannot exceed 2% of the original loan amount** over the life of the loan. The cap includes fees paid to the lender, the broker (including borrower paid broker compensation), or any third party, that are necessary to originate, evaluate, maintain, record, insure, or service the extension of credit.

On December 19, 2017, Fannie Mae published Selling Guide Announcement SEL-2017-10 addressing multiple topics, including: Underwriting Borrowers with Frozen Credit, Texas Section 50(a)(6) Loans and Use of Premium Pricing (Lender's Credits). AmeriHome has adopted the announced changes in the timeline provided by Fannie Mae with some restrictions.

AmeriHome updated its guideline on FHA Streamline Refinance transactions to show it is not eligible for either Texas (a)(6) nor Texas (f)(2). Additionally, the requirement for tax and/or W-2 transcripts if all qualifying income is W-2 wage earner income and/or fixed-income typically reported on a 1099 has been removed.

To comply with the recent Texas legislation changes; Plaza will not fund Texas 50(a)(6) loans that close January 1, 2018, through January 12, 2018, due to the waiting period requirement.

PennyMac posted an update regarding the [Texas Proposition 2 approval](#).

Loan closings and funding may now resume for **properties impacted by California wildfires** located in specified zip codes. Information is located within Flagstar's Seller Guide. Once a satisfactory re-inspection has been obtained. Loans that have already been issued a Final Approval Clear to Close status will be placed in an Approved with Conditions status until a re-inspection is performed. For loans that have an appraisal that was ordered via Loantrac, an appraisal re-inspection may be requested via the Appraisal Management module by selecting "Yes" to the "Do you need a Property/Disaster Inspection" question.

Plaza issued the following reminder to its clients doing business in California. **The Building Homes and Jobs Act** (the "Act") was recently passed into law in California. One of its provisions is the State's imposition of a new fee relating to any real estate related document presented for recording on or after January 1, 2018. The amount of the new fee, to be collected by the County Recorder's Office of the jurisdiction, is \$75 per document, and up to a maximum of \$225 per transaction. The amount of the new fee for the transaction will depend on the number of documents that will be recorded regarding the transaction. This new fee amount is in addition to already existing recording fees, and must be disclosed and included in the total recording fees reflected on the Loan Estimate or Closing Disclosure provided to the borrower. Note that the new fee applies to all loans in California, except for owner occupied (principal dwelling) purchase transactions.

For subject properties in the state of California, NewLeaf Wholesale will include the maximum \$225.00 CA Building Homes & Jobs Act Fee on all LEs, except LEs for owner-occupied (principal dwelling) purchase transactions. If the initial LE on a loan scheduled to close after January 1, 2018 was not disclosed with the additional \$225.00 recording Fee AND the loan file's Started date is prior to January 1, 2018, NewLeaf considers the Fee addition to be a valid Change of Circumstance (COC) that must be disclosed by January 4, 2018.

Weslend Financial issued a reminder that California **New Recording Fee** Increase is in effect beginning **January 1, 2018**. An additional recording fee of \$75.00 will be charged at the time of recording of every real estate instrument, paper or notice required or permitted by law to be recorded per each single real estate transaction, subject to certain exemptions. The California Building Homes and Jobs Act impacts California refinance transactions and excludes purchase transactions.

The Mortgage Loan Servicer Practices Act necessitates that Oregon mortgage servicers attain a license from the Department of Consumer and Business Services (DCBS) by January 1, 2018. To provide time for the application process, a temporary rule has been adopted to create a licensing program in advance of the January 1, 2018 compliance date. [This temporary rule, OAR 441-890-0005](#), adopted by Oregon sets application requirements for obtaining a license, requirements for corporate surety bonds and irrevocable letters of credit, and application and renewal fees.

## Capital Markets

The 10-year note began 2018 with modest losses and finished the day yielding 2.47 percent. European Central Bank policy maker Benoit Coeure commented over the weekend that there is a "reasonable chance" that the central bank **would not extend its QE program**, which pressured European debt. Combined with equities rising, there wasn't much buying interest to match the supply and prices fell.

Yes, the NY Fed is still buying fixed-income securities, and today the FedTrade operation will purchase a total of \$1.38bn 30-year conventional MBS across the 3%, 3.5%, and 4% coupons. Today the focus will be on the meeting between Congressional leaders and White House officials, the MBA's **mortgage applications data** (-3%, refis -7%, influenced by the tax plan passage and the holidays), **US construction spending** numbers for November (10AMET), the **US manufacturing ISM** for Dec (10AMET), US auto sales for Dec., Redbook's same-store sales, and the FOMC minutes from the 12/13 meeting at 2PMET. Remember that on Friday, December pre-payments will be released, with expectations that speeds will show a modest slowing from November, along with the employment data.

With all that going on, we find rates down a shade versus Tuesday's close: the 10-year is yielding 2.45% and agency MBS prices are better by .125.

## Business Opportunities, Products, and Promotions

FinLocker, a financial data and analytics company, announced today the addition of Jason Clark to its leadership team. “Clark joins FinLocker as an Advisor, where his extensive cyber security experience and industry notoriety will help continue the advancement of FinLocker as a financial services technology innovator. FinLocker’s platform can dramatically reduce lender costs, processing timelines, and risks by capturing consumer financial information and analyzing the data. FinLocker’s technology also enables lenders to create a ‘Customer for Life/Lender for Life’ relationship.”

Floify, the mortgage automation app for top-producing LOs, has just announced its most exciting partnership and integration to date – Credit Plus’ Trended Credit Data solution! “With Credit Plus’ Trended Credit Data solution, LOs who are using Floify to streamline their mortgage process can automatically collect a borrower’s credit report upon submission of a loan application or on-demand directly from their Floify account. Credit Plus’ integration with Floify also eliminates the hassle of collecting credit reports for loans by empowering borrowers to digitally submit their consent directly to lenders with just a few clicks. If you’ve been considering Floify, now is a great time to take advantage of this powerful mortgage automation solution. Don’t wait, experience how Floify has helped LOs close loans an average of 8x faster and increase annual loan volume by more than 11%. To see Floify in action and lock in your 25% discount, request a live [demo](#).”

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As Los Angeles based City National Bank, an RBC company, transitions its residential lending division from accommodation lending to a focused mortgage strategy, Josh Copeland has recently been brought on as the National Mortgage Sales Director. He’ll be responsible for growing the bank’s mortgage volume in concert with City National’s larger banking strategy.

The National Council of State Housing Agencies (NCSHA) Board of Directors has named Garth B. Rieman interim executive director of the association, effective January 1, 2018.

Congratulations to Rob Zimmer who will be Acting Executive Director effective January 1, 2018.

The CMLA Chair Sean O’Neill said that CMLA’s Search Committee will continue to review candidates with the goal of finding a permanent replacement for retiring Executive Director Glen Corso as soon as possible. Zimmer serves as CMLA’s Head of External Relations and has been with CMLA since 2009.

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