

i. REALTORS® Applaud Bill to Protect Taxpayers from Mortgage Industry Bailouts

On December 8, 2011, Sen. Johnny Isakson (R-Ga.) introduced "The Mortgage Finance Act of 2011." This bill creates a limited-term, government-chartered secondary mortgage market mechanism, the Mortgage Finance Agency, that would focus on the securitization of loans meeting the "qualified residential mortgage" (QRM) standard crafted by Sens. Isakson, Kay Hagan (D-N.C.) and Mary Landrieu (D-La.) for the Dodd-Frank Act. NAR supports this legislation as it provides sensible reform of the secondary mortgage market and protects the interest of taxpayers.

NAR has long recommended a considered, responsible approach to reforming the secondary mortgage market. Toward that end, the association established a set of [principles and recommendations](#) that include facilitating the flow of capital into the mortgage market in all market conditions; establishing entities with a separate legal identity from the federal government, but still serving a public purpose; ensuring risk-based pricing of loan products or guarantees; and requiring the highest standards of transparency and soundness with respect to disclosure and structuring of mortgage-related securities.

ii. House Subcommittee Passes RESPA Home Warranty Clarification Act

On Thursday December 8, 2011, the House Financial Services Subcommittee on Insurance, Housing, and Community Opportunity passed H.R. 2446, the "RESPA Home Warranty Clarification Act of 2011" by voice vote. The legislation received bipartisan support with Chair Biggert (R-IL), and Representatives Stivers (R-OH), Waters (D-CA), and Clay (D-MO) speaking to the bill. The legislation would reverse erroneous Department of Housing and Urban Development guidance that has led to numerous lawsuits by clarifying that if the home warranty is not required by the lender, it is not a settlement service for RESPA purposes. The next step is for the legislation, which currently has 33 Co-sponsors, to go before the full committee before it can be considered by the full U.S. House of Representatives.

iii. NAR President Veissi Testifies on FHA

On December 1, 2011, NAR President Moe Veissi [testified before the House Financial Services Committee](#) on the important role of FHA in the marketplace. The hearing, on the health of the FHA fund, followed publication of the FY11 actuarial review, which showed FHA's total cash reserves increased by \$400 million over last year for a total reserves of \$33.7 billion. The excess reserves remain below the Congressionally mandated 2% ratio, which has caused some Member of Congress to express concern, but the audit expects them to return to that level by FY14.

President Veissi spoke of the important role that FHA plays in the marketplace and the need to continue to strengthen the program to ensure that safe, affordable mortgage financing is available to qualified home buyers.

iv. FHFA Releases Summary of REO Responses

On November 30, 2011, the Federal Housing Finance Agency (FHFA, the conservator of Fannie Mae and Freddie Mac (the GSEs)) [released a summary of the responses](#) received to the Request for Information (RFI) on enhancing Fannie Mae, Freddie Mac, and the Federal Housing Administration's REO asset disposition strategies announced August 10, 2011. The agency said that most respondents suggested strategies that involved renting of the properties for a period

November/December 2011

- i. REALTORS® Applaud Bill to Protect Taxpayers from Mortgage Industry Bailouts**
- ii. House Subcommittee Passes RESPA Home Warranty Clarification Act**
- iii. NAR President Veissi Testifies on FHA**
- iv. FHFA Release Summary of REO Responses**
- v. Congress Restores Loan Limits for FHA**
- vi. Limited Time to Appeal FHA Loan Limits**
- vii. Freddie Mac Amends Mandatory Short Sale Affidavit Policy**
- viii. FY11 Audit of FHA is Released**
- ix. HouseLogic Poll Finds Voters Driven by Jobs, Housing in 2012 Election**
- x. Chrysler Group LLC Offers REALTORS® Special Savings**
- xi. Save on DocuSign for REALTORS®, Professional Edition**
- xii. REALTORS® Can Save Up to 30% on Car Rentals for a Limited Time with Avis**
- xiii. Save up to 48% on Xerox Printers**

of time and many recommended offering tenants an opportunity to purchase. In a letter sent to FHFA on September 15, 2011, NAR emphasized the need for mortgage financing for qualified purchasers and expansion of resources for loan modification, refinancing and short sale efforts. NAR also encouraged the continued timely and orderly disposition of REO inventory assets through expediting of existing processes. Only in limited geographic areas where alternatives are needed new disposition strategies should rely on the expertise of local businesses including contractors, real estate brokerage firms, and professional property management companies. The agency noted that many nonprofit and trade group respondents stressed the importance of promoting local neighborhood stabilization efforts, knowledge of individual communities, and using community groups' expertise in any disposition strategy.

v. Congress Restores Loan Limits for FHA

On November 17, 2011, Congress passed legislation that would restore the FHA mortgage loan limits back to 125% (instead of 115%) of local area median home price, and with a cap of \$729,750 (instead of \$625,500). In other words, the limits are back where they were in September. The legislation will retain these limits through December 31, 2013. Congress did not restore the limits for Freddie Mac and Fannie Mae, so they will stay at 115% of median up to \$625,500.

The newly restored limits take effect immediately, but most lenders will probably await a Mortgagee Letter from FHA confirming the new limits, which is expected shortly. Many thanks to all the REALTORS® who participated in our Calls-for-Action on this issue!

vi. Limited Time to Appeal FHA Loan Limits

[Mortgagee Letter 2011-39](#): "Federal Housing Administration ([FHA](#)) Maximum Loan Limits Effective October 1, 2011 through December 31, 2012" includes language for appealing loan limits at the local level. However, the deadline for submitting appeals is December 22, 2011. The US Department of Housing and Urban Development ([HUD](#)) is using the same procedures that were established in [Mortgagee Letter 2007-01](#). According to HUD, appeals "must contain sufficient housing sales price data, listing one-family properties sold in an area within the look-back period, January through August 2011. Requests should differentiate between single-family residential properties and condominiums or cooperative housing units." Where possible data should also distinguish distress sales. Requests for a change will only be considered for counties for which HUD does not already have home-sale transaction data for the calculation of loan limits.

vii. Freddie Mac Amends Mandatory Short Sale Affidavit Policy

On November 18, 2011, at the request of NAR and the American Land Title Association (ALTA), Freddie Mac amended its policy regarding its mandatory short sale affidavits. The purpose of the affidavits is to prevent fraud by requiring the buyer, the seller, the real estate brokers, the escrow/closing agent, and any transaction facilitator to make various certifications (including that the short sale is an arm's length transaction and the buyer will not resell within 120 days unless there are substantial improvements). Servicers are required to implement the changes by January 1, 2012, but are encouraged to do so immediately. Each servicer covered by the policy must update its forms to comply with the revised policy. NAR members are encouraged to make sure they are signing an updated form and, if presented with an old form, are well-advised to request the servicer to update or allow amendments to the form before they sign, to avoid potential liability issues.

Here are the key changes:

- The certification is made based on "the best of each signatory's knowledge and belief." Freddie has retained the statement that a signatory making "a negligent or intentional misrepresentation" agrees to indemnify the servicer and Freddie Mac for losses. The addition of the knowledge standard significantly reduces this liability.
- Only a signatory who makes a negligent or intentional misrepresentation, based on the best of his or her knowledge and belief, is responsible for indemnifying the servicer and Freddie Mac for any loss. No signatory is responsible for the certification of any other signatory.
- Although Freddie Mac is requiring all signatories to sign one affidavit, the amended policy no longer allows the affidavit to be an addendum to the sales contract. NAR members are advised not to sign a document implying they are parties to the sales contract.

NAR appreciates Freddie Mac's willingness to listen to the serious concerns raised by REALTORS®.

viii. FY11 Audit of FHA is Released

[FHA's FY2011 audit](#) was released last week. It showed FHA's total cash reserves increased by \$400 million over last year for a total reserves of \$33.7 billion. The excess reserves remain below the Congressionally mandated 2% ratio, but the audit expects them to return to that level by FY14. Despite some news reports, FHA does not need a bailout. FHA's total delinquency rate is now at the lowest level in more than five years. The audit states that "Both the economic value and the IIF (insurance in force) of the Fund are expected to increase each year over the next seven years."

ix. HouseLogic Poll Finds Voters Driven by Jobs, Housing in 2012 Election

A recent survey by [Houselogic.com](#), the consumer website from the National Association of Realtors®, finds that jobs and the housing market will be two of the most important issues for voters in the 2012 election. Nearly one-third of respondents said housing will be the top issue on their mind when they head to the polls next November. Respondents were asked "What issue area will have the greatest impact on your vote in 2012?" National security, healthcare, and energy/environment trailed housing and unemployment by wide margins:

- Jobs/unemployment – 54%
- Housing – 27%
- National security – 8%
- Healthcare – 4%
- Energy/Environment – 2%
- Other – 4%

With unemployment still high, it is easy to see why so many Americans are concerned about the job market. However, [employment and the housing market are inextricably linked](#) because economic growth and job creation cannot occur without a housing recovery. Housing accounts for more than 15 percent of the U.S. Gross Domestic Product – it's a key driver of the national economy. Home sales generate jobs. NAR estimates that [for every two homes sold, one job is created](#). New spending on homebuilding products, furniture, and other residential investments also have a significant [economic impact](#).

x. Chrysler Group LLC Offers REALTORS® Special Savings

Chrysler Group, the official automobile manufacturer of the NATIONAL ASSOCIATION OF REALTORS®, is proud to offer members a \$500 cash allowance on the purchase or lease of select 2012 Chrysler, Dodge, Jeep and Ram models. Plus, all REALTORS® meet Chrysler's requirements for their "On the Job" Program and will receive at no charge a two-year service agreement that includes eight oil changes (including diesel), lube and filter—with their purchase or lease. Additionally, purchase a vehicle before year's end for use in your business and you may qualify for Section 179 tax benefits. Consult your tax advisor for specific requirements to qualify. Visit www.REALTOR.org/Chrysler for details or www.realtor.org/Chrysler?cid=CHR0010.

xi. End of the Year Deal! Save on DocuSign for REALTORS®, Professional Edition

You and your agents can save \$50 on the DocuSign for REALTORS®, Professional Edition when you purchase the annual prepaid plan. Built exclusively for REALTORS®, this complete solution provides unlimited access to DocuSign's, best and most complete suite of tools that have ever been available in one plan. Don't wait, this limited-time offer expires December 31, 2011. Learn more about all the exclusive features for NAR members and plan offers.

http://www.realtor.org/realtor_benefits/benefits_partners/docusign?cid=DG0014

xii. REALTORS® Can Save Up to 30% on Car Rentals for a Limited Time with Avis

For a limited time, NAR members can receive discounts of up to 30% off on car rentals—combinable with exclusive coupon savings—from REALTOR Benefits® Program Partner Avis. Avis provides the latest in technology, products, and services to make your car rental experience better. Simply mention your Avis Worldwide Discount (AWD) #A009701 when making the reservation. For more information, visit:

http://www.realtor.org/realtor_benefits/benefits_partners/avis?cid=AV0015

xiii. Save Up to 48% on Xerox Printers

NAR member exclusive – this month only, save up to 48% with FREE shipping on select Xerox color printers, including the top-selling ColorQube® 8570 solid-ink color printer. Its professional quality output, ease of use, and reliability make it a great choice for your brokerage. There has never been a better time to upgrade your printer or consolidate your office equipment into a single, all-in-one device. Your agents can take advantage of these savings too. Offer ends December 31, 2011. Click below for more information. http://www.realtor.org/realtor_benefits/benefits_partners/xerox?cid=XE0009

UPCOMING DATA RELEASES

Wednesday, December 21

November Existing-Home Sales

Thursday, December 29

Pending Home Sales Index

Friday, January 20, 2012

December Existing-Home Sales

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