



Foundations

CUsource, LLC Real Estate Newsletter March 2011

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Now Is the Time

With loan volumes lower, now is a good time to plan and coordinate your annual site visit from the CUsource Real Estate staff. All of our credit unions receive 8 hours of free training (and review) annually.

CUsource staff come to your location (at our expense, not yours) and train staff, review paperwork and make recommendations on processes.

For more information or to schedule your visit, call Chandra.



Tips & Tricks & Updates

S.A.F.E Act Updates:

The NMLSR system is now accepting registrations. CUsource will need to know the unique ID number for each loan officer and also the credit union ID that we do business with. We will input that number into our loan processing system and Mortgagebot, so that number prints on all of the residential loan applications. Please send the ID numbers to Chandra at chandrat@cusource.com once your credit union and loan officers are registered.

TILA updates:

As part of the MDIA (Mortgage Disclosure Improvement Act) there are additional changes to the Truth in Lending form, effective with loan applications received on or after January 30, 2011. The changes require that a payment and interest rate table replace the schedule of payments on closed-end

loans. Creditors must disclose in a tabular format the contract interest rate together with the corresponding monthly payment, including any escrows for taxes and property and/or mortgage insurance.

Mortgage Insurance Update:

Effective March 1, 2011, Genworth retired their Easy-Submit program for mortgage insurance certificates. They will now be requiring a full credit package with a full underwrite to obtain mortgage insurance. We will begin the process of submitting a full credit package to them immediately for any mortgage insurance obtained through Genworth. This process will alleviate any discrepancy between investor guidelines and mortgage insurance guidelines on your loan files. If you have any questions with the new process, please call our department to discuss further.

Risk-Based Pricing Notice Disclosure

Effective January 1st, 2011, a new federal law will require all borrowers to be provided with the Risk-Based Pricing Disclosure notice within 3 business days of having credit pulled. The notice provides borrowers with information regarding their credit, including how their credit compares to the credit scores of other borrowers.

There are two versions available; one for applicants with credit scores and one for applicants without credit scores. Each borrower is required to receive their own disclosure even if credit is pulled jointly. Our credit vendor, CBC has added this disclosure as part of the credit report starting January 1, 2011. We have also added a blank disclosure form to our website and Mortgagebot sites. This form is required with the initial credit package and must be signed and dated by borrowers.

Updates and More Updates

FHFA targets private transfer fee covenants

Feb. 10, 2011 – Fannie Mae, Freddie Mac and the Federal Home Loan Banks would be barred from dealing in mortgages on properties encumbered by some private transfer fee covenants and in related securities under a Federal Housing Finance Agency proposal out for comment until April 11.

Private transfer fee covenants may be attached to real property by the owner or another private party and require that the fee be paid to an identified third party upon each resale. The FHFA notes these are often established by developers for their own benefit; that is the developer attaches the covenant, which provides that the developer be paid the fee upon each resale.

The FHFA says private transfer fee covenants present a safety and soundness risk, but it is proposing to except those fees paid to homeowner associations, condominiums, cooperatives and certain tax-exempt organizations that use the fees to benefit the property owners.

The [proposal](#) was published in the *Federal Register*.

The proposed exceptions are similar to those used in some states that allow the covenants, such as Minnesota, Delaware, North Carolina and Hawaii, which otherwise bar them if they require fees to go to third parties. In California, the covenants are permitted if they are properly recorded and contain certain disclosures.

The FHFA notes that several states have enacted or are close to enacting legislation to regulate such covenants.

We Broker Compensation Changes:

Based on further clarification of the Federal Reserve Board's final rule on loan originator compensation, which will be effective for applications received by creditors on or after April 1, 2011, there are additional restrictions on transactions where the member compensates the loan originator.

Because of this, **PHH Mortgage has revised its direction and will now support loan originator compensation directly by the Lender only—not by the member.**

PHH's new policy direction:

PHH plans to comply by compensating brokers through the lender paid option for all loans:

- ◆ Registered on or after March 22, 2011

- ◆ Any loan registered prior to 3/22 must be submitted into underwriting on or before 3/31 or the loan may be subject to cancelation

Your compensation from PHH will be a flat percentage based on the loan amount. PHH intends to offer multiple flat compensation rates, ranging from 1 to 2 points in .25 pt increments, allowing you to choose the one that meets your company's goals.

Any pricing below par will appear as discount points on the rate sheet and will be a direct charge to the member and any above par pricing will appear as premium pricing on the rate sheet and will be a direct credit to the member.

Premium pricing amounts can only be applied to third party fees. This excludes origination charges and any seller paid closing costs on behalf of the member. Should the lender contribution exceed the out of pocket third party costs, the interest rate will need to be lowered.

Pricing will continue to provide you with rate sheets using our existing process. Effective with this process, PHH will be sending out all initial Truth-In-Lending (TIL) statements. The MDIA 3/7/3 process will start on this date, regardless of whether or not you have issued a TIL in the name of PHH prior to this.

Risk Based Pricing

Risk based pricing disclosure is required to be signed and included in all credit packages. This disclosure is part of the credit report.

Handwritten 4506T forms are no longer accepted. All data must be typed in the form and then signed by members.

Above grade bedroom count is required for all loans with an appraisal waiver.

Free Training

Genworth and CUsource have partnered up to offer free training on May 10th in Billings. The training will be held in the large conference room at Altana FCU at 3212 Central Ave. Lunch will be provided! In addition, participants will have a chance to network. Send your r.s.v.p's to stacya@cusource.com