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TitleNews

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American Land Title Association

Restringing the Housing Market

Several Changes made to HARP in an Effort to
Help More Borrowers Refinance and
Bring Stability to Housing Market

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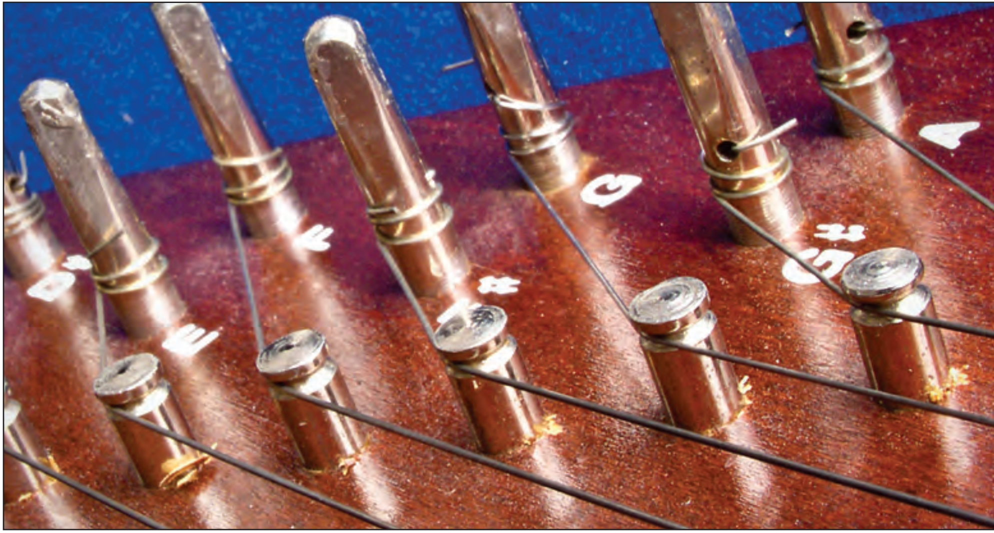

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January 21-23	Title Agents Executive Conference *Monarch Beach, CA*
March 25	Agents & Abstracters Forum *Louisville, KY*
March 25 - 27	2012 Business Strategies Conference *Louisville, KY*
May 6 - 9	2012 Federal Conference and Lobby Day *Washington, DC*
October 17 - 20	2012 Annual Convention *Colorado Springs, CO*

STATE MEETINGS

April 19 - 20	Alaska
April 19 - 21	Oklahoma
May 6 - 8	Iowa
May 14 - 16	California
June 6 - 7	South Dakota
June 7 - 9	Virginia
June 10 - 12	Pennsylvania
June 10 - 12	Wyoming
June 14 - 16	Texas
June 21 - 24	New England *(CT, ME, MA, NH, RI, VT)*
July 15 - 17	Michigan
August 1 - 4	Kansas
August 9 - 11	Pacific Northwest *(ID, MT, OR, UT, WA)*
August 10 - 11	Minnesota
September 9 - 12	New York
September 9 - 11	Ohio
September 12 - 15	Colorado
September 13 - 15	Dixie Land *(AL,GA,MS)*

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Holidays Bring Time for Reflection, Looking Ahead

First, best wishes for a happy and safe holiday season. I always appreciate this time of year when we reflect on what we've achieved, set new goals for the coming year, and prepare for the challenges ahead.

This past year proved to have a tone of prospective change. Many issues are under review, yet we have not contended with many changes actually put in place. We face game-changers with reform of Fannie Mae and Freddie Mac and regulators' proposed 20 percent down payment requirement for Qualified Residential Mortgages. The Consumer Financial Protection Bureau continues its process of developing new mortgage disclosures, and we got our first taste of a draft settlement statement just before Thanksgiving.

While outside forces showed us changes on the horizon, the association had many successes in 2011. We have taken clear action to increase the professionalism of the industry for our membership. ALTA's Board voted for the creation of a national designation through the new National Title Professional program. We've discussed developing a national designation for some time. Now is the right time to pursue this and strengthen the professionalism and ethical standards in the industry.

I haven't stopped talking about the record membership ALTA set this year, standing at more than 4,000 member companies. Not only are we gaining new members, but we are retaining membership at an excellent rate of 85 percent. It is with this increased support from our members that we strengthen the advocacy of the land title insurance industry with legislators, regulators and other policymakers. While membership is up, we aren't resting on our laurels. Late in 2011, we launched a new membership program aimed at real estate attorneys, which provides an untapped resource of new members. Growing our numbers and getting more individuals who are already involved in title work to hear our message of high-standards and strong professionalism will only enhance our ability to serve and protect the title insurance industry.

Over the summer, ALTA once again had the opportunity to tell our story before Congress. Anne Anastasi, ALTA 2010-11 president, testified during a hearing before the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity about how to improve transparency in mortgage disclosures. Anastasi reiterated the importance of an Owner's Title Insurance Policy. Subcommittee Chairwoman Judy Biggert (R-Ill.), a former real estate attorney, agreed saying, "not having an Owner's Policy is a scary thing." That gets my vote for quote of the year.

As you can see, we've accomplished a lot, and we know there is much still to do. With your help and participation as an ALTA member, we will continue to achieve great things. With record membership and financial stability, ALTA is well positioned to represent the land title insurance industry. We look forward to building upon our strong foundation and improving upon the value we provide to our members.

- Michelle Korsmo, ALTA chief executive officer

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ALTA Responds to CFPB's Initial Draft of Closing Disclosure

The Consumer Financial Protection Bureau (CFPB) moved to the second phase of its Know Before You Owe mortgage project by releasing the first draft of two prototypes of a final disclosure form to be used during closing to explain to consumers final loan terms and closing costs.

The CFPB issued two draft forms of the disclosure, combining the Truth in Lending disclosure and a HUD-1. The first, called Ironwood Bank, is six pages. The second, Hornbeam Bank, is five pages.

As a settlement agent, the CFPB wants to know if you could clearly and easily explain the form to customers. It also wants to know how the form can be improved to make things clearer. ALTA encourages members to provide comments to the CFPB regarding the draft closing disclosure on its website, *www.consumerfinance.gov/knowbeforeyouowe*.

"In meetings, CFPB staff has made very clear that in order for them to change the way that a form is drafted, they need to hear specific feedback from industry groups," said Michelle Korsmo, ALTA's chief executive officer.

ALTA's RESPA Task Force has reviewed the draft forms and prepared over eight pages of notes and comments in the process. It shared four main concerns on the CFPB website:

- **Lender Generated Info vs. Settlement Agent Info:** The Task Force asked who the Bureau believes will be responsible for filling out the Settlement Disclosure Form. The answer to this question is necessary to allow ALTA and settlement agents to provide the Bureau with substantive feedback about the form. Currently, RESPA regulations require the settlement agent to complete the HUD-1. However, the Bureau's combined form contains a significant volume of loan information that is typically only known to the loan originator. ALTA's RESPA Task Force suggests that Bureau consider segregating the form into two parts so that the settlement agent and the loan originator can each be responsible for their respective portions of the forms. This would allow both entities to complete their relevant sections within statutory requirements.
- **Section Formatting:** The Task Force also asked why the Bureau renumbered the line items on the draft form from the current HUD-1. The Task Force suggests minimizing the reordering and renumbering of line items from the current HUD-1 to reduce programming costs.
- **Roll-Up Lines:** There are concerns the Bureau plans to continue using roll-up lines. The Task Force suggests abandoning roll-ups in favor of increased itemization and expandability. This will provide transparency to consumers and lenders and save space on the form. An added benefit for settlement agents will be that the settlement disclosure form will return to being a reflection of the settlement agent's disbursement ledger.
- **Tolerance Cures:** The Task Force also asked why the Bureau feels the need to continue utilizing the concept of tolerance outside of the lenders own fees. The Task Force said tolerance has not resulted in improving the accuracy of RESPA disclosures as serial Good Faith Estimates are sent to consumers to avoid tolerance violations. Further, this practice causes confusion for consumers who typically do not understand tolerance and do not read the multiple GFEs.

The CFPB tested these forms in Des Moines, Iowa and expects to conduct three more rounds of revisions through February 2012. Starting in the second or third round of this phase, the CFPB said it will test both the initial and final disclosures together. Settlement agents will be part of the process. The CFPB also plans to issue draft forms for public comment as part of notice and comment rulemaking procedures in July 2012.

Higher Loan Limits Restored for FHA, but not for GSEs

After weeks of negotiations over restoring conforming loan limits, congressional negotiators reached a compromise reinstating higher levels for FHA loans through 2013. The House and Senate ratified the agreement, which was attached to three mini appropriations bills including the HUD budget for the new fiscal year.

ALTA sent letters of support to the House and Senate urging quick approval of the compromise, which did not include the higher limits for any loans other than FHA (not Fannie Mae, Freddie Mac or VA loans).

On Sept. 30, 2011, loan limits for FHA and Fannie Mae and Freddie Mac loans fell from a maximum of $729,750 to $625,500, affecting 669 counties.

The newly restored loan limits took effect immediately and allow FHA to insure mortgage loans up to 125% (instead of 115%) of local area median home price, and with a cap of $729,750 (instead of $625,500).

ALTA sent grassroots alerts asking members to contact their members of Congress and urge them to support legislation reinstating the higher limits. The legislation passed with huge majorities in the Senate (60-39) and the House (298-121).

"This is another solid example of what ALTA can achieve when our members take action," said Michelle Korsmo, ALTA's chief executive officer. "ALTA thanks its grassroots activists who responded to alerts and reached out to their member of Congress."

Meanwhile, maximum conforming loan limits for Fannie Mae and Freddie Mac in 2012 will generally remain at existing levels as the result of new calculations from FHFA.

The base conforming loan limits (applicable to non-high cost areas) for 2012 remain:

- $417,000 for mortgages on one-unit properties;
- $533,850 for mortgages on two-unit properties;
- $645,300 for mortgages on three-unit properties; and
- $801,950 for mortgages on four-unit properties.

Maximum loan limits for the nation's high cost areas will remain unchanged from existing levels, with the exception of Fairfield County, Connecticut, where the loan limit will increase.

VA Updates Funding Fee

In accordance with legislation signed into law on Oct. 5, the Department of Veterans Affairs (VA) recently issued Circular 26-11-15, which updates the funding fee requirement for VA-guaranteed loans.

The circular sets forth the funding fee amounts for loans closed from Oct. 6 through Nov. 17 as well as the funding fee amounts that will be effective for loans closed on or after Nov. 18. The circular advises that Congress will likely pass additional legislation that will necessitate further changes to the funding fee.

The rates in effect for Oct. 6 to Nov. 17 are the rates that were effective prior to Oct. 1. VA recognizes that Good Faith Estimates prepared prior to Oct. 6 may reflect a funding fee that is lower than the mandated amount if the loan closed on or after Oct. 6. Accordingly, the VA has advised that it will waive the higher funding fee on such loans. Instructions on obtaining such a waiver will be published in a forthcoming VA Circular.

MISMO's Title Workgroup to Meet During January 2012 Trimester Meeting

MISMO's Title Workgroup will meet Jan. 26 during MISMO's January 2012 Trimester Meeting in Atlantic Beach, Fla., to work on implementation guides for Title Request/Response, eRemittance and eAgentValidation. The Title Request/Response pair is a set of data standards that supports the request for title services and responses which support the exchange of information in advance of closing. eRemittance is also a request/response pair that supports an Underwriter's request for information about closed transactions and the Agent's response with transaction details including premium amount. eAgentValidation is a new standard in development and will support a request for agent status from a lender or LOS and the response from an Underwriter indicating whether or not the agent remains in good standing.

U.S. Supreme Court to Hear RESPA Case over Unearned Fees

The U.S. Supreme Court has agreed to decide whether federal law bars mortgage lenders from charging unearned fees at closings if they aren't part of a fee-sharing arrangement.

In Freeman v. Quicken Loans, Inc., the court will decide whether Section 8(b) of the Real Estate Settlement Procedures Act (RESPA) prohibits a settlement services provider from only charging an unearned fee when the fee is divided between two or more parties. The U.S. Court of Appeals for the Fifth Circuit held that RESPA prohibits only kickbacks and referral fees, not unearned fees by a sole provider of settlement services. Therefore, charges that Quicken imposed on the appellants for loan discount fees and a loan processing fee are not prohibited by Section 8(b) of the RESPA.

The plaintiffs allege Quicken Loans charged discount/origination fees that were unearned and therefore illegal. Quicken argued in a motion for summary judgment that the fees were not split with another party and as a consequence, no RESPA violation was possible whether or not these fees were unearned. While HUD's position as the RESPA enforcement agency has been that unearned fees are prohibited by RESPA regardless of whether or not split with another party, the District Court agreed with Quicken and dismissed plaintiffs' claims.

The Supreme Court granted certification on Oct. 11.

Lower courts have split on how to interpret the law. The New Orleans-based Fifth U.S. Circuit Court of Appeals sided with Quicken Loans last year on a 2-1 vote, ruling the law did not impose a flat ban on unearned fees. The appeals courts said the law only prohibits lenders and other service providers from paying or receiving kickbacks.

Oral arguments will take place early next year, with a decision expected by the end of June.

ALTA Board Approves Updated Statement Regarding Cost of Public Records

ALTA's Board of Governors recently approved an enhanced position statement regarding the cost of public records.

"ALTA's previous position statement, which was approved by the Board in 2009, did not specifically address circumstances where the public official has engaged a third-party vendor to perform a significant portion of the official's duties," said Michelle Korsmo, ALTA's chief executive officer.

The enhanced statement reads, "It is the position of the American Land Title Association that the cost to obtain a reproduction of a public record or document, regardless of format, should be the custodian's actual out-of-pocket cost to produce the reproduction, regardless of whether the custodian is a public official or a third-party vendor engaged to act as custodian on behalf of the public official. Further, it is the position of the American Land Title Association that such reproductions should be provided by the public official (or a third-party vendor engaged to act as custodian on behalf of the public official) to a member of the public to the fullest extent permitted by applicable law, and without the imposition of any restrictions regarding use."

Wisconsin Member Wins iPad for Best Video

Craig Haskins of Knight-Barry Title Group in Wisconsin was awarded an iPad for winning ALTA's "Tell Us Your Story" video contest.

Members were asked to submit a video conveying their industry story. Haskins' video featured him going around asking people if they knew who provided the title insurance coverage on their transaction. TSS Software Corp. earned an honorable mention for their video and will receive a $100 gift certificate from Geiger.

Videos were incorporated into ALTA's general session program at the Annual Convention. The videos can be viewed on ALTA's YouTube page at *www.youtube.com/user/altavideos*.

Restringing the Housing Market

Several Changes made to HARP in an Effort to Help More Borrowers Refinance and Bring Stability to Housing Market

A series of changes have been made by the Federal Housing Finance (FHFA) Agency to the Home Affordable Refinance Program (HARP) in an effort to attract more eligible borrowers who can benefit from refinancing their home mortgage and bring stability to the housing market. The new program enhancements include eliminating upfront fees, loan-to-value ratio caps, appraisal requirements, some representation and warranty risk for lenders. It also extends the end date for HARP until Dec. 31, 2013 for loans originally sold to Fannie Mae and Freddie Mac on or before May 31, 2009. The new changes could usher 1.6 to 3.1 million more borrowers into the program. >>

By Jeremy Yohe

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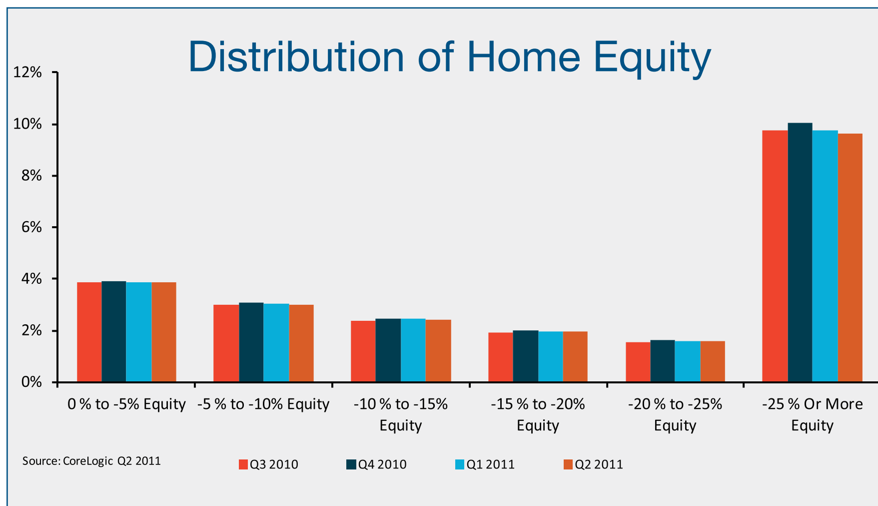


Key Changes to HARP

- Removal of the 125 percent LTV ceiling so that borrowers with significant levels of negative equity are now potentially eligible;
- Reduction of risk-based fees, also known as loan-level pricing adjustments, although the reduction depends on the term of the newly refinanced loan among other factors;
- Representation and Warranty relief for the lenders committing loans to the program.
- The allowance for the use of reliable AVMs to establish eligibility of the LTV;
- The ability to re-subordinate existing second liens that had been a significant impediment to refinancing under HARP; and
- Extension of the program until the end of 2013.
- Fannie Mae and Freddie Mac have each issued their own guidance on how the agencies will implement changes to HARP. Effective dates and rules vary for the changes, so it's advised to read the guidance and bulletins in their entirety.

While many in the industry applaud efforts to help more underwater borrowers who are current on their mortgages refinance at today's historically low interest rates, the stimulus isn't expected to be a panacea for the housing market because it doesn't address distressed borrowers and shadow inventory.

"We are encouraged to see efforts designed to bring some stability to the nation's housing market. While these changes will be helpful, they won't be a universal solution to fix our ailing economy," said Michelle Korsmo, ALTA's chief executive officer. "ALTA encourages members to determine how their companies can support this program. This could be through public announcements explaining how a refinance rate works, how consumers can ask for reduced rates and how the rates can apply under the HARP program. One idea may be to revive the secondary title insurance endorsement used during the Resolution Trust Corporation days."

Impact on Title

Following the announcement of the revamped HARP, a handful of media reports indicated that title insurance and closing costs are among the fees that will be reduced or eliminated in the HARP program. Reports by CNN and Forbes both inaccurately hinted that title insurance costs would be eliminated from the plan.

In an interview with the *Denver Post*, HUD Secretary Shaun Donovan said there was an "agreement to do bulk title insurance, which will lower the cost of getting title insurance." In response, ALTA sent a letter to Donovan telling him that comments implying that HUD has made a deal with certain providers will discourage consumers from shopping and choosing their own provider. Improving consumer shopping for title insurance has been an item HUD has encouraged.

ALTA staff spoke with FHFA officials who confirmed they don't know of any deal on bulk title insurance, and reiterated that title insurance policies will continue to be issued with these refinances.

Meanwhile, California-based WFG Lender Services reportedly said it will offer flat fees on refinancing in most states through HARP. Bill Moody, executive vice president of Williston Financial Group (which also owns WFG National Title Insurance Co.), told *HousingWire* the fees could be reduced up to 40 percent, in some jurisdictions. Moody said the total fee would be affected by title costs and conforming loan limits.

Winners and Losers

According to Mark Fleming, CoreLogic's chief economist, time will reveal the true impact of HARP 2.0, but it is certain that many more borrowers will benefit than would have otherwise.

"The impact will be targeted to housing markets and local economies that are the hardest hit by the housing collapse, as these are the markets with the largest shares of insufficient and negative equity borrowers," he said.

Fleming expects HARP 2.0 to benefit Fannie Mae and Freddie Mac because it reduces delinquency risk. He also sees a positive for the origination market because it will generate additional demand for mortgage refinances. While it may have some modest impact on consumption and the economy, Fleming said the impact will be neutral for the housing market itself, and negative for bondholders of high coupon GSE mortgage-backed securities (MBS).

"There are no silver bullets that will solve the issues facing the housing and mortgage markets, only solutions that play their small part," Fleming said. "In the end, the best solution will be a stronger economy and the passing of time."

Ted Rogers, president and CEO of Security Title Guarantee Corp. of Baltimore, believes that while the revamped HARP will free up some capital for participating homeowners to spend on goods and services that would have otherwise gone toward servicing debt, the total amount will have a minimal affect on the overall economy.

"Because it does nothing to align mortgage debt with current home values, it will not stimulate the moribund real estate market," he added. "Participants will still be unable to sell their homes for many years without financial loss and will, therefore, be incentivized to, instead, remain in their homes in order to retain a very favorable mortgage interest rate."

As an alternative, Rogers suggested Congress pass legislation that allows underwater homeowners who are current on their mortgage debt to refinance that debt up to the current value of their home and convert the debt in excess of current values into a government guaranteed personal loan.

"These homeowners have demonstrated that they are creditworthy and do not necessarily need to lower their monthly payments on the full debt, so the refinanced mortgage loan should be given at today's lower interest rates to provide some immediate stimulation to the economy, while the rate on the unsecured portion could remain at the existing mortgage interest rate, or slightly higher, to reflect the unsecured nature of the loan," Rogers said. "Because the personal loan would be transportable and not secured by the property, homeowners would be free to sell their home at anytime without fear of suffering significant financial loss. Such a move would speed up the recovery of the housing market."

There seems to be a general consensus that HARP 2.0 will lead to an increase of somewhere around two million additional transactions starting in 2012 and going into 2013. Assuming an average loan amount of $175,000, this will result in $350 billion over two years, "although we believe it will be front-loaded in 2012," according to Fleming.

With the origination market estimated to be between $1.1 to 1.2 trillion for this year and assuming similar volumes next year, the effect of HARP 2.0 could be a 15 percent boost in volume next year that would otherwise have been unlikely to happen. Of course, any increase in mortgage rates in 2012 or 2013 will dampen the impact.

Fleming believes the direct impact on the housing market will be minimal because refinancing will not significantly reduce the level of insufficient and negative equity and will be unlikely to effectively reduce strategic default.

"This is because the program only offers the potential of lower payments but doesn't reduce principal, so borrowers will continue to hold mortgages that are significantly higher than the values of their homes," he said. "As borrowers need to be current on existing loans, HARP 2.0 will not reduce the level of the shadow inventory, which, by

"There are no silver bullets that will solve the issues facing the housing and mortgage markets, only solutions that play their small part."

definition, is composed of seriously delinquent loans and REOs held off the market."

Any likely benefit will be in the form of lower future shadow inventory due to reduced future delinquency risk. There may be some moderate reduction in the risk of future foreclosures, but this is also a future benefit.

"There is little immediate benefit to the impacted housing markets in the near term or to the borrowers who are already delinquent," Fleming said. "Benefits of HARP 2.0 will be longer term in the form of reduced, new distressed assets."

The primary issue underlying HARP is insufficient and negative equity risk preventing borrowers from access to today's low cost credit. Nationally, based on the CoreLogic quarterly negative equity analysis, there are more than 20 million borrowers who have insufficient or negative equity positions on their homes accounting for all outstanding liens. Additionally, 4.7 million of these households are underwater by 25 percent or more. Nevada and Florida rank first and third for the highest levels of negative equity (60 percent and 45 percent respectively) and account for 2.3 million, 21 percent, of the underwater mortgages nationally. In those same two states, the share of loans that are current in the GSE portfolio is significantly lower than in the overall GSE portfolio.

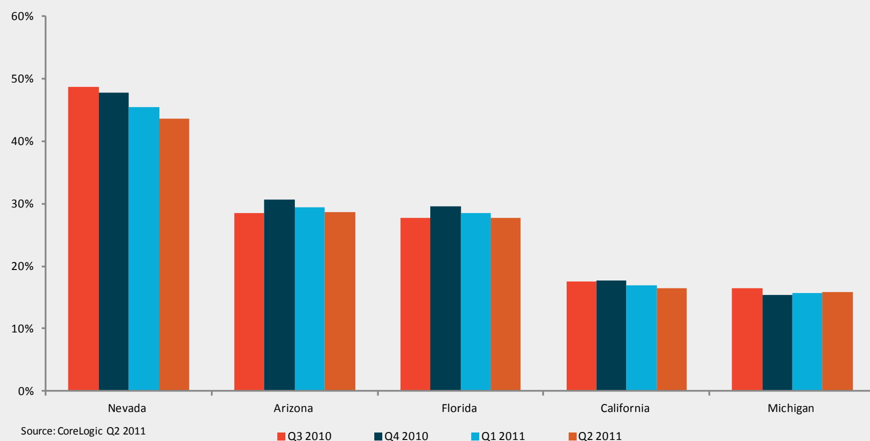
"It's not surprising that where insufficient and negative equity is concentrated is also where delinquency levels are higher," Fleming said. "Therefore, the HARP 2.0 requirement that the borrower must be current reduces eligibility in many of the areas where

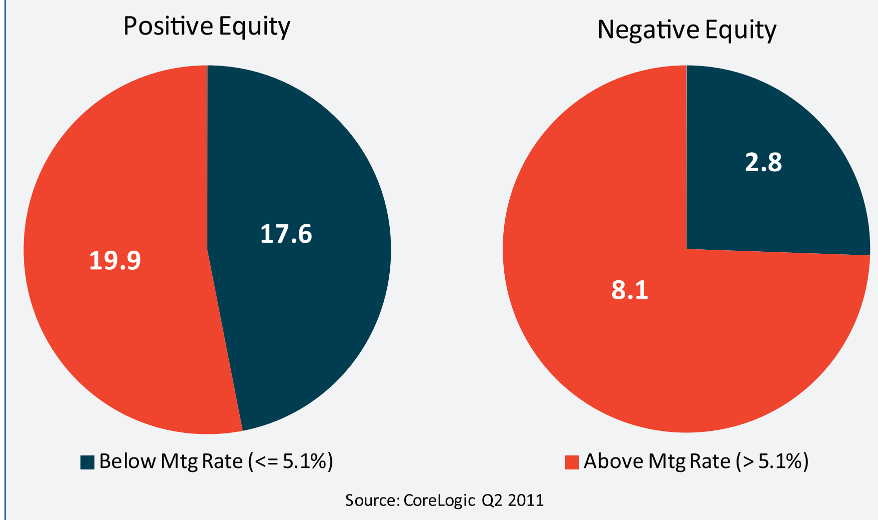
Potential Impacts of HARP 2.0

- Estimates 20 million homeowners could qualify—one out of four homeowners in the country
- At a $400 per month loan payment reduction ($4,800 per year pre-tax), this potentially could put $96 billion annually in consumers' pockets without increasing U.S. government or consumer debt 1 cent – consumer spending that would spur an economic recovery
- Could potentially keep one out of four distressed properties off the market significantly reducing shadow inventory and expediting a recovery in the housing markets
- Federal government will collect more income taxes as homeowners will have less interest deductibility
- Since none of these existing loans had prepayment penalties, all current investors in those loans knowingly had the potential of repayment at any time
- Economists estimate that these changes will allow an added 1 to 1.6 million homes to be refinanced
- Assuming a current loan of $200,000, then the HARP modifications would increase 2012 residential lending volume by $200 to $320 billion
- Prior to this announcement, Fannie Mae had forecast 2012 residential lending to be $958 billion comprised of $467 purchase volume and $491 billion refinance

Source: CoreLogic

Negative Equity 25% or More





negative equity presents the biggest impediment to refinancing. Of course, delinquent and underwater borrowers can potentially be considered for broader loan modification programs, as opposed to refinancing options such as in HARP 2.0."

Refi Frenzy?

It's already being debated what impact FHFA's decision to waive certain representations and warranties on loans refinanced through the program will have.

FHFA explains that nearly all HARP-eligible borrowers have been paying their mortgages for more than three years, and most for four or more years. The federal agency says these are "seasoned loans made to borrowers who have demonstrated a capacity and commitment to make good on their mortgage obligation through a period of severe economic stress and house price declines," which makes them a safe bet.

"Therefore, FHFA has concluded that eliminating the reps and warrants that may have discouraged industry participants from taking greater advantage of HARP to date will be good for borrowers, housing markets, and the enterprises and taxpayers," the agency said in a statement.

Gene Sperling, director of the White House's National Economic Council, said during a briefing, that the elimination of rep and warranty stipulations will "unleash competition for housing refinance."

Without the added risk of pre-existing underwriting deficiencies, officials believe lenders will be more aggressive in putting borrowers into new loans under the HARP initiative.

Homeowners who are current on their payments but have been unable to refinance because of a severe negative equity position may soon find themselves being pursued by a host of lenders with a HARP application in hand. Some expect mortgage lenders to capitalize on this opportunity.

According to *American Banker*, Matthew Jozoff, a managing director for JPMorgan Chase, described it this way:

"So if a (Bank of America) borrower has been current for six months, basically a Chase originator could go after that borrower, refinance them and not be held to the original loan file that BofA had. Consequently, we think that does increase the willingness of cross-servicing refinancing to take place."

Analysts at Barclays Capital, however, say the "rep and warranty waiver may be less effective than initially estimated."

In a research note, they concede that rep and warranty issues are widely thought to be one of the main points of friction in refinancing HARP-eligible borrowers.

"The new HARP announcement held some promise of relief on this issue, and initial reports seemed to suggest a significant waiver in claims," Barclays said, but the investment bank points out that Fannie Mae already provides rep and warranty relief on the old loan for same-servicer underwriting through its Refi Plus program.

Essentially, the new HARP announcement simply extends this feature to Freddie Mac and potentially to refis by a different servicer, according to Barclays. But the company's analysts note that "the presence of this waiver has not caused Fannie Mae speeds to be dramatically higher than Freddie Mac's historically."

While the program revisions could increase loan refi prepayments on the margin, the company's analysts say "it is difficult to envision the proposals – as they stand – triggering a significant rep and warranty waiver related refinancing wave."

Lenders Playing Ball

David Stevens, president and CEO of the Mortgage Bankers Association (MBA) said the mortgage industry welcomed the changes designed to help more underwater borrowers. Not only will these changes allow more borrowers to qualify, but they will streamline the process and reduce the cost to borrowers and should lessen risk for Fannie Mae and Freddie Mac, he said.

"Lenders are particularly gratified that the refinements will provide relief from some representations and warranties that lenders face when originating new loans," Stevens said. "These changes alone should encourage lenders to more actively participate in HARP.

The four largest mortgage servicers, Bank of America, Chase, Citigroup and Wells Fargo, each said they will participate in the revamped HARP.

JPMorgan Chase told the investors this week that HARP 2.0 will facilitate "cross-servicing refinancing" because with the rep and warranty waiver, the new lender is not required to assume responsibility for underwriting deficiencies that may have occurred with the original loan.

Chase explains that HARP may be used to replace an adjustable-rate or interest-only loan with a standard fixed interest rate loan, and typically reduces the borrower's monthly payment.

In separate statements, Citi said that it "supports the program and expects to participate," while Wells Fargo said it "welcomes the addition of the new HARP features."

Bank of America said it will participate in the enhanced program, and expected the new guidelines and eligibility criteria to go into effect after Dec. 1.

"Despite ongoing economic challenges, nearly 90 percent of our customers remain current on their mortgage," BofA spokesperson Rick Simon said. "HARP helps these homeowners who remain current on their mortgage with options to lower their monthly payment when, otherwise, conventional funding options are limited."

According to the FHFA, industry participation in HARP is not mandatory. Because of this, "implementation schedules

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will vary as individual lenders, mortgage insurers and other market participants modify their processes," the FHA said.

What about Positive Equity Homeowners?

A group of 10 senators sent a letter to President Obama asking him to extend relief under HARP to borrowers with more equity in their home, not just those who owe more than their home is worth. Launched in March 2009, HARP has allowed 838,000 borrowers to refinance with just 7 percent holding LTVs above 105 percent. Borrowers with more than 20 percent equity still in their home would not qualify. Sens. Barbara Boxer (D-Calif.) and Johnny Isakson (R-Ga.) led the recent letter to extend the benefits, especially to the nearly 12 million additional loans with more equity in their home but are paying interest rates well above 5 percent.

"While we applaud these measures, they should be expanded to include borrowers with more equity in addition to those with little or no equity," the letter reads. "Not only is this an issue of fairness, but applying these measures to higher equity borrowers makes good business sense. Allowing banks to have a single set of rules ... will simplify the process."

Boon for Title Business?

Catharine LaMont, president of LaMont Title Corp. in Detroit and president of the Michigan Land Title Association, doesn't believe the HARP changes will impact the housing market in her state. According to CoreLogic, 36 percent of all mortgage properties in Michigan have negative equity.

"Unfortunately, the foreclosure situation in Michigan depends more on job loss than on properties being underwater; although many homes are underwater," she said.

Because of this, LaMont doesn't expect any push in refi business and won't be making any staffing changes unless there's a significant job recovery. She noted an increase in stimulus funds is having a tremendous impact, however.

"The Neighborhood Stabilization Program (NSP) has been very significant in our business and our 2011 volume is up by about 50 percent over 2010 largely due to that," LaMont said. "NSP funds are going to residential and commercial loans and residential purchase and rehabs. To a lesser extent, we are seeing an increase in private lending which I believe will grow in 2012."

In Nevada, which leads the nation in underwater mortgages, Sylvia Smith believes the HARP changes will help those that "truly want to stay in their homes."

"I think this will have an effect as far as keeping more people in their homes versus a strategic default or short sale," said Smith, who is president of Reno-based Western Title Company.

She is hopeful an uptick in refinance will keep the company from reducing staff during the typical slow months. Legislation (Assembly Bill 284) that went into effect Oct. 1 imposing stricter requirements on filing notices of default has caused the Nevada foreclosure market to nearly dry up. Smith hopes HARP changes can buffer the loss.

"Investor business has been a big part of 2011, and with no new inventory coming in from foreclosures, or at least limited, it will have a negative effect on 2012 business," she said. "If the changes to HARP come out as early discussions indicate, we will hope that some of that business will make up for the loss of the investor business."

Meanwhile, in Florida there are 45 percent of mortgage properties underwater resulting in millions of loans that could qualify under the HARP program. Shelley Stewart, president of Florida-based Southern Title Holding Co. LLC and past president of the Florida Land Title Association, said many of her lending customers have told her they are still working on many HARP refinances pending in the existing pipeline.

"Many of our lenders are in fact staffing up to handle a refinance push; however, many lenders are cautious in taking these steps as they are uncertain as to what the new loan parameters of the HARP program will be," Stewart said. "Success of the program and its impact on the Florida economy will be weighted heavily on the program design."

Stewart doesn't plan on making any staffing changes to her company as she forecasts 2012 to trend closely with 2011.

"If there is one thing that I have learned from this recessed economy, that is to make all staffing decisions carefully and cautiously," she said. "To that end, I anticipate no staffing change until I am absolutely certain there is a real need – and can confirm that we are experiencing a true trend and not another hiccup, as we bounce along the bottom of this economy." ■

Jeremy Yohe, director of communications for ALTA, can be reached at *jyohe@alta.org*.

2011 annual convention highlights

Images from ALTA's 2011 Annual Convention

View more photos at *www.alta.org/meetings/annual*

An optimistic and energetic crowd of more than 600 title insurance professionals attended ALTA's 2011 Annual Conference in historic Charleston, S.C. Here's a recap of highlights from the general sessions:

Title insurance, real estate, mortgage and RESPA experts shared their insight on a variety of issues impacting business

and how recent legislative and regulatory changes and further alterations will influence the marketplace.

Fannie Mae chief economist Doug Duncan said the industry is still five years away from returning to normal market conditions, adding that Americans are still very pessimistic about the economy, home prices, and household finances.

While the title insurance industry has long grappled with how to effectively explain the benefits of title insurance, expert speaker Sue Hershkowitz-Coore offered strategies to help the industry improve its message and connect with consumers on an emotional level. To be an effective storyteller, she said you must connect emotionally with the consumer, speak the truth from the heart and help the consumer feel safe and smart around you.

Mark "McGoo" McGinnis, a highly decorated U.S. Navy SEAL, kept attendees on the edge of their seats during a packed closing general session, detailing the intense training it takes to become a SEAL and how their practices can be used by successful businesses.

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Have You Heard of the Excluded Parties List System?

The list contains names – including title agents, settlement agents and escrow officers – of those suspended or debarred from receiving federal contracts or benefits.

One of the Government Sponsored Entities (GSE's) newest requirements as part of their Loan Quality Improvement Initiative is to require all originators to run the names of all interested parties against HUD's Limited Denial of Participation (LDP) and Excluded Parties Listing System (EPLS).

The EPLS is a searchable database maintained by the General Services Administration (GSA) listing all persons suspended or debarred from receiving federal contracts or benefits. The U.S. government has a policy and procedure for suspending or debarring individuals and companies from doing further business with or providing services in relation to a contract or transaction that involves the federal government when it has been discovered they acted inappropriately.

Settlement agents and title and escrow companies are subject to suspension or debarment if it has been determined they acted inappropriately on a transaction involving the U.S. government – for example, wrapping a new loan around an existing FHA loan. Companies or individuals who have been suspended or debarred are listed on the EPLS.

The lender is responsible for ensuring all service providers in a real estate transaction – including the settlement agent and title officers and their companies do not appear on this list for any new government insured or backed loans. The lender must log on to *https://www.epls.gov* and enter the name of the individual and company. In most cases the search will result in no matches. If there is a potential match the lender will need additional information to determine whether or not the provider is the individual or entity shown on the EPLS.

In the case of an individual, this information may be their social security number, middle name or previous name or their driver's license. Each lender has its own requirement regarding the information they will accept in order to clear the potential match. Settlement agents may choose whether they will provide their personal, non-public information to the lender or not. If they choose not to, the file should be transferred to another settlement agent who is not a potential match or is willing to provide

Excluded Parties List System

The EPLS excludes persons or entities appearing on this list from involvement in:

Any Federal Government Transactions

- FHA /VA /Conventional loans
- HUD REOs
- Low income housing projects

Any Service Provider

- Escrow officer
- Title officer
- Appraiser
- Mortgage broker
- Notaries

Do a Search

- You can perform a search of the database by going here: *https://www.epls.gov/epls/search.do*

their personal, non-public information to the lender.

Access to EPLS is free and it only contains the names of individuals or companies who have been suspended or debarred by the federal government. As a result, some of the investors in the lending industry are including requirements for the originating lender to ensure participants in the loan do not appear on this list and others. Here is an excerpt from Fannie Mae's Single Family Selling Guide:

All individuals and companies must be cleared for any contract or transaction involving the U.S. government.

Responsible Lending Policies

The following summarizes Fannie Mae's policies on responsible lending. As noted below, other sections of the Selling Guide provide additional information with respect to Fannie Mae's responsible lending requirements.

Qualified Participants:

- *Any loans originated, underwritten, or serviced by parties on the Excluded Party List or the HUD Limited Denial of Participation List (LDP List) are ineligible for delivery to Fannie Mae. Therefore, Fannie Mae is requiring that lenders confirm that any parties to the mortgage transaction are not on the lists prior to delivery of the loan.*

A Limited Denial of Participation (LDP) is an action taken by a specific HUD representative for failure to comply with the specific standards for a HUD program. A LDP excludes a party from further participation in a specific HUD program area. A LDP generally expires in one year. For access to the LDP list, follow this link: *http://portal.hud.gov/hudportal/HUD?src=/topics/limited_denials_of_participation*.

Third Party Vendors

It is up to each lender to determine their compliance with FHA, VA and Fannie Mae requirements. As a result, some lenders have decided to contract with third party vendors to assist them.

Some of these third party vendors charge for their services and lenders may try to pass this charge on to the escrow or title company. Settlement agents who receive a request to sign up with a third party company should decline such request, especially if the third party charges a fee.

Remember access to the EPLS and LDP is free. Settlement agents may log on, enter their own information and send it to the lender in order to prove they are not an exact match.

Conclusion

Keep in mind all individuals and companies must be cleared for any contract or transaction involving the U.S. government. FHA and VA loans are the most common instances where the settlement agent may receive a request for additional information but such requests are not limited to these types of transactions. Transactions involving HUD REOs, USDA financing and VA REOs also require clearance of the EPLS.

Lisa Tyler is the national escrow administrator for Fidelity National Financial, Inc. She can be reached at *lisa.tyler@fnf.com*.

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20 Things NOT to do in Social Media for Real Estate

Social media is all the rage and has become an active component of many title company marketing strategies. But shouldn't you know what not to do?

Developing a social media strategy for your title business is imperative today. Utilizing the vast array of social media tools without a plan is at best a waste of time, and at worst potential legal trouble for you and your employer. There is no one "right" way to work social media into your business, but there are many wrong ways. Here are 20 things not to do in social media for real estate:

1 Break defamation laws: Charges of libel are not limited to newspapers. When you tweet, post or publish to Facebook, you're a publisher. Make a false and damaging statement, and you may find yourself in court.

2 Break copyright laws. Just because an article or picture is available online doesn't mean it's yours to copy and post as your own. Any use of another's work must come with his or her express permission.

3 Talk all business 100 percent of the time. People do not typically go on Facebook, Twitter or Google+ to buy a house, get mortgage rates or seek out a title agent. If all you do is pitch, you'll be quickly hidden, unfollowed or unfriended.

4 Leave your bio picture blank. If the site calls for a picture, add one. Especially for sites like Twitter and Facebook. People want to engage with other people.

5 Have an incomplete profile. Do it 100 percent or not at all. Your profile is your online business card. If you're not thorough in completing your profile, where else do you cut corners?

6 Be afraid of engaging with people. This is especially true with Twitter. Reach out, @reply people – that's what folks on Twitter want you to do. It's smart to just "listen" at first, but at some point jump in and be a part of the conversation.

7 Use Facebook, Twitter or Google+ primarily as a billboard. While great platforms for syndicating your content, these sites are equally good as listening posts. Seek out potential customers, listen and engage in dialogue.

8 Ask for endorsements. Feel free to let people know where they can endorse you (LinkedIn does this nicely) but blasting bulk endorsement requests to your entire network is tacky.

9 Auto Direct Message (DM) people on Twitter. Some Twitter apps let you "DM" any person who follows you with an automated message. Don't do this. If you want to thank the person for following you, do it manually.

10 Overly (or automatically) syndicate your content to all places. You can run your tweets to Facebook. And your Facebook posts to Twitter. And can likely publish both to Google+. Just because you can doesn't mean you should. Treat each platform as a distinct community. Some posts may work well in multiple communities, but don't assume all do.

11 Be ignorant of Facebook's privacy rules. Facebook changes rapidly. Not just in its outward-facing profile layouts, but also in its internal rules and settings. Read Facebook privacy settings at least once a month so you

The Heavyweights of Social Media

- Facebook
- Google+
- Twitter
- LinkedIn
- YouTube
- Skype

know who can see your content and attribute posts, photos and check-ins to you.

12 Invite everyone you know to every Facebook event you create. Facebook knows no geography, but you do. Do not invite all of your California contacts to your Florida "Happy Hour."

13 Make everything about you and/or your company. The word "social" implies relationships. It's a two-way street. Taking interest in others is much more important than getting your own message out.

14 Post (or allow others to post) pictures of yourself in comprising positions. Millions of college kids are about to learn what impact having their undergrad experience online will have on their respective professional careers. We're grownups and know better. Be careful what image is portrayed by your photos, posts and check ins!

15 Steal other people's pictures online. Yes, I said "steal." Just because you see it online and can copy and paste with two clicks doesn't mean you should. If you want to use an online photo for your blog or site, make sure you have the express right to use it.

16 Use "groups" to pitch. Both Facebook and LinkedIn have some nifty applications that allow people with similar interests (or in similar industries) to post related articles and thoughts for others to comment on. If you're lucky enough to be invited to one (or, if you start one on your own), do not use this as a forum to pitch your services. Instead, post thoughtful content, make it clear what you do and provide an easy online roadmap for folks to find you should they need your services.

17 Think you have to follow, friend or connect with everyone. Your network is just that – it's yours.

18 Pay money to people to get more followers, friends or connections. Relationships and trust are earned, and cannot be bought or sold. Seek out connections who have relevance to what you do (Realtors, buyers, sellers, attorneys, lenders) and are in your marketplace. The act of seeking them out and connecting is the value.

19 Bite off more than you can chew. There are approximately 2,618,305 social networks. Give or take a few. Don't feel like you need to join them all. Find one that you think will work for you, and focus on it for at least two months before moving on to the next one.

Speaking Their Language

According to the National Association of Realtors:

- 84% of Realtors use Social Media
- 78% of Realtors are on Facebook
- 58% of Realtors are on LinkedIn

20 Sacrifice mastering your craft to engage in social media. Social media should be one facet of what you do, and in some cases "may" be a better lead generator than your current efforts. But nothing brings in business like performing flawless settlements, preparing accurate and timely HUD-1's and turning title orders around with breakneck speed. Always focus on getting better at what you do, and do not let the latest technological toy deter you from that focus. ■

Derek Massey is president of Market Street Settlement Group, a Title Resource Group company. He has been in the title business for 22 years, and has been an attorney for eight. Derek is a frequent presenter on use of social media in real estate, and serves on ALTA's Technology Committee. He can be reached at *derek.massey@masettlement.com*.

States with Highest and Lowest Homeownership Rates, According to Census Bureau

A highlight of the U.S. Census Bureau's report "Housing Characteristics: 2010" is a list of the states that have the highest and lowest percentage of homes occupied by their owners. According to the data, homeownership rates were high in thinly populated states and those with low home prices, while homeownership was low in states with expensive homes and large cities.

Here's a look at the states with the highest and lowest percentage of homes occupied by their owners.

Highest Homeownership Rates

West Virginia
- Homeownership rate: 73.4 percent
- Median home value: $94,500 (the lowest)
- Population: 1,853,973

Minnesota
- Homeownership rate: 73.0 percent
- Median home value: $200,400 (20th highest)
- Population: 5,310,584

Michigan
- Homeownership rate: 72.1 percent
- Median home value: $132,200 (14th lowest)
- Population: 9,877,574

Iowa
- Homeownership rate: 72.1 percent
- Median home value: $122,000 (8th lowest)
- Population: 3,049,883

Delaware
- Homeownership rate: 72.1 percent
- Median home value: $249,400 (13th highest)
- Population: 899,769

Lowest Homeownership Rates

New York
- Homeownership rate: 53.3 percent
- Median home value: $306,000 (6th highest)
- Population: 19,392,283

California
- Homeownership rate: 55.9 percent
- Median home value: $384,200 (2nd highest)
- Population: 37,349,363

Hawaii
- Homeownership rate: 57.7 percent
- Median home value: $517,600 (the highest)
- Population: 1,363,621

Nevada
- Homeownership rate: 58.8 percent
- Median home value: $207,600 (18th highest)
- Population: 2,704,642

Rhode Island
- Homeownership rate: 60.7 percent
- Median home value: $267,100 (9th highest)
- Population: 1,052,886

Mississippi Supreme Court Considers New UPL Requirements

The Mississippi Supreme Court concluded accepting public comments this week in response to new requirements regarding the practice of law that were proposed by the Mississippi Bar.

The Bar in a petition filed in June proposed to amend the Mississippi Rules of Appellate Procedure and the Mississippi Rules of Professional Conduct. The proposed rule changes would:

- define what constitutes the practice of law and spell out exceptions that do not constitute unauthorized practice of law by non-attorneys;
- address issues regarding attorneys who are licensed in other states and who undertake representation in Mississippi;
- and address jurisdiction of disciplinary authority over lawyers who provide legal services without being licensed in Mississippi.

The Bar proposal calls for exceptions that would make clear that non-lawyers are permitted to take certain actions as lay persons, so long as they do not hold themselves out to be acting as attorneys. Some of the exceptions requested for non-lawyers include certain insurance, real estate and lending activities.

The Supreme Court has not yet taken any action on the proposed rule changes and no timetable has been set for action.

Federal Lawsuit Accuses Lenders of Charging Attorney, Settlement Fees on VA Loans

A lawsuit filed in 2006 and unsealed in an Atlanta federal court claims several large banks and mortgage companies defrauded veterans by charging illegal fees on Interest Rate Reduction Refinancing Loans offered by the Department of Veterans Affairs.

The lawsuit brought under the Federal Claims Act by two mortgage brokers, alleges the defendants charged attorneys' fees or settlement closing fees, which are prohibited on VA loans. According to the lawsuit, the companies skirted the rules by hiding attorneys' fees as title examination or title search fees.

The Lawsuit States: Rather than using the lines on the HUD-1 for "title examination" and "title search" to accurately report the actual cost of title work, Defendant lenders have been and are including undisclosed attorneys' fees and other unallowable fees in the amounts they represent for "title examination" or for "title search." In other words, Defendant lenders are fraudulently reporting costs and fees in excess of what should be listed on Lines 1102 and 1103. The result is that lenders report, on Lines 1102 and 1103 of the HUD forms, charges supposedly incurred for title examination and title search fees in amounts ranging from $525 to $1,200, when in fact the total cost of title examination and title search fees should amount to only $125 to $200. By that deceit, lenders have improperly lumped unallowable costs with allowable costs. The intended result is that the veteran/borrower is charged excessive and illegal fees at closing.

During the past decade, more than 1.2 million of the refinanced loans have been made to veterans and their families, and up to 90 percent may have been affected by the alleged fraud, according to attorneys for the plaintiffs.

According to VA policy, veterans can pay a maximum of all reasonable and customary amounts for any and all of the "Itemized Fees and Charges" designated by VA as defined below plus a 1 percent flat charge by the lender plus reasonable discount points. The VA defines allowable fees and charges that the veteran borrower can pay or closing costs that may be charged to the borrower. These costs are determined as reasonable and customary by each local VA office. Among these are a fee for title examination and title insurance.

The following list includes examples of items that can't be charged to the veteran as "itemized fees and charges." Instead, the lender must cover any cost of these items out of its flat 1 percent fee.

- Loan closing or settlement fees
- Document preparation fees
- Conveyance fees
- Attorneys' services other than for title work
- Escrow fees
- Notary fees

First American Unveils New Web Portal for Title Agents

First American Title Insurance Co. announced AgentNet 2, a new web portal for title agents that offers tools designed to streamline their business processes.

"AgentNet 2 is just one of the technologies that we are building to streamline communication and business processes for our customers and associates," said Dennis Gilmore, chief executive officer for First American Financial Corporation.

AgentNet 2 features include:

- Data input tools – Allow agents to get pricing validation with an enhanced rate calculator and to generate approved closing protection letters and electronic policy jackets with the automatic population of stored data
- Shared visibility of invoices and statements – Provides paperless delivery of invoices, instant access to online statements and the ability to grant access to past invoices and statements to colleagues and associates
- Payment activity summary and detail – Allows users to locate payment details and make electronic payments
- Remittance options – Enable agents to choose their preferred submission process and view up-to-date remittance activity at a glance

Retired Industry Veteran of First American Passes Away

Robert Hoyt, who worked for First American for nearly 50 years and hosted many company events at ALTA conventions with his wife, Dorothy, passed away peacefully in his home on Sept. 23, 2011.

Hoyt was born in Avalon, Catalina Island, on Aug. 14, 1926. At the age of 17, he joined the U. S. Navy, where he served two years. After his discharge he earned an Associate of Arts degree from Santa Ana College.

Hoyt also earned a Bachelor of Arts in business from Fresno State University. Considered by many in the business world to be one of Santa Ana College's most successful alumni, he also enjoyed a successful career as a quarterback for the Santa Ana College Dons during 1946-1947. He continued his football career for the Fresno State Bulldogs, earning mention in The Sporting News' Little All-American list during his 1948-49 season with the team.

In 1950, Hoyt began his career with First American Title Co., currently known as First American Financial Corp., where he worked in the plant and escrow departments before transferring to sales in 1955. Four years later, he was appointed assistant vice president and director of sales for the Orange County division, and in 1964, he was promoted to vice president. In 1970, he was transferred to national accounts where he coordinated sales efforts and continued to serve as vice president until his retirement in 1997.

Hoyt represented First American at various functions throughout the U. S., and contributed to numerous civic and professional organizations through his involvement as a board member.

His past community and professional activities include the American Land Title Association, California Mortgage Bankers Association, MBA, Pat McCormick Educational Foundation and the Chapman University Athletic Foundation. Additionally, Hoyt served as president of the Southern California Mortgage Bankers Association, president of the National Football Foundation, president of the Santa Ana College Foundation and president of the Orange County Sports Celebrities.

In 1950, Hoyt married Dorothy, his college sweetheart. In addition to Dorothy, he is survived by his three sons, Howard (Tamara) Hoyt of Park City, Utah, Robert (Ann) Hoyt, of Santa Ana, Calif., and John (Rosalina) Hoyt, of Irvine, Calif., along with 13 grandchildren and three great-grandchildren.

New Title Settlement Software Released

ATS Secured unveiled software developed to automate and transform the closing process.

According to the company, ATS Secured is a standalone, secure platform that allows title agents to electronically disburse and reconcile HUD files.

"Our mission is to transform the title settlement process, saving headaches, loss of money and uncertainty for all parties involved," said Wes Miller, one of the founders of ATS Secured.

Using the software, which can be integrated into existing title software, title agents disburse payment through the proprietary ATS Secured electronic check disbursement model. The software also provides full audit trails for authorized participants and establishes dual controls for funds disbursement.

According to an Aberdeen Group study, the average cost to process a paper check was $10.88. An average residential real estate closing includes 10 disbursement checks and one and a half mortgage payoffs. This amounts to as much as $125 to completely disburse a file, including printing and manually tracking payoffs, paper, envelopes, postage and overnight fees.

According to Miller, ATS Secured eliminates this manual burden while allowing title agents to initiate the settlement process. Instead of $125 per file, ATS Secured costs $35 per file, which includes up to 10 checks and one FedEx overnight fee, Miller said.

Survey Shows Economy Delaying Baby Boomers' Housing Plans

A survey from Coldwell Banker Real Estate finds that 87 percent of 1,300 agents and brokers polled agree that the economy is delaying baby boomers' plans to sell their homes. That said, the desire to purchase and own a home, or more than one home, remains strong in this demographic, especially in the investment market segment. Another 87 percent of respondents said they have baby boomer clients who already own or are looking to own an investment property, including 22 percent of agents who report that at least half (50 percent) of their boomer clients either own or are looking to own such properties.

The survey also underscored that by dividing boomers, which account for 79 million Americans, into two age categories, a more dynamic picture of the real estate market emerges. As an example, younger baby boomers (ages 47-55) are much more likely to prefer a single family home than older baby boomers (ages 56-64), For the older baby boomers, agents say about half (47 percent) are looking for a townhome or condo. Twenty-seven percent of agents say their older boomer clients prefer an active adult community.

TSS launches Enterprise Edition of TitleExpress Geared Toward Large Agencies

TSS Software Corp. announced a new edition of its flagship closing solution, TitleExpress, with Microsoft SQL database technology. According to TSS, this latest version, TitleExpress 7.0, is an ideal solution for large-scale agencies. Users will benefit from advanced search functionality and custom management reporting capabilities among several other enhancements.

Economists Project 2011 New Home Sales to be Lowest on Record

With the Census Bureau reporting seasonally adjusted new home sales continuing to decline over the summer, economists have predicted 2011 will set a new record low.

The Census Bureau began tracking new home sales in 1963. The record low was 412,000 units set in 1982 until it was broken in 2009 with 375,000 units sold and then again in 2010 with 323,000 units sold. But now, new home sales are on track to come in at 303,000 units in 2011.

"With job growth at a standstill, the stock market swinging wildly, Congress wrangling over the debt ceiling and the euro zone's problems sending consumer confidence down, sales of new homes are slipping from an already weak pace," Celia Chen, director of housing economics at Moody's Analytics, wrote in a note.

Patrick Newport, U.S. economist with IHS Global Insight, said that the trend for new home sales has been flat for the last 16 months. "This year is shaping up to be the worst year on record for new home sales," Newport said.

ClosingCorp Enhances SmartGFE Calculator, Adds Transfer Tax Feature

ClosingCorp has released a new feature to its SmartGFE Calculator that provides transfer tax allocations between buyer and seller, based on local custom, practice or statute. The company said it makes it easier for title companies to provide lenders information regarding which party is responsible for payment.

"Our technology allows title companies and lenders to enjoy a level of service that is now imperative in order to remain competitive," said Paul Mass, president of ClosingCorp. "It is vital that we listen to the needs and problems of our clients and industry professionals and enhance our products accordingly. The calculator's flexibility now enables title companies to offer their clients additional value."

Depending on the geographic location and local tax laws, the transfer tax amount that a buyer must pay compared to that of a seller varies greatly. With ClosingCorp's latest SmartGFE Calculator offering, title companies can provide actual buyer/seller transfer tax splits to lenders.

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Barney Frank Left His Mark on Housing, Financial Sectors

Barney Frank was a polarizing Member of Congress, but he has been one of the most influential lawmakers of his generation with a remarkable ability to debate and negotiate critical legislative activities. Rep. Frank announced just after Thanksgiving that he will not seek reelection next year, and his departure will leave a legacy that transcends partisan politics. President Obama accurately described his achievements by saying that the United States "never had a Congressman like Barney Frank, and the House of Representatives will not be the same without him."

Described as a man with a pugnacious political personality, Rep. Frank, who was first elected to Congress in 1980, said he does not have the energy to run for reelection in a newly drawn congressional district. Although his Massachusetts district still favors Democrats, half the voters would be new to Frank. In his witty humor, he joked: "I don't have to pretend to be nice to people I don't like."

In 2007, Rep. Frank became chairman of the House Financial Services Committee. For the next four years, he was at the epicenter of the most critical debates of this era, beginning with housing legislation in 2007 and 2008 that tried to forestall the industry's collapse. Along with former Sen. Chris Dodd of Connecticut, Rep. Frank will be remembered for authoring the colossal financial reform bill passed in 2010 that bears his name: the Dodd-Frank Wall Street Reform and Consumer Protection Act. With that legislation came the creation of the Consumer Financial Protection Bureau, which is in the process of attempting to create simpler mortgage disclosures. Rep. Frank's departure leaves an extraordinary hole for advocates of the reform law.

In the short term, the bigger question for Democratic leaders in Congress is who will replace Rep. Frank as the ranking member of the Financial Services Committee. While most congressional committee spots are typically determined through the seniority system, the task of determining Frank's successor is not likely to be a simple one and may result in a bit of a "jump ball." Rep. Maxine Waters (Calif.), who is viewed as tough but fair and always willing to listen, is the first in line in terms of seniority, and has made clear that she wants the job. Some are said to prefer Rep. Carolyn Maloney (N.Y.) because she comes from the financial services industry's home base in Manhattan. Potential successors also include Reps. Luis Gutierrez (Ill.), Nydia Velazquez (N.Y.) and Mel Watt (N.C.).

There is still a long time to go before the decision has to be made by Democratic leadership. Whoever is selected, you can be sure ALTA will seek to work closely with them and their staff to protect the interests of the land title industry and consumers.

– Justin Ailes, ALTA vice president of government and regulatory affairs

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