



Fall, 2010

MBA NEWSLETTER

MORTGAGE NOTES:

“RESILIENCE”

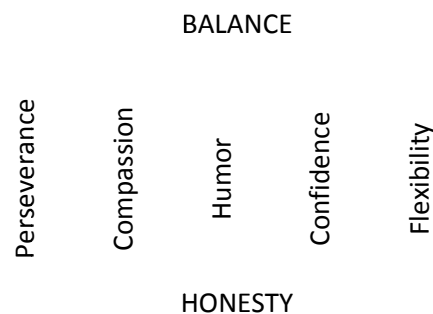
BY: KATHY ALEXANDER, MBA CHAIRMAN

Time continues to fly as we await more change within our industry. The Missouri MBA, along with our Kansas City and St. Louis Chapters, are here to assist our members along the way. We are all in this together!

As mentioned by Judy Schmersahl, the topic last month was resilience. I was very impressed with the speaker, Joseph Williams, and his definition of how to build resilience. Every day we are challenged. The question is how will we handle that challenge?

Resilience is defined as, “the ability to work with adversity in such a way that one comes through it unharmed or even better for the experience. Resilience means facing life’s difficulties with courage and patience – refusing to give up. It is the quality of character that allows a person or group of people to rebound from misfortune, hardships and traumas.” Does this sound familiar?

Resilience is our secret for success during these turbulent times. As you view the graph below, consider these traits and see where you stand.



Balance and honesty are the building blocks for resilience. While we are all working feverishly right now, we must keep a balance in our daily lives. Above all, we must be honest in everything we do. Integrity has to be our namesake – especially as we work to return consumer confidence to our industry.

Notice that the center column is humor. It's true that we should never take ourselves too seriously, but humor should not be at the sake of others. As we fondly remember from "Annie", "You're never fully dressed without a smile!"

Perseverance, compassion, confidence and flexibility – all work toward giving us the ability to support change and deal with the pressures of each day.

As quoted in WisdomCommons.com, "Resilience is rooted in a tenacity of spirit—a determination to embrace all that makes life worth living even in the face of overwhelming odds. When we have a clear sense of identity and purpose, we are more resilient, because we can hold fast to our vision of a better future. Much of our resilience comes from community—from the relationships that allow us to lean on each other for support when we need it."

This truly encompasses our mission with the Mortgage Bankers Association – and I am proud to be a member.

AS ALWAYS THANK YOU TO OUR CONVENTION SPONSORS

GOLD SPONSORSHIPS (\$5,000 & OVER)

WELLS FARGO HOME MORTGAGE

BRONZE SPONSORSHIPS (\$2000 - 1,000)

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MEMBERSHIP NEWS

2010 MBA's ATLANTA ANNUAL CONVENTION WRAP UP BY: PHIL BRACKEN, MBA TREASURER

The MBA's 97th Annual Convention was held Oct. 24-26, 2010 in Atlanta. Attendance was up by about 120 from last year's convention to just over 3000.

Not surprisingly, the key topics this year were the foreclosure situation and repurchase demands. This report focuses on the discussions of these two subjects, the Dodd Frank legislation and sundry lesser discussed but nonetheless important industry topics.

The foreclosure situation burst onto the front pages of the major news sources less than a month ago when a few major national lenders temporarily suspended foreclosures in the 23 judicial states, and then extended the foreclosure freeze to all 50 states. In the weeks since, all of those lenders have resumed foreclosures slowly but gradually. Report at the convention indicated that all the attention has delayed closings across the country.

All of the problems expressed about what the media began calling "foreclosure-gate" involve process and procedure and are technical, namely that those signing affidavits may not have reviewed the documents for correctness and completeness. A second concern was that notaries didn't witness one or both of the document inspections and affidavit signatures. A note of interest – some states require the notary to actually witness the physical signature – other states do not. The wildcard is that all the hype about foreclosure snafus has awakened the plaintiffs' bar that will again be trying to organize class actions to earn a fee for prolonging the foreclosure period. We learned in Atlanta that the average length of time between a delinquency and eviction in Florida is now nearly 2 years. In many states foreclosures are now taking 12-18 months. More important still, the foreclosure situation has also launched a series of investigations of servicers and securities issuers, specifically the largest firms in each category. Among the investigators are the 50 state Attorney's General and the SEC. And, for good measure, the Senate will hold hearings on the matter when Congress returns from its election-season recess. There have been 4 hearings announced to date.

The other big development and thus discussion point at the convention concerned loan repurchases, initially largely from Fannie and Freddie but now potentially from bondholders and FHA (in the form of indemnification). It was stated in forums that Fannie and Freddie no longer accept indemnifications in lieu of repurchases.

No one is really quite certain how high the total volume of repurchase requests from the two GSEs will go, but numbers around \$20-40 billion appear in the press and conversation. In the first 6 months of

2010, Fannie and Freddie put back \$6 billion of loans, that according to the FHFA. Convention talk had the FHFA hiring hundreds to audit Fannie and Freddie's loan purchases.

The new and bigger development discussed involves PLS bondholders, including Pimco, FRB-New York, Freddie, Fannie, Blackrock, and Neuberger Berman, sending a letter to a major lender CEO asking him to repurchase \$47 billion of securities issued through a company they purchased over a year ago. Given the major lender's initial public refusal to buy back the loans, the action will likely become a lawsuit filed by investors and on its way to court.

This is the first time bondholders have had sufficient standing to go after an issuer and servicer. Convention talk measured the concerns and implications as serious. The aforementioned investor group alleges various rep and warrant violations in underwriting and servicing the collateral. There was more than \$1 trillion of PLSs issued ever to date.

Among the other much discussed convention topics were the following: 1) next year's origination activity was only expected to total \$990 billion, down from \$1.4 trillion in 2010; 2) still unstable property values in many markets; 3) no consensus that delinquencies and foreclosures have peaked and are on the descent; 4) moderate concerns over FHA's financial condition and market share expansion; 5) near record profitability on current production; 6) widespread concern over the rash of oncoming new rules and regulations and the resulting additional workload and reports needed to remain in compliance; 7) dissatisfaction with Dodd-Frank and unanimous incredulity over whether it will remedy what caused the mortgage meltdown in the first place.

The 2,319 page Wall Street Reform and Consumer Protection Act (Dodd – Frank) was a common source of derision among conventioners. This was best reflected in a 2-sided 15 page spreadsheet outlining the various sections of the Act. It was handed out at the MBA Secondary and Capital Markets Committee meeting. In tiny font the spreadsheet listed the action, for example, a rule or study or both, required for each of the 100s of sections in the Act, the timeframe measured in years within which the action is to occur, which agency is to issue the required action, a summary of the action, and finally the page number in the Act for each section and action required.

One last piece of "noise" at the Convention was the growing concern about the drum beat AGAINST Homeownership. It's getting louder.



CAPITOL 2010 UPDATE



Missouri State Capitol

BY: HARRY GALLAGHER, PRESIDENT, MBA OF MISSOURI

The 2011 Missouri legislative session will begin on January 5th 2011. The quiet streets of Jefferson City will soon be filled with politicians that are on a mission to “make a difference”. The November elections brought some change to both the Senate and House Chambers:

The House now stands at 163 members: 106 Republicans and 57 Democrats.
The Senate consists of 34 members: 26 Republicans and 8 Democrats.

House Leadership is:

Speaker	Stephen Tilley (R)
Floor Leader	Tim Jones (R)
Speaker Pro Tem	Shane Schoeller (R)
Minority Leader	Mike Talboy (D)

Senate Leadership is:

President Pro Tem	Rob Mayer (R)
Majority Floor Leader	Tom Dempsey (R)
Minority Leader	Victor Callahan (D)

Gallagher Consultants plans to have yet another busy banking session. As always we welcome any suggestions or concerns that you may have to help us better your banking industry.



State Flag - Nearly 100 years after achieving statehood, Missouri adopted an official flag on March 22, 1913. The flag was designed by the late Mrs. Marie Elizabeth Watkins Oliver, wife of former State Senator R.B. Oliver. The flag consists of three horizontal stripes of red, white and blue. These represent valor, purity, vigilance and justice. In the center white stripe is the Missouri coat-of-arms, circled by a blue band containing 24 stars, denoting that Missouri was the 24th state.

CHAPTER CHAT

ST. LOUIS



STL UPDATE: JUDY SCHMERSAHL, 2010 PRESIDENT, ST. LOUIS MBA

The 2010 MBA of St. Louis continues to move full steam ahead in these challenging and rewarding times as we work our way through the massive piece of legislation The Wall Street Reform and Consumer Protection Act (H.R.4173), RESPA changes, SAFE ACT, HAMP, HAFA, refinance and so much more.

With all that is going on in our industry, our membership always find time for fun and relaxation. The MBA STL Association held our summer golf outing at the Whitmoor Country Club, July 15, the hottest day of the year. In spite of the heat we had a total of 80 golfers. During the evening 108 attendees shared a great meal and lots of stories. A silent auction for our charity “Homers for the Homeless” was held.

An education seminar was held September 15, 2010 at the Renaissance St. Louis. Ken Markison, Associate Vice President and Regulatory Counsel for the MBA in Washington D.C., and Richard Andreano, Jr., Partner, Patton Boggs, LLP in Washington D.C. presented an educational seminar on “Financial Regulatory Reform – What it Means to You and Your Customer”. This was an excellent seminar with 123 in attendance. The key points covered were Credit Risk Retention, creation of the new Bureau of Consumer Financial Protection, loan originator compensation, amendment to RESPA to achieve combined RESPA TILA form, HMDA changes, Mortgage Reform and Anti –Predatory Lending Act, minimum standards for residential mortgage loans and much more.

In October our monthly membership meeting was a luncheon meeting held at Ces and Judy’s Catering Company. Our speaker was Joseph Williams, Founding Partner, Arctos Associates. Joe spoke about “Achieving Resilience”. He asked, how is that some people are able to overcome the most horrific events while others are devastated by relatively minor occurrences? Why are some organizations able to adapt to changing conditions, while others facing the same challenges may fail? The answer is summarized by one word – resilience. Joe was brutally attacked by a grizzly bear in his early twenties. He explained what happened, how he overcame this horrific event by utilizing a set of characteristics he believes is needed to enable an individual or organization to bounce back, recover and grow from any stressful situation. In these stressful times our members truly appreciated this presentation.

The Community Relations Committee has been working all year long promoting our Homers for the Homeless charitable function campaign. Some members pledged money for each home run the St. Louis Baseball Cardinals hit this year. Other members have been holding events such as paying for dress down days, silent auctions, realtor continuing education donations, Homer for the Homeless canisters placed in company lobbies to collect money from customers. This year \$9,000 was collected to donate through Cardinals Care giving \$3,000 each to St. Patrick's Center - Heroes which represent homeless veterans, Gateway Home – homeless men with children and Covenant House - homeless teens.

The Annual installation of officers will be held December 3, at the Ritz Carlton in Clayton, Missouri. The 2011 officers to be installed are Nancee Mueller, President (Wells Fargo Home Mortgage) Cathy Vogt, Vice President (Regions Mortgage) Chris Purcell, Treasurer (First National Bank of St. Louis) Eve Janis, Secretary (Bank Star). We are all looking forward to a challenging but rewarding 2011.

KANSAS CITY



KC UPDATE: DIANE HUGHES, 2010 PRESIDENT, KANSAS CITY MBA

As we approach the end of 2010, we have encountered more change, or shall I say, Change of Circumstances than any other year in most of our careers. Not only have we endured regulatory changes all year long, we were blessed to have low interest rates to compile high production with this changing industry environment. The Mortgage Bankers Association of Greater Kansas City has been quite busy this year. In July we were happy to have Diane Ruggerio, CEO of MLS and KCRAR to be our guest speaker and share the real estate market trends. For August, Don Gossman, Managing Director of IRR Residential Metro Real Estate Services and who also has been a National spokesperson about Mortgage Fraud spoke about upcoming changes in the appraisal sector. During September, the MBA of KC sponsored our annual golfing outing. The weather was beautiful and rates were low so much of the production folks were in the office locking rates vs. enjoying the golf game. October became a breath of fresh air when Mary Lucas, Author, Speaker, Coach and Philanthropist shared with our members The Butcher's Wisdom on Leadership. Her presentation was uplifting and refreshing. It gave us all something to smile about considering the past 9 months that mortgage lenders have been through. In closing, 2010 was full of exciting news and exhausting procedures to implement. I think everyone is ready to say "Hasta la vista 2010" and we all hope the 2011 year is ready for us as the MBA members are ready to "Bring it on!!"

In Memory of

MARK KESSEL donated a lot of his time and ideas to the Mortgage Bankers Association. He was an asset to our industry and will be missed.



Mark Steven Kessel, 51, passed away on Thursday, September 9, 2010. Mark was Born on January 23, 1959 in Independence, Missouri, son of Rollie and Darlene (Harpold) Kessel. Mark was a man of compassion, integrity, and unconditional love For his family and friends. The footprints he leaves behind are on the hearts of many. Donations may be made, in memory of Mark at any Arvest Bank for the Mark Kessel/Arvest Care Account. He was preceded in death by his father Rollie Kessel. Mark is survived by significant other and love of his live Angela Dumas, his mother Darlene kessel, sisters Julie Kennedy, Joanna Reed, and Peggy Kessel. Mark also Leaves his nephews Matt Kennedy and Joe Wichman, and nieces Melissa, Ashley and Rachel Kennedy and Katy Wichman. Condolences may be made at www.mtmoriah-freeman.com. Arrangements under the direction of Mount Moriah &Freeman Funeral Home, Kansas City, MO.

HELPFUL HINTS

“TRUTH-IN-LENDING CLOSED-END ADVERTISING”

Have you ever looked at a mortgage ad in the newspaper and said, “This isn’t right”? As we weave our way through all our new regulations, is it important to remember the basics. To assist our members with advertising compliance, we have included a summary of the Truth-In-Lending Closed-End Advertising rules as issued by the OCC in July 2010. Happy reading!

The entire OCC Handbook can be found at this link:
<http://www.occ.treas.gov/handbook/compliance.htm>

Closed-End Advertising [Section 226.24]

The regulation requires that advertisements for mortgage loans provide, in a clear and conspicuous manner, accurate and balanced information about rates, monthly payments, and other loan features. The advertising rules ban several deceptive or misleading advertising practices, including representations that a rate or payment is “fixed” when in fact it can change.

If an advertisement for credit states specific credit terms, it must state only those terms that actually are or will be arranged or offered by the creditor.

Disclosures required by this section must be made “clearly and conspicuously.” In general, to meet this standard, credit terms need not be printed in a certain type size or appear in any particular place in the advertisement. **For an advertisement for credit secured by a dwelling, a clear and conspicuous disclosure means that the required information is disclosed with equal prominence and in close proximity to the advertised rates or payments triggering the required disclosures.**

If an advertisement states a rate of finance charge, it must state the rate as an “annual percentage rate,” using that term. If the APR may be increased after consummation, the advertisement must state that fact.

If an advertisement is for credit *not* secured by a dwelling, the advertisement must not state any other rate, except that a simple annual rate or periodic rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the APR.

If an advertisement is for credit secured by a dwelling, the advertisement must not state any other rate, except that a simple annual rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the APR. That is, an advertisement for credit secured by a dwelling may not state a periodic rate, other than a simple annual rate, that is applied to an unpaid balance.

The following phrases—so-called triggering terms—require additional disclosures:

Amount or percentage of any down payment.

- Number of payments or period of repayment.
- Amount of any payment.
- Amount of any finance charge.

An advertisement stating a triggering term must also state the following terms as applicable:

- Amount or percentage of any down payment.
- Terms of repayment, which reflect the repayment obligations over the full term of the loan, including any balloon payment.
- “Annual percentage rate,” using that term, and, if the rate may be increased after consummation, that fact.

For an advertisement secured by a dwelling, other than a television or radio advertisement, that states a simple annual rate of interest and more than one simple annual rate of interest that applies over the term of the advertised loan, the advertisement must state in a clear and conspicuous manner:

- Each simple rate of interest that will apply. In variable-rate transactions, a rate determined by adding an index and margin must be disclosed based on a reasonably current index and margin.
- Period of time during which each simple annual rate of interest will apply.
- APR for the loan.

The regulation prohibits in advertisements for closed-end mortgage loans the following seven deceptive or misleading acts or practices:

- Stating that rates or payments for loans are “fixed” when those rates or payments can vary without adequately disclosing that the interest rate or payment amounts are “fixed” only for a limited period of time, rather than for the full term of the loan.
- Making comparisons between actual or hypothetical credit payments or rates and any payments or rates available for the advertised product that are not available for the full term of the loan, with certain exceptions for advertisements for variable rate products.
- Characterizing the products offered as “government loan programs,” “government-supported loans,” or otherwise endorsed or sponsored by a federal or state government entity when the advertised products are not government-supported or government-sponsored loans.
- Displaying the name of the consumer’s current mortgage lender, unless the advertisement also prominently discloses that the advertisement is from a mortgage lender not affiliated with the consumer’s current lender.
- Making claims of debt elimination if the product advertised would merely replace one debt obligation with another.
- Creating a false impression that the mortgage broker or lender is a “counselor” for the consumer.
- In foreign-language advertisements, providing certain information, such as a low introductory “teaser” rate, in a foreign language, while providing required disclosures only in English.

SEE ATTACHMENTS

- Attached please find the St. Louis MBA Agency Committee Report. This is a wonderful resource of current regulations, along with links to frequented sites.

See the on-line link - http://www.mbastl.com/agency_committee.html

- Attached please find the Mechanics Lien Summary provided by Kathy Alexander

THE MORTGAGE BANKERS ASSOCIATION OF MISSOURI ADVOCATES THE NATIONAL MORTGAGE ACTION ALLIANCE. PLEASE SEE THE LINK BELOW TO JOIN.



Your career and industry are at stake. Please get involved today.

Join the Mortgage Action Alliance, Inc.®

Dear Industry Member,

Earlier this month, U.S. voters ushered in a clear sea change that is certain to impact the political and policy making landscapes governing the real estate finance industry. This change, which brought a Republican majority to the U.S. House of Representatives and increased that party's minority share of the Senate, is a direct result of individual activism. Political hopefuls and their supporters engaged in enthusiastic grassroots campaigns across the country to make these changes happen.

With your voice and activism, the real estate finance industry can have the same kind of effect as the new Congress addresses issues that affect the way you do business. **You have a role in the lawmaking process** and can **do something** to support your best interests.

The Mortgage Action Alliance, Inc. (MAA) is the Mortgage Bankers Association's (MBA) voluntary, non-partisan, nationwide grassroots lobbying network of real estate finance industry professionals. **It is free, simple and you don't have to be an employee of an MBA member firm to participate.** There are more than 10,000 mortgage professionals involved in MAA, but we need more.

MAA uses the power of numbers. At key moments it mobilizes its industry volunteers to contact their members of Congress, as well as members of their state legislature, illustrating the potential effects of legislation on their businesses, the community and their customers. **And it only takes a few minutes to participate.** MAA is the only nationwide real estate finance program that allows industry firms to build and maintain important relationships with legislators.

When the 112th U.S. Congress is sworn in this January and your state and local government begins their 2011 sessions, they will address issues that affect our industry. As Congress turns its attention from the newly passed regulatory reform to secondary markets and the FHA, your state and local government will also consider proposed legislation that could impact the real estate finance industry.

Please join MAA today to become an advocate and start using your voice to make a difference to your industry and to your career.

[Join MAA today.](#)

The Process

Register for MAA: Once you have [registered for MAA](#) and have received your membership log-in and password, you will periodically receive "Call to Action" emails and newsletters.

Receive the MAA Newsletter: Each Monday you will receive an electronic newsletter updating you on the latest legislative and regulatory activities.

Receive "Call to Action" emails: These emails describe legislation that is at a critical point in the legislative process on Capitol Hill and explains the industry's position.

Take Action: All you have to do is follow the link provided in the email to the MAA homepage, log in so that your elected officials are correctly identified and then review the draft letter/email prepared for you by MAA staff. The letter will urge your elected officials to support the

industry's position on the issue and identify you as a constituent who works in the real estate finance industry. You can choose to edit or further personalize the letter or send it as written. Click a button to send the letter, and you are done. It is that simple. And, of course, if you disagree with the industry's position, you don't have to send it at all.

Imagine our entire industry taking action on an issue critical to how we do business across the country. In this case, the whole is truly greater than the sum of its parts.

Thank you in advance for your efforts on behalf of our industry during this important time.

Make your voice heard. Make your industry heard.

[Join MAA today.](#)

Sincerely,

John A. Courson
President and Chief Executive Officer
Mortgage Bankers Association

and

Marsha L. Williams, Esq.
Chair, Mortgage Action Alliance Steering Committee
Attorney, Middleberg Riddle & Gianna