

2014 CoAMP GA committee Leg conference recap & Delegate council report:

In spite of the weather closure of the Federal government on Monday we had a very good turnout of NAMB members and had a great series of meetings leading up to our day on the Hill.

We had valuable input from all of our panelists on Sunday afternoon at the Compliance Symposium provided by Lenders & Brokers Compliance Group. Much of the presentation was in regards to the new rules issued in January and how to stay compliant with these rules.

On Monday we had a snowfall that accumulated about 2 inches of sloshy snow which closed down Washington DC. Many of the panelists scheduled for our day did not make the trip through the snow to visit with us face to face. MBA representative Ken Markison called in to us. Dan Smith from the CFPB also called in and carefully answered our questions, at times to no actual tangible answer. We were fortunate to have an in person visit from Raj Date former director of the CFPB and now representing a Non-Qualified mortgage company.

Off to the Hill on Tuesday with all of our appointments with the Colorado legislators scheduled for meetings (Doug did his magic with our scheduling again)! Kay Cleland, NAMB Secretary & Chairperson of Membership joined us in representing Colorado!

Due to the weather and travel issues, most of our meetings were with staffers. We were able to meet these Congressman personally, Jared Polis, Scott Tipton and Cory Gardner. Our meeting with Noah Marine, Legislative Director for Ed Perlmutter a member of the House Financial Services Committee, was very productive as he supported our conversation about an amendment to the Dodd/Frank Act. We've had follow up conversations with Noah regarding language for a proposed bill that is to facilitate a level playing field for QM calculation. Attached is a copy of our cover letter to the legislators for our material presentations.

In conclusion our trip to DC was successful. These trips are essential to maintain our relationships with our federal lawmakers, and we will continue to keep the doors open as we follow up and meet with them again when they are in Colorado. We encourage you, as CoAMP members and industry professionals, to reach out to your Congress members and Senators and express your concerns about the impact on your small businesses and on behalf of your consumers.

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NAMB Legislative Conference  
Washington, DC - March 4<sup>th</sup> 2014

March 4, 2014

As members of the government affairs committee for the Colorado Association of Mortgage Professionals, the Colorado NAMB affiliate, we represent not only our combined individual local members, we also speak for medium and small business owners related to mortgage origination in Colorado and around the country. We are first and foremost in favor of consumer protection, as demonstrated by our members required commitment to high ethical standards and best practices. We have several topics to discuss regarding recent implementation of rules and activity in our industry that is harmful for our consumers.

1. Following is a quote from a recent presentation from Director Cordray to the NAAG on February 26<sup>th</sup>: “We continue to move forward with our mission to make consumer financial markets work better for consumers and for honest businesses.” We, the loan officers that work with these rules and see how they affect the consumer day to day, see that some of these rules have been disabling and disparaging to the consumer transaction and honest business.

CFPB – the recent rules implemented in January this year:

- A. The QM/ATR calculation that allows each lender to ascertain and insure that they are providing a QM to a borrower is disparaging, confusing and limits different businesses from providing certain loans to consumers. The difference between how a banker calculates the QM restrictions, versus how a mortgage broker calculates the QM is so different that each business model will have limits on the types of loans they can offer to the consumer. This causes huge confusion and frustration for a consumer shopping for a home loan. When a borrower shops for a home loan the basics are upfront costs, the interest rate and monthly payment. It should be that simple, but with the complicated, discriminating rules being implemented by the CFPB, it is so much more confusing for the consumer to find comparable products.

- B. The Ability to Repay rules are hurting self-employed small business owners in two ways; first it forces them to give up the tax benefits of owning their own business. Second it is disparaging and we have had firsthand situations with buyers who are looking to sell their homes carrying current mortgages of ½ a million dollars, have paid on time with considerable assets who want to sell that home, downsize to a smaller home with a smaller mortgage at a lower rate and smaller payment, but we are unable to qualify then due to the strict income guidelines. These folks have proven they can be and are good home owners but we are forcing them to take higher rate alternative loans, if they can find one.
- C. Appraisal disclosure and delivery rule implemented in January takes disclosure and timeline for disclosure to a new level. Due to the restrictions of the timelines provided in the rule it is nearly impossible to close a transaction within the contract deadlines of a purchase transaction. Already we have seen borrowers having to incur the expense of lock extensions and transaction turbulence due to not being able to meet the contract deadlines (i.e. losing earnest money because the contract deadline wasn't met). The industry had already had in place timelines and protocols for appraisal disclosure that was working. This rule is over the top, unnecessarily causing harm versus good.

We ask for your support to have the CFPB implement rules that are helpful and constructive to the consumer and the market place. There is an apparent discrepancy of whether their mission as stated by Director Cordray is being obtained. CoAMP asks you to work with us to take the simple and immediate action necessary to make the CFPB's public role to deliver true consumer benefit, a reality. Without your support it will continue the guise of action and be forced to imbed regulations hurtful to the very consumers it means to protect.

## 2. FHA:

- A. Recently the FHA lowered their limits on loan amounts. This significant reduction was harmful to many borrowers anticipating to use FHA financing for their potential new home purchase. With the housing inventory low towards the end of 2013 many buyers were waiting for increase in inventory to only be left out in the cold when FHA suddenly lowered the eligible loan amounts. We realize that FHA does not want the share of market that they once had and they have made great strides to lower their risk in their loans. This sudden change in FHA policy without more than a month's notice was harmful to the consumer and the marketplace.
- B. The changes in the monthly mortgage insurance premium to "catch up" with the losses incurred have put a damper on the candidates eligible for FHA financing. The "life-of-the-loan" monthly mortgage insurance requirement makes this financing a very costly mortgage for most of the first time homebuyers that utilize this program. We consider this change counterproductive to promoting homeownership as it punishes new buyers by not allowing them to remove the mortgage insurance without a costly refinance as the risk is reduced by lowering the principle balance of the loan over time.

3. Mortgage Insurance Tax Deduction expired on December 2013. We ask for you to support the reinstatement of this deduction allowed for certain family income levels to continue to promote the

benefits of homeownership to mid to lower income families. Please be on the lookout for any legislation (like HR 3941) that may promote the ability for homeowners to deduct the mortgage insurance cost of their mortgage from their taxable income, continuing to support the affordability of homeownership.

Respectfully

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