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Legislative Update Report

Industry News

FHA Appraisal Requirements. FHA has recently issued Mortgagee Letters clarifying and reaffirming its appraisal requirements related to appraiser independence and announced new requirements pertaining to entities that are eligible to order appraisals for FHA insured mortgages. FHA has long advised lenders and appraisers of the importance of appraiser independence in the context of generally accepted prudent lending practices. In its recent mortgagee letters, FHA reiterated the importance of appraiser independence, and advises of new requirements regarding who is eligible to request an appraisal from an FHA Roster appraiser. Some of these new requirements will be effective for all case numbers assigned on or after January 1, 2010. The existing requirements will remain in effect. As mentioned in a previous update, the FHA appraiser requirements may not necessarily follow the HVCC as Commissioner David Stevens stated that The Federal Housing Administration has no plans to implement the Home Valuation Code of Conduct. Links FHA Mortgagee Letters 09-28, 09-29, 09-30, and 09-36 dealing with appraisal issues may be found at: <http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/>

HUD RESPA FAQs Updated 09/18/09. HUD is requiring that loan originators provide borrowers with a standard Good Faith Estimate that clearly discloses key loan terms and closing costs and that closing agents provide borrowers with a new HUD-1 settlement statement. New RESPA regulations were published November 17, 2008 and are scheduled to take full effect on January 1, 2010. The "New RESPA Rule FAQs" were comprised from industry questions and are posted to facilitate implementation of these new requirements. Below is a link to the revised FAQs. <http://www.hud.gov/offices/hsg/ramh/res/resparulefaqs.pdf>

HUD RESPA Rules Presentation. On September 16, 2009, HUD presented a 1 hour presentation on changes to the RESPA rules. For a copy of the PowerPoint and other materials used during the RESPA Rule Presentation, please send me an email requesting a copy of the materials. tom@kflawpllc.com.