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Legislative Update Report

Industry News

Tax Credit Extended for Certain Homebuyers. The Worker, Homeownership and Business Assistance Act of 2009, signed into law November 6, 2009 extends the tax credit for certain new homebuyers. Buyers who have owned their current homes at least five years are eligible for tax credits of up to \$6,500. First-time homebuyers — or anyone who hasn't owned a home in the last three years — can still get up to \$8,000. The credit is available for the purchase of principal homes costing \$800,000 or less. The credit would be phased out for individuals with annual incomes above \$125,000 and for joint filers with incomes above \$225,000. To qualify, buyers have to sign a purchase agreement by April 30, 2010, and close by June 30. A copy of the legislation may be found at: <http://thomas.loc.gov/cgi-bin/query/D?c111:4:./temp/~c111Sr4yGe::>

HUD Announces Restraint In RESPA Enforcement For First Four Months of New Rule. The U.S. Department of Housing and Urban Development (HUD) announced that for the first four months of 2010, the staff of the Mortgagee Review Board (MRB) will exercise restraint in enforcing new regulatory requirements under the *Real Estate Settlement Procedures Act (RESPA)*, due to take full effect on January 1. The MRB instructed its staff to exercise such restraint in considering an action against FHA-approved lenders who have demonstrated that they are making a good faith effort to comply with RESPA's new requirements. In addition, HUD is asking other federal and relevant state enforcement agencies to exercise the same 120-day restraint in enforcement for non-FHA originators and other settlement service providers who demonstrate the good faith effort to implement RESPA's new rules. This does not delay private civil actions that may arise for violations of the new RESPA rule. A copy of the press release may be found at: http://portal.hud.gov/portal/page/portal/HUD/press/press_releases_media_advisories/2009/HUDNo.09-215

HUD ML 2009-48. This mortgagee letter modifies FHA's requirements for second appraisals, eliminating the need for a second appraisal on high balance loans in declining markets. This change is effective immediately. A copy of the mortgagee letter may be found at: <http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/files/09-48ml.pdf>

HUD RESPA FAQs Updated Again - 11/19/09. Once again HUD has updated their FAQ section on their website as of 11/19/09. The latest version of the FAQs may be found at: <http://www.hud.gov/offices/hsg/ramh/res/resparulefaqs.pdf>

FHA Proposes New Rules to Strengthen Risk Management. HUD published a proposed rule that would, among other things, eliminate FHA approval requirement for loan correspondents and increase the net worth required for approved mortgagees from \$250,000 to (ultimately) \$2.5 million. Currently, FHA approves mortgagees and loan correspondents. Under the proposed rule, FHA will only require approval for mortgagees -- loan correspondents will no longer require FHA approval to participate in FHA programs. The proposed rule would simplify and increase the net worth requirement for FHA-approved mortgagees from \$250,000 to \$2.5 million over a 3-year period. It would also extend the net worth requirement to investing mortgagees. A copy of the proposed rule may be found at: <http://portal.hud.gov/portal/page/portal/HUD/documents/fr74-228.pdf>. A copy of the HUD press release may be found at: http://portal.hud.gov/portal/page/portal/HUD/press/press_releases_media_advisories/2009/HUDNo.09-216