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Congress Considering Appraisals as Part of Housing Reform

CoreLogic, which maintains it employs "the **largest panel of appraisers in the country**," looked at the possibilities for regulatory changes to the industry in a recent article in its Insights blog. Stuart Pratt, CoreLogic's global head of Public Policy and Industry Relations says the issue of housing finance reform remains high on the congressional to-do list and, while not at the epicenter of the broader reform discussions, "addressing the challenges and capitalizing on the opportunities facing the appraisal industry is a topic that is gaining greater levels of attention in the halls of Congress."

Members of both the House and Senate are looking at a diverse, but interconnected, series of appraisal issues which include ways to address **localized shortages** of appraisers, figuring how to strike a balance in appraisal independents, and debating the larger role of the federal government in industry regulation.

More specifically, Pratt expects the relevant congressional committees to debate the **role of the federal government** relative to state agencies when it comes to industry oversight and the creation of operating standards and how to make the independence of appraisers as mandated by the Dodd-Frank Act effective in protecting taxpayers, consumers and appraisers from the effects of undue influence. The reemergence of the discussion of appraisal independence, Pratt says, is timely given the new challenges facing the industry.

Some areas, both urban and rural, have supply and demand issues because of a net decrease in active appraisers. This can create **service gaps** and transaction delays in key markets. There is leadership from some groups, Pratt points to the Appraisal Foundation, in removing unnecessary barriers into the field and, he said, properly structured and implemented reforms could attract more young people into the profession.

Likewise, actions such as removing **excessive** and sometimes **repetitive** education requirements could entice military veterans "with unique skills sets" into appraising as a second career. A recent hearing by the House Veterans Affairs (VA) Committee focused on the U.S. Department of Veterans Affairs' appraisal program. Pratt said this "highly constructive" hearing explored ways to leverage the VA network and its own appraisal program to address the service issues that are present in rural areas.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/22

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

"It was **encouraging** to see Members of Congress discuss how to effectively balance people, processes, and technology to maximize service outcomes, while maintaining the integrity of accurate valuations. This type of smart modernization, incorporating industry-leading modeling, analytics, and consortium databases, will be critical in shaping the evolution of our nation's appraisal system," Pratt said.

Builder Confidence	51	+6.25%
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Update: Buyer Broker Agreement

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its "Proposed Criteria for Evaluating Home Buyer Contract Forms" on Tuesday. The 15 criteria focus on the contracts' form – whether the documents are readable and understandable – and content – whether they are fair to homebuyers.

- the document's expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
- the right to terminate the contract
- the disclosure that compensation is negotiable
- the broker's compensation clearly stated and that the buyer broker can't receive additional compensation for facilitating a sale
- that any additional fees, such as for showing a home, will be deducted from the broker's commission if there is a successful sale
- that the commission is due only if there is a successful closing
- that buyers have an obligation – for no longer than 60 days, CFA recommends – to pay a broker who earlier showed them a home they purchased after the contract ended
- seller concessions paid directly to buyers
- dual agency not pre-approved by the contract
- an explanation of how a broker treats different buyer clients interested in the same property
- that buyers should not be required to first go through mediation or arbitration if they have a complaint

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