

Week of December 3, 2007

Senate Judiciary to Examine Foreclosure; Dodd to Introduce Bankruptcy Bill

On Wednesday, December 5, the Senate Judiciary Committee will hold a hearing on The Looming Foreclosure Crisis: How to Help Families Save their Homes. Sen. Richard Durbin, D-Ill., who has introduced legislation to allow bankruptcy judges to cram down mortgages on primary residences, will preside over the hearing.

The Mortgage Bankers Association remains very concerned that if judges are allowed to modify or render loans unsecured during a bankruptcy, it will become far more difficult to sell mortgages in the secondary market and will reduce liquidity. Ultimately, consumers will have more trouble obtaining or refinancing a mortgage and would see an increase in costs to reflect this additional risk.

On November 28, Senate Banking Committee Chairman Christopher Dodd, D-Conn., announced plans to introduce bankruptcy reform legislation. In addition to allowing bankruptcy judges the ability to cram down primary residence mortgages, Dodd's bill would also address other bankruptcy issues including alimony, medical debts and student loans.

Sen. Reid Holds Foreclosure Summit Events

MBA joined with industry members Wells Fargo, Countrywide, Chase, Bank of America, Washington Mutual, Citi and others last week by reaching out to troubled borrowers throughout Nevada. Organized by Senate Majority Leader Harry Reid, D-Nev., Mobile Foreclosure Prevention Resource Centers in Reno, Minden, Elko, Pahrump and Las Vegas helped borrowers threatened by impending delinquency or foreclosure learn about options available to them.

MBA provided attendees with educational materials highlighting the 1-888-995-HOPE foreclosure prevention hotline and www.homeloanlearningcenter.com website and borrowers met face-to-face with servicers and local counselors to discuss their personal financial situations.

Interagency Proposed Rules on Information Provided to Credit Reporting Agencies

The Office of the Comptroller of the Currency; the Office of Thrift Supervision; the Federal Deposit Insurance Corp.; the National Credit Union Association; the Federal Trade Commission and the Federal Reserve Board published joint proposed regulations implementing section 312 of the Fair and Accurate Credit Transactions (FACT) Act of 2003.

These regulations would enumerate the responsibilities of entities furnishing consumer credit information to CRAs to reasonably ensure that such information is submitted with accuracy and integrity. The regulations also establish procedures furnishers should have in place to handle consumer disputes regarding such information.

When the rulemaking process began in 2006, MBA submitted comments to the agencies highlighting our concern that most problems with the accuracy or integrity of consumer credit data do not occur when furnishers submit information, but when that information is not properly reflected in a CRA's files. MBA is currently analyzing these proposed regulations with regard to existing positions, and will work with members to draft any necessary response. The full text of the proposed regulations can be found [here](#).

OFHEO Retains 2007 Conforming Loan Limit for 2008; Releases House Price Index

The Office of Federal Housing Enterprise Oversight (OFHEO) announced Nov. 27 that the maximum 2008 conforming loan limit for single-family mortgages purchased by Fannie Mae and Freddie Mac would remain at the 2007 level of \$417,000 for one-unit properties for most of the U.S. Higher limits apply to Alaska, Hawaii, Guam and the U.S. Virgin Islands as well as to properties with more than one unit. Additionally, on November 29, OFHEO released its Quarterly House Price Index, which showed its first quarterly decline for the U.S. since 1994 .

MBA Releases Summary of House Predatory Lending Bill

The House in November passed H.R. 3915, the Mortgage Reform and Anti-Predatory Lending Act of 2007. If enacted, H.R. 3915 would establish a federal duty of care in offering mortgage products; require licensing of all mortgage originators; prohibit steering; create an ability to repay standard; lower HOEPA triggers; attach limited liability to secondary market securitizers; and require an escrow account for some first-lien mortgages in certain circumstances.

MBA staff prepared a summary of the legislation. Senate Banking Committee Chairman Christopher Dodd, D-Conn., is expected to introduce his own version of anti-predatory lending legislation in the near future. MBA will continue to monitor all developments.

MBA Convening a Servicer Fly-In Meeting in Washington

On Thursday, December 6, MBA will host a one-day meeting with leading industry servicers to discuss a variety of issues related to mortgage loan administration such as: improving servicer success in preventing foreclosure; servicing best practices; improvements to FHA, GSE and VA loss mitigation standards; and improving the industry's relationship with Congress, the Administration and other key policymakers with respect to borrower assistance practices.

MBA Members Attend Mayors Forum on Housing Crisis

On November 27, MBA Chairman-Elect David Kittle, CMB and MBA Senior Vice President and Chief Economist Doug Duncan participated in the National Forum on Homeownership, Preservation and Foreclosures held by the U.S. Conference of Mayors in Detroit.

MBA and other representatives from the mortgage industry agreed to help the nation's mayors raise public awareness about ways to avoid falling into foreclosure as part of an effort to address the housing crisis. MBA provided the mayors with a list of key property and preservation contacts on member firms. The mayors released a report detailing the economic impact of foreclosure issues in the nation's metropolitan areas.