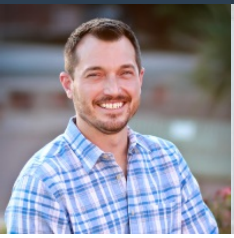

The Arizona Loan Baron
Timothy Baron, VP ? Senior Loan Officer ? Loan Baron, V.I.P. Mortgage, Inc.
Timothy Baron NMLS #184671 V.I.P. Mortgage, Inc. does
6390 E Tanque Verde Rd. Suite #200 Tucson, AZ 85715

Office: 520-275-5956
Mobile: 520-275-5956
timothybaron@vipmtginc.com
View My Website

Dodd-Frank Fixes Set for Senate Passage; House Posed to Pounce

The Senate looks set to pass Senate Bill 2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act, which seeks to **undo some of the provisions of the Dodd-Frank Wall Street Reform** and Consumer Protection Act, passed in the wake of the financial crisis. Sixteen Democrats joined 50 Republicans to allow a vote on the bill, sponsored by offered by Senators Mike Crapo (R-ID), Joe Donnelly (D-IN), and three other Democrats. The bill in its present form makes some changes to mortgage regulations, but there is concern about what it might look like if it survives to pass the House.

The bill that passed out of the Senate Banking Committee amends the Truth in Lending Act to allow institutions with less than $10 billion in assets to waive some of the ability-to-repay requirements of the Qualified Mortgage rule but keep safe harbor positions if they adhere to others. There is a catch however. The institution writing the loan must **keep it in its own portfolio** rather than sending it into the secondary market. In keeping the loan, the bank would also be keeping 100 percent of the risk, which it is anticipated would keep lenders on the straight and narrow when it comes to underwriting the loan. The "smaller" banks would also enjoy other modifications related to employment of loan originators, manufactured homes, and waiting periods.

Banks would be able to **waive appraisals in rural areas,** based on an assertion of a shortage of licensed appraisers in some areas a claim strongly refuted by professional organizations.

More controversial is Section 104 of the bill which would exempt banks and credit unions that make fewer than 500 mortgage loans each year from recent Home Mortgage Disclosure Act (HMDA) data requirements. Catherine Cortez Masto (D-NV), the Senate's only Latina, told *PBS News Hour* that "Without this data, state attorneys general, fair housing advocates, and others would be back to where we stood in the aftermath of the 2008 crash: we could not connect racial, ethnic, gender and age discrimination to mortgages made in our communities and across the country." Montana Democrat Jon Tester, a sponsor of the bill, said **the provision would not harm fair housing enforcement.**

National Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.45%	-0.07	0.00
15 Yr. Fixed	6.86%	-0.05	0.00
30 Yr. FHA	6.95%	-0.05	0.00
30 Yr. Jumbo	7.64%	-0.04	0.00
5/1 ARM	7.50%	-0.05	0.00
Freddie Mac			
30 Yr. Fixed	7.17%	-0.27	0.00
15 Yr. Fixed	6.44%	-0.32	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 4/26

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
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%

		Value	Change
Builder Confidence	Mar	51	+6.25%

The bill amends the Bank Holding Company Act of 1956 to exempt banks with assets valued at less than $10 billion from the "Volcker Rule," which bans proprietary trading and certain relationships with hedge funds and private-equity funds. Regulatory agencies are also directed to write new requirements for certain banks regarding specified capital and leverage ratios. Other regulations related to stress testing and leverage requirements would also be modified. An especially controversial provision would raise the definition of a systemically important financial institution to $250 billion in assets from the present $50 billion.

After the bill was passed out of the Banking Committee. Its Chairman Crapo added a so-called manager's amendment. According to David Dayen, writing in *The Intercept*, "To spot the changes, a reader must compare the language of both bills." Dayen claims the changes were made partially in an attempt to insulate lawmakers from criticism about giveaways to big banks as well as to placate House Financial Services Committee chair Jeb Hensarling, (R-TX) who has demanded inclusion of parts of up to four dozen bills that were passed by the House over the last year.

One such bill which has already become part of the amendment is H.R 2148 which would **restrict regulations for requiring additional capital reserves** against many commercial real estate loans. This would include loans to shopping malls which have suffered recent high rates of closures.

Another new provision would benefit FICO's biggest rival, VantageScore by requiring the Federal Housing Finance Agency to **use alternative credit score models.** VantageScore, licenses data provided by the three major credit reporting agencies, Experian, TransUnion, and Equifax.

Among changes which *Bloomberg* says have been made by the manager's amendment but which Dayen argues are unchanged are provisions that remove some consumer protections from mortgage borrowers, deregulate the manufactured home industry and allow big banks the opportunity to litigate Federal Reserve regulations and to count municipal bonds as highly liquid assets in their capital reserve calculations.

The bill contains other measures that would, according to a memo released this week by Americans for Financial Reform, add an appeals process to financial rulemaking, stop the Securities and Exchange Commission from examining high-frequency trading, exempt insurance company products from CFPB oversight, throw out rules on credit rating agencies, assist payday lenders, and enable title insurance companies to increase fees on mortgage buyers.

The Hill says that whatever banking legislation is enacted this year will largely be written in the conference committee. In an election year it is far from certain it can reach agreement or even if it does, that their report can pass both houses. The president though **will likely sign whatever Congress passes.**

Th Congressional Budget Office (CBO) calculates that S. 2155 would increase federal deficits by $671 million over the 2018-2027 period; representing an increase in direct spending of $233 million and a decrease in revenues of $439 million. Some of that cost and reduction in revenues would be recovered through collections from financial institutions in years after 2027. Implementing the bill would cost $77 million over the 10-year period.

CBO calls the probability that a systemically important financial institution (SIFI) will fail or that there will be a financial crisis in a given year "is small under current law and would be slightly greater under the legislation."

The Arizona Loan Baron

The Arizona Loan Baron is at your service!

I would appreciate the opportunity to share with you my extensive mortgage lending experience. My client focused approach has allowed me to build long lasting relationships and partnerships throughout Arizona. I know this market. I live here and work here. Please allow me the opportunity to be your mortgage lending partner.

The Arizona Loan Baron