



## Columbus Mortgage Banker Association Legislative Update

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### **Disclaimer:**

This is an Update – *not an Eight Hour Seminar* and you will not leave today with all the knowledge needed to comply with S.A.F.E., Dodd/Frank, RESPA, TILA, etc.

Bob Niemi has an opinion on just about everything, but they are just that – the opinions of Bob Niemi and not that of the Ohio Mortgage Bankers Association, the Columbus Mortgage Bankers Association or any other credible entity

Bob Niemi is not an attorney, nor does he play one on TV so attempting to use any or all his presentation or comments as legal advice would border on the insane

Bob Niemi is an Ohio Advocate – are you?



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## Today's Topics

- State Topics
  - Administrative Rules Review
  - Ohio Revised Code
  - S.A.F.E.
  - Executive Order
- OHFA Update
  - Lender Meetings - March 22<sup>nd</sup> @ Fawcett Center
  - OHFA Professionals Meeting / Follow-up
- Dodd / Frank – Consumer Protection Act



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## Commercial Message(s):

- Bowl for Kids Sake
- Saturday March 5th
- [www.bowl-big.com](http://www.bowl-big.com)
- Click on Register Today
- Start a Team
- Join a Team
- Join as Individual
  - Email Friends / Family
  - Raise Money - Earn Prizes
- Sponsor a CMBA Bowler
- OMBA
  - OhioMBA.org
  - Value of Membership
  - Value of Unity
- OMBA Events
  - Storm the Capital - March
  - Convention - May 9<sup>th</sup> to 11<sup>th</sup>
- OMBPAC
  - Earn an ear
  - Form for donations
- Mortgage Action Alliance



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## *Do you know?*

- Braxton Miller?      • OSU QB Recruit  
#2 Rated QB in Country
- David Goodman?    • Recently named Director of the  
Ohio Dept of Commerce
- Charles J. Dolezal? • Just named Superintendent,  
Division of Financial Institutions
- William Coley?      • Financial Institutions, Housing  
and Urban Development



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## State of Ohio Update

- Ohio Administrative Rules Review
  - The Ohio Revised Code (i.e. the law)
  - Rules Enforce the O.R.C.
  - Mandated Review delayed by S.A.F.E.
  - Interpretations varied from the O.R.C.
  - Much mandated by HB1 with S.A.F.E.
  - OMBA Review and Input (workgroups, calls, drafts)
    - Work with D.F.I. - Legal Opinions – *Submissions*
  - Other Bills in Work



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# State of Ohio Update

## Executive Order 2011-01K

### Establishing the Common Sense Initiative

However, complying with confusing, duplicative, or ineffective regulations strain their resources and divert effort from job creation and production. In too many cases, Ohio's regulatory framework has worked against, not with, these small businesses.

All of Ohio benefits from regulations that are in the public interest and enforced properly. Protecting the public is always first and foremost, and regulatory compliance increases when regulations are easier to understand and to follow.

Whereas, the priority of a strong regulatory system should be compliance, not punishment.



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# State of Ohio Update

- OHFA Update
  - Lenders Meeting - March 22<sup>nd</sup> @ Fawcett Center
- OHFA 2010
  - \$307 Million in 2010
  - 21,651 – 9/27/10 - \$570m – 76.4% - 62
- Professionals Meeting
  - OMBA Input Points (NO POINTS?)
- Dodd – Frank impact on OHFA



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## National Update

- Dodd / Frank – Consumer Protection Act
  - LO Compensation
  - Qualified Mortgage
  - Steering and Safe Harbor
  - Qualified Residential Mortgage
  - Consumer Financial Protection Board
- SBA Office of Advocacy
  - Letters / Updates



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## Dodd-Frank & Consumer Protection Act

- LO Officer / Broker Compensation (terms)
- Prohibited Steering and Safe Harbor
  - Consumer lacks a *reasonable ability to repay*
  - Loan with '*predatory characteristics*'
    - *Prepay penalties, neg amort, mand arbitration*
    - *Total Points and Fees that exceed 3% of loan*
  - Steering away from a '*qualified mortgage*'
  - Safe Harbor Product Offerings (*3 qualified*)
- More coming through January 21, 2013



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## Dodd-Frank & Consumer Protection Act

- LO Officer / Broker Compensation (terms)
- Constitutional or Not?
- Reg Z prohibits certain practices relating to payments to compensate mortgage brokers and other loan originators
- Compensation programs rolled out
- Are they in Compliance?
- March 15<sup>th</sup> Investor Deadlines loom



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## Dodd-Frank & Consumer Protection Act

- Qualified Residential Mortgage, Section 941
- 5% Risk Retention Requirements, aka 'skin'
  - *Increased cost for non-qualified loan by...*
- Amended with an exemption from risk retention
- Based on empirical and historical data, objective
- How will it be defined? Narrow, i.e. 30% down
  - Impact of cost on loans with less than 30%
  - FHA is exempt by statute, Private MI is targeted also
  - Higher risk borrowers, as defined by the government



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## Updates on National Front

- Federal Reserve delays / defers rules set for 2011 until action from CFPB
  - Consumer Disclosures under TILA for closed and open ended lines of credit (2)
  - Lender Responsibilities when Borrowers exercise their right to rescind a mortgage
- CFPB is mandated to combine mortgage disclosures required by TILA & RESPA into a SINGLE FORM within 18 months



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## Updates on National Front

- Debate on LO Compensation
  - 12/16/10 – MBA Letter for Clarification
  - 1/13/11 – SBA Office of Advocacy
    - Sited impact on Small Business – Required
    - Plain English Compliance Guide - deficiencies
  - 1/26/11 Compliance Guide
  - 2/1/11 SBA Responds with Second Letter
    - Cut and Paste not actions required to comply
    - Descriptions and Suggestions for compliance



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## There is Yet More!

- U.S. Rep Jim Jordan co-sponsored bill to abolish HAMP citing, “colossal failure”
- Future of Fannie / Freddie
- Mandatory Mediation Bill coming in the Foreclosure Process
- National Standard for Mortgage Servicing
- PACE Loans (Property Assessed Clean Energy)
- Get Off the Sidelines and Get in the Game



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## Thank You!

Answers and Questions?



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