

The CS Advisory Group

the plan: action alert



Washington Round-up: Treasury and Senate take aim at reform

Senate fast-tracks housing stimulus package

Legislators on both sides of the aisle agree: a 15-billion dollar housing package is just what the country needs. Here are some of the highlights of the proposed legislation:

- funding to help borrowers refinance out of unaffordable loans and boost communities that are pulled down by foreclosures;
- business tax breaks for homebuilders;
- tax credit and deductions for homeowners and home-buyers;
- significant changes to FHA, such as increasing loan limits and down-payment requirements.

A vote is likely for next week. This latest move came about after Democrats conceded on points that cleared the way for Republican support. The Dems let go of a measures that would have allowed bankruptcy judges to reduce mortgage debt and expanded FHA's ability to take on risk.

Additional Resources:

CNN/Money
Bloomberg

Treasury "blueprint" outlines proposed changes for mortgage industry

On Tuesday, April 1, 2008, Treasury Secretary Henry Paulson unveiled the 218-page **Blueprint for Financial Regulatory Reform**. The controversial plan proposes sweeping changes to the financial regulatory system, including some measures that could drastically change the mortgage industry. Below are some of the provisions relevant to the mortgage industry.

But before reading on, we want to remind you that this is only a proposal and changes have not been considered or implemented in any way by Congress. In fact, according to Secretary Paulson, it could take between 2 and 9 years to fully implement the entire plan. The Blueprint is made up of short, medium,

About Tracy Cavanaugh

Tracy has over a decade of experience in the mortgage banking industry. She established the Advisory division of AFFG with offices in both east and west coasts.

Tracy has earned the designations of both Certified Mortgage Planning Specialist (CMPS) and Certified Mortgage Planner (CMP) and holds a New Jersey Mortgage Banking License for both first and second mortgages and is a licenced California lender. She is a member in good standing with the Financial Planning Association and Certified Mortgage Planning Specialist Institute.

and long-term goals, but Paulson and others have targeted the mortgage origination process as something that needs an overhaul in the short-term. Here's a look:

Proposed provisions for the mortgage industry in the short term (<2 years):

- Creation of a new federal commission called the Mortgage Origination Commission (MOC). Its presidentially-appointed director would chair a board comprising of the Federal Reserve, OCC, OTS, FDIC, National Credit Union Administration, and Conference of State Bank Supervisors.
- MOC would set licensing standards for state mortgage market participants to address personal conduct, disciplinary history, educational requirements, and it would evaluate each state's system for licensing and regulation of participants in the mortgage origination process.
- Fed would retain authority to draft regulations for national mortgage lending laws but enforcement authority for federal laws should be clarified and enhanced.
- Appropriate conditions should be attached to temporary lending from Fed when market stability is threatened and Fed should have information through on-site examination or other means.

As always, you can look to us to have our finger on the pulse and keep you in the know as these changes become clearly defined.

Warm Regards,

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