

Nebraska

Mortgage Monitor

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TOP LENDER HONORS ARE AWARDED

FROM USDA RURAL DEVELOPMENT

The U.S. Department of Agriculture (USDA) Rural Development recognized First National Bank of Columbus as the top lender for its guaranteed rural housing (GRH) loan program in Nebraska for 2004.

First National Bank of Columbus provided over \$4.3 million in guaranteed rural housing loan funds, which fostered rural homeownership in the state. Rounding out the Top Five Lender Awards are: Platte Valley National Mortgage (Scottsbluff, Gering), Major Mortgage (Lexington), Cornerstone Bank (York, Aurora, Geneva, Columbus) and Bank First (Columbus, Norfolk).

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Mortgage Refinance Application Volume Up In Latest Survey

From the MBA

WASHINGTON, D.C. (February 2, 2005)— The Mortgage Bankers Association (MBA) today released its Weekly Mortgage Applications Survey for the week ending January 28. The Market Composite Index - a measure of mortgage loan application volume - was 706.4, an increase of 7.3 percent on a seasonally adjusted basis from 658.1 one week earlier. On an unadjusted basis, the Index increased 23.7 percent compared with last week but was down 18.8 percent compared with the same week one year earlier. The MBA seasonally

Continued Page -3-

Lender Accountability For Appraisals

ML 2005-06: (01/28/05)

This Mortgage Letter is to remind mortgagees of their responsibilities to obtain high quality appraisals for properties that will be security for FHA-insured mortgages. These responsibilities are contained in an amendment to 24 CFR 203.5 that was published in the Federal Register on July 20, 2004 and which became effective August 19, 2004. This rule also amended 24 CFR 25.9 to make submission of, or causing to be submitted, documentation relating to an appraisal that does not satisfy FHA requirements a ground for administrative action by the Mortgage Review Board. As explained in the preamble to this final rule, HUD is imposing a standard of accountability to which lenders, sponsor lenders, and loan correspondent lenders will be held that is the same as the standard used to impose

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Lender Accountability... *Continued from Page -1-*

civil money penalties for program violations. That standard is one of knowing (actual knowledge) or had reason to know.

HUD handbooks and mortgagee letters specify certain actions that a mortgagee should take to help ensure that appraisals comply with FHA requirements. However, the fact that a mortgagee has taken such actions does not automatically mitigate the standard imposed by this final rule if despite compliance with the requirements, the lender is found to have known or had reason to know about the deficient appraisal.

Background

Since 1991, when passage of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) created systemic state licensure and certification requirements for appraisers, FHA has reiterated the responsibility of lenders to critically review and analyze FHA appraisals. The direction and guidance provided to lenders in previous mortgagee letters included the following:

- “A DE lender that selects its own appraiser must accept responsibility, equally with the appraiser, for the integrity, accuracy and thoroughness of the appraisal and will be held accountable by HUD for the quality of the appraisal.”
- “Lenders are reminded that if the appraiser they selected provides a poor or even fraudulent appraisal which leads the Department to insure a mortgage at an inflated amount, the lender is held equally responsible with the appraiser for the violation.”

- “Lenders accept responsibility, equally with the appraisers, for the integrity, accuracy and thoroughness of the appraisals, and will be held accountable by HUD” Handbook 4060.1 REV-1,

Change 1, Mortgagee Approval Handbook, dated November 24, 2003, revised and updated the Department’s requirements for maintaining and implementing a Quality Control Program for the origination and servicing of HUD/FHA insured mortgages. Chapter 6 contains detailed explanations for quality control plans including appraisal review.

Highlights of Final Rule

The final rule:

- a) codifies FHA’s requirement that mortgagees are accountable, along with appraisers, for the quality of appraisals on properties securing FHA-insured mortgages;
- b) specifically provides that lenders that submit appraisals to HUD which do not meet FHA requirements are subject to the imposition of sanctions by the HUD Mortgagee Review Board;
- c) applies to both sponsor lenders that underwrite loans and loan correspondent lenders that originate loans on behalf of their sponsors; and
- d) is designed to ensure that lenders are aware of their responsibilities with respect to appraisals and provide homeowners with an accurate statement of the appraised value of their home as well as help assure homeowners that the condition of the home meets FHA standards.

e) clarifies that the standard of accountability to which lenders, sponsor lenders, and loan correspondent lenders will be held is the same as the standard used to impose civil money penalties for program violations, and that standard is one of knowing (actual knowledge) or had reason to know.

Purpose of the Rule

The success of the FHA single family mortgage insurance program, and HUD’s ability to safeguard the FHA Insurance Fund, depends significantly on the quality of appraisals on properties that are to be security for insured mortgages. Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) provides the method for calculating the maximum mortgage amount that FHA can insure. The calculations required by statute are based on the appraised value of the property that is security for the mortgage. If a mortgagor defaults and the mortgagee conveys title to the property in exchange for payment of the mortgage insurance benefits, FHA must then manage and sell the property in order to recoup its insurance loss. If the appraisal was accurate, the loss to FHA will be minimal. If the appraisal was inaccurate, or the appraiser was negligent in reporting readily observable defects, HUD’s return on any sale of a property that was overvalued or in poor condition could be significantly reduced, thereby increasing the loss to the FHA Insurance Fund.

If you have any questions concerning this Mortgagee Letter, please contact your local Homeownership Centers in, Denver (800) 543-9378.

Editor’s Notes...

If you have events that will be occurring in your community and you would like to get the information out to your fellow members, please email me your information to mary.byrnes@greatwesternbank.com

PS I have some convention supporters who have not sent to me their spotlight article. LAST CALL!!!!

Mary Byrnes, Editor

New Members

Join us in welcoming Superior Loan Center, BancWise Real Estate Solutions and NovaStar Mortgage, Inc. as new members of the Nebraska Mortgage Association.

Mortgage Refinance... from Page -1- adjusted Purchase Index increased by 0.3 percent to 440.3 from 439.0 the previous week. The seasonally adjusted Refinance Index increased by 16.6 percent to 2253.9 from 1932.8 one week earlier. Other seasonally adjusted index activity included the Conventional Index, which increased 7.6 percent to 1051.5 from 977.4 the previous week. The Government Index increased 4.1 percent to 130.3 from 125.2 the previous week. The refinance share of mortgage activity increased to 48.7 percent of total applications from 46.5 percent the previous week. The adjustable-rate mortgage (ARM) share of activity increased to 32.5 percent from 31.7 percent of total applications. The average contract interest rate for **30-year fixed-rate mortgages increased to 5.61 percent from 5.58 percent one week earlier**, with

points increasing to 1.27 from 1.22 the previous week (including the origination fee) for 80 percent loan-to-value (LTV) ratio loans. The average contract interest rate for **15-year fixed-rate mortgages increased to 5.10 percent from 5.03 percent one week earlier**, with points increasing to 1.27 from 1.22 (including the origination fee) for 80 percent LTV loans. The average contract interest rate for **one-year ARMs decreased to 4.08 percent from 4.21 percent one week earlier**, with points increasing to 1.10 from 1.07 (including the origination fee) for 80 percent LTV loans.

****SPECIAL NOTES**** The survey covers approximately 50 percent of all U.S. retail residential mortgage originations, and has been conducted weekly since 1990. Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100.

Top Lender Honors... from Page -1-

Top Ten Lender Awards go to: Security First (Sidney, Cozad, Hay Springs), Sidney Federal (Sidney), Security National (Laurel, Allen, Osmond), Tierone (Holdrege, Grand Island, Lexington), Valley Bank (Scottsbluff, Gering) and First National Bank of North Platte (North Platte, Scottsbluff, Gering, Alliance, Chadron).

Also recognized were Professional Mortgage (Nebraska City), Adams Bank (Ogallala), Major Mortgage (Columbus) and Pinnacle Bank (Columbus, Ogallala, Gretna) as lenders providing in excess of \$1 million in housing assistance to rural Nebraskans through the USDA GRH program.

The USDA Rural Development GRH loan program continues to be extremely successful in Nebraska. Forty-eight lenders participated in the program in 2004 and provided over \$37.5 million to 566 rural Nebraska households that assisted them with homeownership opportunities with 2005 looking to be a strong year as well.

Nebraska USDA Rural Development State Director Jim Barr stated, "I encourage approved lenders to utilize the GRH program as it provides an avenue for more Nebraskans to achieve rural homeownership."

The loan program features no down payment to eligible households, as loan funds are provided by private lending institutions and guaranteed by the Federal Government. The dwellings must be located in a rural community with a population of up to 20,000. An exception to the program is the eligible communities of Norfolk, Columbus and Scottsbluff/Gering/Terrytown.

If you would like more information on the USDA program, contact Mike Buethe at 402-437-5574 or visit www.rurdev.usda.gov/ne/.

DAVID F. SEIDERS TO SPEAK IN OMAHA

February 17th, 2005

Ironwood Country Club;

4:00 PM to 6:00 PM

David F. Seiders, Chief Economist and Senior Staff Vice President at the National Association of Home Builders, will present his Economic Outlook for 2005 and its affect on the home building industry.

Mr. Seiders is responsible for NAHB's forecasts of housing and economic trends, survey results, and analysis of markets for building materials and construction labor as well as government policies that affect the housing sector of the economy.

Mr. Seiders writes several regular columns on housing and the economy, and he appears regularly in the print and broadcast media. He is a member of a variety of economic forecasting panels, including Blue Chip and Consensus Economics, as well as the exclusive Conference of Business and Economists. He has testified before Congress and federal regulatory agencies on monetary and fiscal policy, banking and housing issues.

This special event is sponsored by the Metro Omaha Builders Association and the MOBA Sales and Marketing Council and admission is free.

Please RSVP to Candy at MOBA by February 11th at (402) 333-2000 X100 or candy@moba.com.

Vendor Spotlight: CBC Companies

CBC Companies has been providing Credit Reports to the financial industry, banks and the mortgage industry since 1948 and is currently working with over 25,000 customers nationwide. We have 70 plus offices throughout the country in 23 different states. Our home office is located in Columbus, Ohio, and our midwest service center is located in Sioux Falls, South Dakota.

CBC features an easy-to-use remote software program that provides the user the ability to order single reports, 2 or 3 bureau merged reports and full RMCR's directly from a mortgage program, or stand alone basis. In addition we can also provide the user the ability to order Flood Determinations at the same time. Merged reports are returned electronically within seconds, while full RMCR's can be retrieved within a few days. In addition, all three credit scores can be provided by CBC.

Some of the benefits using CBC are as follows:

- No Monthly software or application fees
- Access to all three vendors, Equifax, Trans Union and Experian
- Competitively Priced Reports, upgrades from single files to Merged
- Unequaled Customer Service
- Local Technical Support
- Interfaces with Point, Byte, and Contour; designed to reduce your processing time
- Internet connection vs modem
- CBCWEB; Ability to order Credit reports and Flood Certifications and a host of other products.

At CBC we consider it a challenge, an opportunity, and our responsibility to look for ways to best meet your needs. Please visit WWW.CBC-COMPANIES.COM to view some of the other products and services CBC Companies has to offer or contact: Roger Smith, Account Executive; CBC Companies; 4603 West Homefield Dr., Sioux Falls, SD 57106; 800-685-7346; Roger.smith@cbc-companies.com

HOUSING AND INTEREST RATE FORECAST

Information provided by the NAHB January 2005

	2002	2003	2004	2005	2006
Total Starts (000)	1,710	1,853	1,948	1,882	1,800
Single-family (000)	1,363	1,505	1,601	1,548	1,470
Multifamily (000)	347	348	346	334	330
New Single-Family Home Sales (000)	976	1,089	1,187	1,145	1,087
Existing Home Sales (000)	5,593	6,098	6,614	6,394	6,161
Interest Rates (Freddie Mac Commitment)					
Fixed-rate	6.5%	5.8%	5.8%	6.1%	6.8%
ARMs	4.6%	3.8%	3.9%	4.6%	5.4%
Prime Rate	4.7%	4.1%	4.3%	6.1%	7.1%

** Annual data are averages of seasonally adjusted quarterly data and may not match annual data published elsewhere. For more information about

Property Flipping Prohibition Technical Amendments

ML 2005-05: (01/26/05)

This Mortgagee Letter alerts lenders that on December 23, 2004, HUD published an interim rule in the Federal Register at 69 FR 77114. This rule amends regulations at 24 CFR 203.37a that prohibit property flipping in HUD's single family mortgage insurance programs and provides additional exceptions to the time restrictions on sales contained in the May 1, 2003 Federal Register (68 FR 23370). The interim rule (and this Mortgagee Letter) becomes effective for mortgages endorsed on or after January 24, 2005 and public comments to the interim rule may continue to be made through February 22, 2005.

The interim rule includes two additional categories of properties exempted from the time restrictions:

- Inherited Properties: The interim rule provides that properties acquired through inheritance that are subsequently sold are not subject to the restrictions of the property flipping rule.
- Real Estate Owned Sales by Federal Agencies: In addition to properties acquired and sold by FHA following default by the mortgage borrower, single-family properties sold by all other Federal government agencies are not subject to the restrictions of the property flipping rule.

The guidance contained in ML 2003-27, as modified by this interim rule, remains in force.

If you have any questions concerning this Mortgagee Letter, please contact your local Homeownership Centers in; Denver (800-543-9378).

Housing Market To Be Lower In 2005, But Still Strong

WASHINGTON – Home sales will be down from the high-water marks set in 2004 but are expected see the second-best year on record in 2005, according to the National Association of Realtors®. Existing-home sales are forecast to decline 2.0 percent to a total of 6.54 million* in 2005 from a record 6.68 million last year. New-home sales are projected at 1.11 million this year, down 6.2 percent from a record 1.18 million in 2004. Housing starts are seen at 1.92 million units this year, a decline of 1.8 percent from 1.95 million 2004, which was the highest level of housing construction since 1978. David Lereah, NAR's chief economist, said economic conditions this year will be similar to 2004 "Even with a growing economy and improving job market, inflation should stay tame with only modest upward pressure on interest rates," he said. "The relationship between mortgage interest rates, family income and home prices will remain favorable for home buyers in most of the country." Lereah forecasts the 30-year fixed-rate mortgage to rise modestly to 6.3 percent by the end of the year, and average 6.0 for all of 2005 compared with an average rate

of 5.8 percent in 2004. The national median existing-home price should increase 5.0 percent in 2005, with the annual price expected at \$193,300. The median new-home price is forecast to rise 6.0 percent in 2005 to \$232,100. By contrast, appreciation rates in 2004 were 8.3 percent for existing homes and 12.3 percent for new homes." This slowing in the rate of home-price appreciation will be welcome news for home buyers, yet the market remains favorable for home sellers because housing inventory levels are tight," Lereah said. "The home price gains expected this year will remain above the high end for historic norms, which are 1 to 2 percentage points higher than the overall rate of inflation." Inflation will remain modest with the Consumer Price Index rising 2.5 percent this year. The U.S. gross domestic product is projected to grow by 3.9 percent in 2005, while the unemployment rate is forecast to decline to 5.0 percent by the third quarter. Inflation-adjusted disposable personal income is seen to grow 3.9 percent this year, while the consumer confidence index should rise to 105 by the end of the year.

02/08/05 - National Assn. of Realtors

Local Non-Profit Associations Present Free Homebuyer's Fair

A free Homebuyer's Fair for first time homebuyers is being presented as a public service by local non-profit organizations, including the Nebraska Mortgage Association (NMA). Seminar topics include how to buy a home with little or no money down, how to establish a relationship with a financial institution, how to remedy credit issues, and how to shop and compare lenders. In addition, information on predatory lending practices is provided to protect prospective homebuyers.

"This is a public service provided by objective professionals who want to help people make the dream of home ownership a reality. We are working to eliminate the misconceptions that become stumbling blocks to home ownership," said George Akers, NMA member and Executive Vice President of First Mortgage Company. "We focus on results-oriented education as opposed to simply providing information."

The Homebuyer's Fair will be held Saturday, February 12, at the Omaha Public Schools' TAC building, 3215 Cuming Street. It is free to the public and will be held from 9 a.m. to 1 p.m.

Partners supporting the Nebraska Mortgage Association's Fair include Fannie Mae, United Way of the Midlands, Omaha 100, State and Local Governments, Family Housing Advisory Services, Federal Reserve Bank of Kansas City – Omaha Branch, Department of Housing and Urban Development, and Consumer Credit Counseling Service.

NIFA Announces an Increase in New Single Family Purchase Price Limits

On January 28th, Jackie Young with the Nebraska Investment Finance Authority (NIFA) announced that the Board of Directors has adopted new maximum purchase price limits for the Single Family Program.

They are as follows:

Regular Rate program and Home Buyer Assistance (HBA) Program

Non-targeted areas:	Targeted Areas:
Existing - \$170,000	Existing - \$205,000
New Construction - \$170,000	New Construction - \$205,000

Super Targeted Mortgage (STM) Program

Non-targeted areas:	Targeted areas:
Existing - \$150,000	Existing - \$170,000
New Construction - \$150,000	New Construction - \$170,000

The new maximum purchase price limits are effective immediately.

Senate Banking Committee Announces Subcommittee Assignments For 109th Congress

From the MBA Washington, D.C. - - U. S. Sen. Richard C. Shelby (R-Ala.), Chairman of the Senate Committee on Banking, Housing and Urban Affairs, announced the Committee's Subcommittee assignments for the 109th Congress The Subcommittee assignments will be:

Subcommittee on Financial Institutions

Republicans	Democrats
Senator Bennett	Senator Johnson
<i>Chairman</i>	<i>Ranking Member</i>
Senator Allard	Senator Carper
Senator Santorum	Senator Dodd
Senator Sununu	Senator Reed
Senator Martinez	Senator Stabenow
Senator Hagel	Senator Bayh
Senator Bunning	
Senator Crapo	

Subcommittee on Securities and Investment

Republicans	Democrats
Senator Hagel	Senator Dodd
<i>Chairman</i>	<i>Ranking Member</i>
Senator Enzi	Senator Johnson
Senator Sununu	Senator Reed
Senator Martinez	Senator Schumer
Senator Bennett	Senator Bayh
Senator Bunning	Senator Stabenow
Senator Crapo	Senator Corzine
Senator Dole	Senator Carper
Senator Allard	
Senator Santorum	

Subcommittee on Housing and Transportation

Republicans	Democrats
Senator Allard	Senator Reed
<i>Chairman</i>	<i>Ranking Member</i>
Senator Santorum	Senator Stabenow
Senator Dole	Senator Corzine
Senator Enzi	Senator Dodd
Senator Bennett	Senator Carper
Senator Martinez	Senator Schumer
Senator Shelby	

Subcommittee on International Trade and Finance

Republicans	Democrats
Senator Hagel	Senator Bayh
<i>Chairman</i>	<i>Ranking Member</i>
Senator Hagel	Senator Johnson
Senator Enzi	Senator Corzine
Senator Sununu	Senator Schumer
Senator Dole	Senator Bayh

Subcommittee on Economic Policy

Republicans	Democrats
Senator Bunning	Senator Schumer
<i>Chairman</i>	<i>Ranking Member</i>
Senator Shelby	

Source: Senate Banking Committee



✓ **Check us out!**

Don't forget to visit our website at:
www.nebraskamortgageassociation.org

And please be sure to keep us updated with your current contact information – address, phone, fax and email address. Changes can be sent to:
nebrmortasn@neb.rr.com.