

LENDERS UPDATE™

A MONTHLY SERVICE TO THE MORTGAGE LENDING INDUSTRY

AN ALT & ASSOCIATES NEWSLETTER

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The purpose of the Lenders Update is to provide a “heads-up” of new legislation and regulations affecting the mortgage lending industry. We provide summaries of new matters so our readers can judge whether the subject impacts their operations. We recommend that our readers review the entire new statute, regulation or other material in detail where it is relevant to them. For convenience, the applicable matter can be easily identified in the summary, and, where possible, a link is provided.

The Update includes information available to Alt & Associates as of November 13, 2009.

HUD PROVIDES FOUR MONTH ENFORCEMENT RESTRAINT

Today HUD announced that it will exercise “restraint” in its enforcement of the new regulatory requirements that are to take effect January 1, 2010 under RESPA. For four months following the commencement of the new rules its staff has been instructed to use such restraint when considering action against an FHA approved lender who has demonstrated good faith efforts to comply with the regulations.

Furthermore, HUD has asked other federal and relevant state enforcement agencies to exercise the same restraint for the 120 day period in enforcement of non-FHA originators and other settlement service providers who demonstrate similar good faith efforts to comply.

Factors involved in determining good faith efforts include:

- 1. Whether the mortgagee has relied on the new RESPA rule and other written guidance issued by the Department, and**

2. The extent to which the mortgagee has made sufficient investment and commitment to technology, training and quality control to comply with the new rule.

Per HUD Secretary Shawn Donovan:

“We will work with those who are making an honest effort to work with us as we implement these important new consumer protections. While we will not delay implementation of RESPA’s new requirements, we are sensitive to the concerns of the industry as it integrates these new rules into their day to day business practices.”

For additional guidance HUD has provided a comprehensive set of FAQ’s on its website at www.hud.gov

Our monthly Lenders Update is published via e-mail as a complimentary service to our friends and clients in the financial industry throughout California and the United States. Only those persons who have requested this newsletter are on our mailing list. Should you have colleagues who wish to receive this complimentary service, please have them e-mail us at

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ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past two decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations. If you have any questions please contact:

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