

ALLIANCE ACADEMY

Quarterly Newsletter
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NEWS & REVIEWS

Where in the world is Jerry Rutledge?

Jerry Rutledge, DREI, CREI, President of Alliance Academy, has been a featured speaker all over the country. He has recently presented his topic, "Mortgage Market, Compliance, and Fraud" for the Mississippi Association of Realtors, the Real Estate Educators Association (REEA), South Central Educators Group (SCEG), the Dallas Association of Mortgage Brokers (DAMB), and most recently at the Texas Real Estate Teachers Association (TRETA).

Jerry was also a featured speaker at the Texas Real Estate Commission's (TREC) annual Enforcement Division conference. He was the only outside speaker invited to participate in the conference.

Mortgage Market, Compliance and Fraud is a hot topic and includes the legislative changes in the industry, which is Jerry's area of expertise. Jerry has again been requested as the guest speaker to several other state's annual conferences.



Photo: Jerry Rutledge Presenting at TREC's Annual Enforcement Conference.

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Alliance Academy
14841 Coit Rd Suite 200
Dallas TX 75248
Phone: 972-980-0643
Fax: 972-980-0616

www.AllianceAcademy.org
news.AllianceAcademy.org

Editor — Rachel McNamara
President — Jerry Rutledge



NAMB PRESIDENT GUEST SPEAKER AND STUDENT

Harry Dinham, President of NAMB, the National Association of Mortgage Brokers from 2006-2007, was the Guest Speaker and Student at Alliance Academy, Dallas Campus.

Mr. Dinham, a seasoned Mortgage Broker in Texas, attended the 2 day Compliance Course for the 15 hrs he needed to renew his license. He was the President of TAMB, the Texas Association of Mortgage Brokers from 1999 - 2000, the year the law was written and passed requiring a Residential Mortgage License.

Speaking as President of NAMB, Mr. Dinham reveals his experience this year by sharing with the class a current Mortgage Market update, his testimony before Senate and Regulations in Washington D.C. and his view of changes being proposed.



*Photo: NAMB President, Harry Dinham
Guest Speaker for Alliance Academy*



*Photo: Mr. Dinham receiving his
course completion certificate.*

President Dinham complimented Alliance Academy by saying, "I want to thank you for all that you do to help people better understand our industry. In today's market it is a very hard job to keep up with all the changes that take place almost daily and your group does a great job."

At the completion of his 2 day class, Harry turned to me on the way out and said, "Jerry, you're 100%. I've taken all my required 15 hrs of CE from you."

Thank you, NAMB President Harry Dinham, for your outstanding contribution of time, talent, experience, and personal sacrifice for the benefit of the Mortgage Professionals nation wide.

COOK JOINS LENDER LEAD SOLUTIONS' REVERSE MORTGAGE TEAM

Senior Lending Network, a reverse mortgage wholesale lender and a division of KBC Bank, recently named **David Cook** as vice president of sales for the Western Wholesale Division.



Mr. David Cook, CSA

Cook's responsibilities include overseeing customer relationships for the western region of the United States.

Prior to joining Lender Lead Solutions, Cook was regional vice president of Financial Freedom, managing the central region.

Cook has more than 40 years experience in the mortgage industry and began his career as a loan officer in Irving, Texas.

Cook has been active on the committees for the Austin Mortgage Bankers Association and Texas Mortgage Bankers Association. He is also a member of the Texas Association of Realtors and an MCE Instructor approved by the Texas Real Estate Commission.

David can be reached at 512-267-6790 or at dcook@LenderLeadSolutions.com.

**David is the special guest instructor for our Reverse Mortgage Fundamentals Seminar.
Please see our course calendar online for scheduling information.**

SCHOOL ANNOUNCEMENTS

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Our new website has information on licensing, our classes, online registration, and other information. We will be adding more features soon!

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THE RUTLEDGE REPORT

RESPA REWRITE 2008



The Real Estate Settlement Procedures Act, enacted in 1974, has had only a few amendments since then. HUD is responsible for enforcement and oversight of RESPA. RESPA pertains to all settlement service providers which include Real Estate and Mortgage practitioners, title insurance companies, appraisers, etc.

You may recall an attempt to rewrite RESPA in 2002 by Mel Martinez, the Secretary of HUD at that time. The rewrite did not successfully pass after Martinez resigned, returned to Florida, ran for office, and is now US Senator Mel Martinez. HUD was then headed by Alphonso Jackson, the former Director of the Dallas Housing Authority. Jackson resigned recently under pressure put to the Whitehouse by Democrats who felt that allegations of Jackson's behavior stood in the way of FHA programs needed immediately to rescue people facing foreclosures.

The latest RESPA rewrite has made its way to the Federal Registry for public and industry comment and will expire on May 13, 2008. HUD says the revised RESPA rule will improve and standardize the Good Faith Estimate (GFE) form. HUD believes the new GFE will help a consumer to do price shopping and understand how yield spread premiums (YSP) can affect their closing costs.

The proposed new GFE will be four pages and the new HUD-1 settlement statement will be three pages. The amended HUD-1 includes a "closing script" that the closing agent will have to read to the borrowers at closing. The dialogue includes how the GFE and the HUD 1 compare to each other. **It remains to be seen how a 4 page GFE and a 3 page HUD-1 settlement statement will simplify the process for the consumer which is one of the goals of this RESPA rewrite!**

HUD believes that the new GFE will encourage consumer price shopping and the increase in competition will lead to large reduction of closing costs. Clearly, it is the intent and spirit of the federal consumer protection statutes, such as RESPA and TILA, the Truth in Lending Act, to encourage consumers to do price shopping when presented their GFE and APR disclosure for that matter.

The new RESPA rule sets a standard that the final HUD-1 Settlement Statement, the sum of actual expenses at closing, cannot be more than 10% greater than the Good Faith Estimate given to the borrower within 3 days of their completed mortgage loan application, barring any unforeseen circumstances. **HUD maintains that those mortgage lending entities that would suffer revenue losses under the new rule are those that overcharged uninformed borrowers and benefited from the system's limitation on competition.**

HUD also is proposing that the HUD-1 Settlement Statement of actual costs is provided at least 2 days prior to closing. This appears to be a requirement rather than the current language in RESPA which says 1 day before closing, "if requested". Home Equity legislation in Texas "requires" that it be provided one day before the closing for home equity related loans.

Formal comment surely will include the National Association of Realtors, NAR, the National Association of Mortgage Brokers, NAMB as well as other related settlement service providers. NAMB is poised to attack any provisions in the RESPA rewrite which discriminate against small businesses and that which doesn't provide a level playing field among settlement service providers. Small business drives our economy, providing 80% of our country's employment.

It is generally known that there is some strong real estate industry opposition to a few of the provisions and that there is not enough time for the new RESPA rewrite to be enacted in 2008. Also it is likely that a new administration may require a rewrite of the rewrite.

More to follow.

A handwritten signature in black ink, appearing to read "Jerry Rutledge".

**Jerry Rutledge, DREI, CREI
President, Alliance Academy**