

Financial Reform Passes; HVCC to Sunset

President Obama signed into law the Wall Street Reform and Consumer Protection Act of 2010. NAR was at the table throughout the process, ensuring that the House and Senate heard the Realtor® point of view and making sure that the legislation did not adversely affect Realtors®.

The bill creates a "Consumer Financial Protection Bureau" (CFPB) to regulate a broad range of activities. NAR secured an exemption for real estate professionals performing traditional real estate activities from the jurisdiction of the CFPB, except to the extent they are acting in a financial capacity or are governed by existing laws such as the Real Estate Settlement Procedures Act (RESPA) that will now come under the auspices of the CFPB.

Other provisions affecting the real estate and lending industry include:

- New rules on seller financing with regard to predatory lending,
- Creation of new anti-predatory lending and risk retention rules,
- Establishment of a "Qualified Mortgage" safe harbor from risk retention rules,
- Rules governing risk retention for commercial mortgage backed securities,
- Changes to rules determining who is an "accredited investor",
- Sunset of the Home Valuation Code of Conduct (HVCC) once alternate regulations are promulgated,
- New minimum standards governing the operation of Appraisal Management Companies (AMCs), and
- A 3% cap on fees and points for lenders and affiliates as part of a qualified mortgage safe harbor.

NAR will continue working on the regulatory front to shape the implementation of a number of these provisions. To see a summary of the bill and its relationship to the industry, please visit REALTOR.org.