



**CORPORATE TITLE**  
AGENCY

# Title Talk

[www.CorporateTitle.com](http://www.CorporateTitle.com)

**RELATIONSHIPS. RESOURCES. RESULTS.**

June-July-August 2009 Edition

## What's New?

Welcome to summer! Now that it is August, it finally is beginning to feel like summer. We can only hope for a mild fall.

Corporate Title Agency's website has a new look! If you haven't checked it out yet, please do so by visiting [www.corporatetitle.com](http://www.corporatetitle.com).

Douglas D. McFarlane, Executive Vice President of Corporate Title Agency, has been elected as President of the Michigan Land Title Association. Doug has served on the Board of Directors of the Association for the past four years.

In addition, Jerome E. Jelinek, President of Corporate Title Agency, was awarded the prestigious Robert J. Jay award at the Michigan Land Title Association convention in Grand Rapids on July 20, 2009. This award acknowledges an individual who has provided sustained leadership and service to the title industry as well as the Michigan Land Title Association. Jerome served as President of the MLTA from 2005-2006. Before and since that time, he has served (and continues to serve) on numerous MLTA committees.

## Did you Know...

Site Condominiums and FHA loans. Michigan is the only state in the nation with site condominiums. The site condominium concept was developed after the deregulation of the condominium process in order to provide an alternative to what was then a very slow platting process. The end result of a site condo is to have a neighborhood of single-family homes that is physically completely indistinguishable from one developed through subdividing via a plat. The FHA did not view site-condos in the same manner as the state, treating them as multi-family housing and requiring 51% pre-sales before they allow FHA loans.

This changed in the Housing and Economic Recovery Act of 2008. That act moved the coverage of all of FHA's single-family programs to the Mutual Mortgage Insurance Fund and allowed the FHA to treat site-condos as single-family homes. However, in order to take effect, the FHA had to issue a "Mortgagee Letter" implementing the changes.

HUD has now released Mortgagee Letter 19 on the Condominium Approval Process for single family housing. Included in the letter is guidance on how to treat site condominiums. Under the letter, site condos do not need to be approved as condo projects, but FHA loans for site condos still need to include a condominium rider in the loan package for insurance endorsement. Set forth below is an excerpt from the Letter:

"Site Condominiums are single family detached dwellings encumbered by a declaration of condominium covenants or condominium form of ownership. Condominium Project approval is not required for Site Condominiums; however, the Condominium Rider (Attachment D) must be included in the FHA case binder submitted for insurance endorsement. Manufactured housing condominium projects (MHCPs) may not be processed as site condominiums; these projects will require approval under HRAP."

While most of the new rules announced on June 12 by the U.S. Department of Housing and Urban Development will not take effect until October 1, 2009, the provision that eliminates the need for FHA approval of "site condominiums" will take effect immediately, opening the door for thousands of home buyers to use low-downpayment FHA financing to purchase new single-family homes.

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**Contact Corporate Title Agency** for title insurance and closing services anywhere in Michigan or Florida. We provide these services from the following Michigan branch offices -- Traverse City, Benzonia, Suttons Bay, Elk Rapids, Charlevoix, Petoskey, Harbor Springs, Gaylord, Bellaire, Mt. Pleasant, Big Rapids and Greenville -- and 2 Florida branches, Boynton Beach and Ft. Myers.



## Did you know (Continued from page 1)



In addition, HUD's Mortgage Letter 2009-19 authorizes certain FHA-approved lenders to review and approve condo projects internally. It also streamlines the environmental review requirement for condo projects while setting presale and owner-occupancy requirements at 50 percent.

### We're not out of the woods yet.

According to Mark Haas, the Chief Deputy Treasurer for the State of Michigan, who was a speaker at the most recent State Bar of Michigan-Real Property Section annual conference, Michigan's recovery will be slow and will get worse before it starts getting better. Some factors he believes will affect where Michigan is headed, include:

- Michigan's population has declined about 100,000 since its peak of 10.3 million in 2005.

- Michigan will need to replace about 1 million jobs beginning in 2011 to attain the June 2000 employment level of 4,476,900.
- If employment grows 2.2% per year beginning in 2011, it will be 2022 before Michigan employment reaches the June 2000 level. Mr. Haas did indicate that the Federal Stimulus monies have affected Michigan positively in that 6.9 billion is directed to state, schools and local governments; 6.6 billion toward tax relief for individuals and 1.4 billion for businesses and it should reduce the state's job loss by 109,000 jobs.

## Change is in the air

**Change is in the Air!** RESPA Change, that is. As many of you are aware, there have been many changes to the Real Estate Settlement and Procedures Act (RESPA), some of which became effective January 16, 2009 and the majority of which become effective January 1, 2010. The change was made to help consumers shop for the best loan and provide for a standard format to allow consumers to compare lenders (apples to apples) and provide for full disclosure of loan terms at closing.

Title agencies will be required to use a 3-page HUD-1 statement and lenders required to issue a new Good Faith Estimate (GFE). All title company fees except for the owner's title policy and owner's policy endorsements, will be reflected as a bulk charge on line 1101. The 1100 series is for title services, which includes: title examination and evaluation; preparation and issuance of commitment; clearance of underwriting objections; preparation and issuance of (loan) policies; all processing and administrative services required to perform these functions (e.g. document delivery, preparation and copying, wiring, loan policy endorsements, and notary) and the service of conducting the closing/settlement.

More changes you will see:

- If a seller is paying for any closing fees on behalf of the buyer, the charge remains in the buyer's column and a credit from the seller to the borrower to offset the charge should be listed in lines 204-209 and line 504-509, respectively.
- The percentage used to compute the sales commission has been removed. The total amount of the commission to each real estate broker is shown on Lines 701 and 702.
- The lender is required to transmit the information necessary to complete the HUD-1 to the closing agent. The instructions for completion of this state that the lender must provide information to the closing agent in a format that permits the closing agent to simply enter the necessary information to complete the loan terms section on Page 3 of the HUD-1 without having to refer to the loan documents.
- There is a shorter standardized GFE, an added 30 day right to cure any errors or omissions on the HUD-1, the removal of volume based discounts and a disclosure of key loan terms
- The GFE contains three levels of tolerances:
  - Charges that cannot increase at all (zero tolerance items)
    - Lender's origination fee; lender costs; credit or charge (points) for the specific interest rate chosen after such rate is locked in; adjusted origination charges after your rate is locked in; and transfer taxes
  - Charges that can increase up to 10% (aggregate)
    - Required services that the lender selects; title services and lender's title insurance if the lender selects them or the consumer uses the companies the lender identifies; required services that the consumer can shop for, if the consumer uses companies the lender identified; and government recording charges.
  - Charges that can change in any amount at settlement/closing
    - Required services that the consumer can shop for (borrower selected services), title services and lender's title insurance and owner's title insurance—all if the consumer does not use any company the lender identifies; initial deposit for the consumer's escrow account; daily interest charges and home-owner's insurance.



### **Michigan moves out of the top 10.**

Although Realty Trac reports that July marked the third time in the last five months that a new record was set for foreclosure activity, Michigan has moved down from the top 10 foreclosure states to 20<sup>th</sup>!

At  
**Corporate  
Title—**  
We build  
**Relationships,**  
using our  
**Resources**  
to give you  
the best  
**Results!**



## Legislative/Case law Update

### **Foreclosure by Advertisement.**

On May 20, 2009, the Governor signed amendments to the Michigan foreclosure by advertisement statute, requiring a mandatory 90-day pre-foreclosure process to allow the borrower and mortgage holder to work together to avoid foreclosure (PA 29, 30 and 31 of 2009). The law went into effect July 5, 2009 and expires July 5, 2011. The law only applies to property claimed as a principal residence and requires the mortgage holder or servicer to serve a written notice on the borrower informing him/her of his or her rights and the opportunity to avoid foreclosure (this must also be published). If a determination is made that the borrower is eligible for a loan modification, the mortgage holder or service holder cannot foreclose by advertisement, but may still foreclose judicially (by bring-

ing a court action). If a borrower is not eligible for a loan modification (or he was but the borrower did not execute and return the modification within 14 days of receipt), the mortgage holder or service can foreclose by advertisement. This is only an overview of the new process. For more information please go to [www.legislature.mi.gov](http://www.legislature.mi.gov) and input the House Bill numbers 4453, 4454 and 4455.

### **French v. Countrywide Home Loans, Inc.,**

title was held by an ex-husband and ex-wife as joint tenants with full rights of survivorship, with the ex-wife getting sole possession and the ex-husband being liable for the mortgage payments with Republic Bank, the existing lender, on the property. Mr. French then refinanced with Country-

wide, but only Mr. French signed the note and mortgage, and was listed as the sole borrower on all documentation. Mr. French then died and the ex-wife (Plaintiff), received a demand from Countrywide to pay or it would foreclose on the property. Plaintiff sued to declare the mortgage invalid, since she did not sign any mortgage documentation and was now the sole owner of the property by operation of law as the surviving joint tenant. The court ruled that Countrywide's mortgage was extinguished and Plaintiff had no liability, even though Countrywide's proceeds were used to pay off the existing mortgage with Republic Bank under which both Mr. French and Plaintiff were liable, since Countrywide had no equitable or legal obligation to pay off that mortgage.



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Thank you!

This Newsletter may be construed as an advertisement as defined in Public Law 108-187. A recipient of this Newsletter may decline to receive future messages by making such a request to the above e-mailed address.



## FDIC Consumer News Reports:

### **7 Tips to help put your dollars to work for you from the FDIC Consumer News:**

1. Have an emergency savings account.
2. Try to save money for long-term goals, such as your retire-

- ment.
3. Pay yourself first.
4. Start small.
5. Review your existing accounts and comparison shop for the best deals.
6. Turn a debt payment into a deposit.

7. Save, don't spend, a financial "windfall."

For more details, visit [www.fdic.gov/consumers/consumer/news/cnwin0809/tips.html](http://www.fdic.gov/consumers/consumer/news/cnwin0809/tips.html)

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