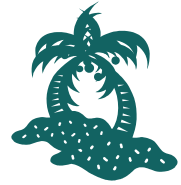


Andy's and Sandy's News and Views



Changes to Real Estate Statutes . . . By Andy

Deposits Not Held by Licensees

When funds are placed with a title company or attorney, licensees must indicate on the sales contract, the name, address and telephone number of the title company or attorney. The licensee must also follow up with the title company or attorney to verify that the funds were received and provide the seller with this written verification. [61J2-14.008 FAC]

Real Estate Broker Experience Requirement

The experience needed to become a Florida real estate broker is now 24 rather than 12 months. [475.17 FS]

Condominium Disclosure

Buyers must be given a "governance form" in addition to the other condominium documents when purchasing from a non-developer. Copies of the form can be obtained by typing

DBPR Governance Form on your computer search engine. [718.503 FS]

Condominium Insurance

A condominium association may require each owner to provide evidence of a current policy of hazard and liability insurance upon request once a year and the association may purchase coverage if the owner fails to provide this. [718.111 FS]

Mortgage Debt Cancellation Relief

Public Law 110-142 allows some individuals to be relieved of their obligation to pay income taxes on debt that is relieved or forgiven between January 1, 2007 and December 31, 2009. Although there is no income limitation, this relief is limited to personal residences and other limitations also apply. Advising sellers to obtain appropriate tax advice before being in-

involved in a short sale is not only a good business practice, but may also prevent future liability for the licensee.

Real Estate Tax Changes

A \$25,000 exemption was added for certain tangible personal property in certain situations and an additional \$25,000 was added to the homestead exemption. The additional \$25,000 homestead exemption only applies to county and city taxes, not to school board taxes. Up to \$500,000 of portability can also be transferred to new property in certain situations. Homeowners moving to a less expensive home could transfer a percentage value. [192, 193 & 196 FS]

I'll be glad to answer any questions you have regarding these changes, just email me at: AndyGray@AndyGray.com.

Changes to Mortgage Brokerage/Lending Act . . . By Sandy Badger

Individuals and businesses licensed under F.S. 494 will experience many changes beginning January 1, 2010. Legislation approved and signed in Florida in 2009 will usher in numerous changes to F.S. 494 with the goal of bringing Florida into compliance with the S.A.F.E Act. In fact, some of Florida's regulations will be stronger than those required under the S.A.F.E Act. The creation of a national mortgage licensing system is now a reality. Flor-

ida licensees will apply to the national registry beginning October 2010. This will bring protections for consumers and some standardization to licensing requirements across the country. These are important changes and you must stay informed and meet all required deadlines.

January 1, 2010

Loan Modifications

The definition of mortgage broker

will be amended to include loan modification activities. [494.001]

Each loan modification transaction must begin by having a written modification agreement signed by the borrower. Specific wording is required in this disclosure. Fees cannot be charged or collected before the completion of all services. [494.00296]

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Loan Originator Exemption Repealed

Loan originators working for lenders and correspondent lenders will no longer be exempt from licensure. All loan originators must be licensed as a mortgage broker before January 1, 2010 to continue to originate loans. Fines for unlicensed activity will be \$1,000 per day.

September 1, 2010

New Expiration Dates for Licenses

All mortgage broker, mortgage broker business, lender and correspondent lender licenses issued prior to October 1, 2010 will expire December 31, 2010. The renewal cycles for all licenses will change from two years to annually.

October 1, 2010

The National Mortgage Licensing System

All mortgage broker licensees must apply for a new loan originator license between October 1, and December 31, 2010. This will be the first step into the National Mortgage Licensing System. Those who apply during this time will be able to continue to do business while the application is being processed. Each licensee will have to pass a national and a state test to ensure knowledge of the industry. Additional education may be required.

All licensed businesses must apply for a new mortgage broker (business) license or a lender license. The license categories of correspondent lender and savings clause lender are being eliminated as of October 1, 2010.

All new licenses issued under F.S. 494 issued on or after October 1, 2010 shall expire on December 31, 2011. Professional education of 8-hours will be required for renewal. A fingerprint card will be furnished to the NMLS each year along with authorization to obtain a credit report on each licensee.

An individual Mortgage Broker license will now be a Loan Originator license. The designations of *Principal Representative* and *Principal Broker* will be changed to *Principal Loan Originator*.

Loan processors and underwriters, both in-house and those hired by contract must be licensed as loan originators.

The principal loan originator or branch manager will be required to sign and date each mortgage brokerage agreement.

All fees received by the business (mortgage broker) with the exception of application and third party fees to be identified as the "loan origination" fee.

Lenders who do not service loans must maintain a minimum net worth of \$63,000. Lenders who wish to service loans for others for

more than four (4) months must have a net worth of \$250,000. There will be a transition period provided to increase the net worth to the new requirements.

New Definition of "Material Change"

Regarding the notification of the borrower when "material changes" are made to the loan prior to closing: A material change is a change in the interest rate previously offered, type of loan offered, change in fees to be charged to the borrower of more than \$100.

These are the new rules as I understand them. It is anticipated that the 2010 Legislature will probably make changes or additions. Please feel free to contact me if you have general questions. For specific licensing questions, you may want to contact the Office of Financial Regulation.

Don't forget!

All mortgage broker associate licenses must be renewed by August 31, 2009!

14-hours of professional continuing-education are required. Log in to the REAL system at www.FLOFR.com to pay your fees.

Recruiting?



Want to add your company to the list? Send an e-mail with company information to Sandy@AndyGray.com.

Real Estate License Renewal

The next License renewal deadline for real estate associates is September 30, 2009. Check your license for your renewal date.

Still Need Core Law or 14-Hours of CE?

3-Hours of Core Law online -available 24/7!

14-Hours of Continuing Education is available online and by correspondence. Register at www.AndyGray.com