

## MONDAY MORNING MEMO

MARCH 7, 2011

### CALENDAR

#### WEEK OF MARCH 7<sup>TH</sup>:

Tuesday, March 8<sup>ST</sup>: Board Of Directors Meeting  
7:30 a.m. at First American Title Co.

#### WEEK OF MARCH 14<sup>TH</sup>:

Wed. March 16<sup>TH</sup>: Parade of Homes Committee Mtg.  
12:00 p.m. location TBA

### BCASEI NEWS

#### ATTENTION BUILDERS:

#### **\*\*\*\*\*PARADE OF HOMES ENTRY FEE CHANGE\*\*\*\*\***

There have been two changes made to the 2011 Parade of Homes entry fee:

1. The Parade of Homes entry fee is \$2,500. For 2011 ONLY the fee is reduced to \$1950 (a \$550 savings)
2. The entry fee is a one-time fee payable by May 4, 2011 with no performance bond

All other terms of the Parade of Homes contract remain the same

For more information on the 2011 Parade of Homes, please contact our chairman, Al Tetz at 251-0279

#### **CHECK OUT THESE GREAT RESOURCES FOR LOCAL MEETINGS AS WELL AS STATE AND NATIONAL INFORMATION!**

City of Pocatello- [www.pocatello.us](http://www.pocatello.us) City of Chubbuck- [www.ci.chubbuck.id.us](http://www.ci.chubbuck.id.us) Bannock County- [www.co.bannock.id.us](http://www.co.bannock.id.us)

Idaho Building Contractors Association- [www.ibca.org](http://www.ibca.org) National Association of Home Builders- [www.nahb.org](http://www.nahb.org)

#### **Changes coming to BCASEI Office**

Over the past week, the BCASEI office has been undergoing some changes in the structure of how the Association office will run. We appreciate your patience as we shift some duties around and make other necessary changes to the office of the Association. If you have any questions during this transition period, please contact your President, Josh Hansen, at [hansenhomes.jah@gmail.com](mailto:hansenhomes.jah@gmail.com). Thank you again for your patience; we'll keep you posted as these changes occur.

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Monday Morning Briefing March 7, 2011

### Nielsen Urges Congressional Action on AD&C Lending

With the spigot for housing production loans cut off, and the threat that the uncertainty from new rule-making under the Dodd-Frank financial services law will further impact the ability of small community lenders to service the credit needs of our industry, it is clear that congressional action is needed to help open the flow of credit to home builders, NAHB Chairman Bob Nielsen told members of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit in a hearing on March 2.

Bob told committee members that builders are coming under increased pressure from lenders -- including calls for additional equity, denials on loan extensions and demands for immediate repayment on acquisition, development and construction (AD&C) loans -- even when their loans are current. Meanwhile, lenders are often citing regulatory requirements or pressure from bank examiners to reduce AD&C loan exposure as the rationale for their actions. To address this situation, NAHB has presented banking regulators with specific instances of credit restrictions, provided data showing no difference in credit access across market conditions and requested specific changes to current regulatory guidance. But with these efforts yielding no concrete results thus far, NAHB will soon be offering a formal legislative blueprint to Congress that focuses on fixing specific instances of regulatory excess while helping to ensure adequate credit availability to home builders.

In his testimony, Bob stressed that problems related to the credit crunch for housing production have placed an enormous toll on the nation's economy. Factoring in the effect of the housing plunge on industries that provide materials and services to home builders, the total impact of the housing slump has been the loss of more than three million jobs and \$145 billion in wages in all housing-related industries. Meanwhile, he said, "NAHB estimates that over the next decade there will be a need for at least 1.7 million additional homes per year. This translates into five million jobs and significant economic activity. Without increased AD&C lending, this future demand will not be met, job loss will occur and job creation will suffer."

### NAHB Concerns on Qualified Residential Mortgage Standard

On a related topic, Bob urged that federal regulators apply an expansive interpretation of forthcoming credit risk retention rules required by the Dodd-Frank Act concerning the definition of a Qualified Residential Mortgage (QRM). The law requires lenders to have "skin in the game" by holding a small percentage of each loan that they sell into the secondary market. What is still to be determined is how the risk retention rules will be established and what definition regulators should apply to include an exemption from the risk retention requirements for certain high-quality, lower-risk mortgages. If agencies establish a QRM standard that is significantly tighter than current credit standards, which are already tougher than they have been in decades, Bob warned that millions of creditworthy borrowers would be deemed, by regulatory action, to be higher-risk borrowers. As a result, they would be eligible only for mortgages with higher interest rates and fees, which would prohibit many potential first-time home buyers from purchasing a home. An overly restrictive QRM definition would also drive numerous current lenders from the residential mortgage market, including thousands of community banks, and enable only a few of the largest lenders to originate and securitize loans. NAHB therefore urges the agencies to define the QRM's parameters in a way that facilitates a housing recovery and ensures access to conventional mortgage credit for all buyers and refinancers, while preserving high quality, empirically sound underwriting and product standards, Bob said.

Read [NAHB's press release here](#). Contact: [Scott Meyer](#) (800-368-5242, x8144)

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