

Not All Regulation Is Bad — In Some Critical Areas We Could Use More

When I first got into real estate in 2002, I remember that any felon could, upon leaving prison, print up business cards declaring himself a “mortgage broker” and Colorado had one of the highest levels of mortgage fraud in the nation.

In the years since, the legislature passed a law requiring registration, and a couple years later required licensing. Nowadays, it’s even harder to become a mortgage broker than it is to become a real estate agent. There are tests to get licensed, continuing education requirements and mandatory bonding to protect clients. Now Colorado has some of the strictest regulation of mortgage brokers in the nation and the lowest level of mortgage fraud.

This isn’t to say that regulation doesn’t go too far in some areas. When it is implemented administratively vs. legislatively, it can fail

to consider unforeseen impacts and, yes, common sense. When regulation is imposed by a legislative body, there are hearings at which interested parties can testify and educate the lawmakers. Lobbyists, such as those representing the state and national Realtor and mortgage broker associations can educate committee members about such impacts.

An example of an *administratively* imposed regulation is the Home Valuation Code of Conduct (HVCC), which was introduced to reduce appraisal fraud, but was done behind closed doors to settle a lawsuit by then-Attorney General of New York Andrew Cuomo. I have written in the past about this ill-conceived regulation voluntarily adopted by Fannie Mae and others which took the selection of appraisers out of the hands of mortgage lenders and introduced

appraisal management companies (AMC’s) which are, yes, unregulated. To maximize profits, AMC’s do not have to require geographic or other competence by the appraisers who agree to work for the lower wages they pay. Five years later, we are still struggling to regulate AMC’s and still suffering from bad appraisals. Many good, experienced appraisers are leaving the business.

An effort is underway finally to regulate homeowner associations (HOA’s) and the management companies which they hire. I have complained in previous columns about the fees which management companies charge to HOA members at the time of a sale for providing simple information or for changing the name of the homeowner on their records. Knowing that the sale can’t close without these services, the companies extort huge fees, and none of that money benefits the HOA.

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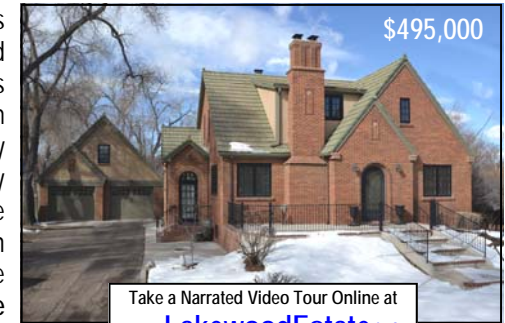


By JIM SMITH, Realtor®

This Week’s Featured New Listing

A Majestic Home Near Lakewood Country Club

Coming soon, this beautifully preserved and updated home is just two blocks from the Lakewood Country Club, and only slightly further from the future light rail station on Wadsworth Blvd. The address is 1265 Pierce Street. The owners of this home have kept the flavor and beauty this home’s 1928 design, while enhancing the home with a modern kitchen, steam shower, central air conditioning, Pella Architect Series windows, and more. They built an 864-sq.-ft. garage with a big loft that you can see on the website. The home is still being readied for market, but call me for an advance look.



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