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A Lawyer's Perspective

Five suggestions for no more meltdowns

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This September may become known as was the month that was, to paraphrase the 1960's TV show, or .at least we certainly hope it is. No matter who you support for president, I believe that we all agree with John McCain that the next president must put safeguards in place so that the country never again faces a financial crisis of this magnitude.

Whether you agree with Senator Obama and think that everyone above and below SEC Chairman Christopher Cox should be given a pink slip, you will probably agree that the next president needs to communicate his plan to resolve the problem in simple, understandable steps to help us all regain confidence in the U.S. financial system and to revive the country's housing market.

I certainly don't have the answer on how to resolve this crisis. However, some people more knowledgeable than me have come up with pretty good ideas that the next president could use as starting points for an understandable plan of action. That is after the immediate crisis is contained, to say the least.

First, use the people causing the problem to create the solution. I have seen and heard this tactic used on numerous occasions by attorneys, politicians and in the military. The next president could convene a meeting of the leaders of Wall Street, the heart of the problem, and tell them that he appreciates them volunteering to be part of the solution.

He could then use those "volunteers" as part of a public-private task force that includes the candidate who was not elected president, leaders of both national parties and diverse leaders from every walk of life. Staff could come from conservative and liberal universities and think tanks, the best and the brightest in government, front line career civil service staffers, federal and

state employee unions and citizens. A report to the president and Congress could be required in 180 days with recommendations on how to restructure our financial system so that this never happens again.

Second, our next president could drill down to details by obtaining input from real people to create a workable long-term plan. He could listen to people like Robert Scrivens, the longest-serving member of the New Jersey State Board of Real Estate Appraisers, who has been imploring governmental officials at the state and federal levels for years to aggressively use existing laws and to coordinate their efforts to fight predatory lending and appraisal fraud. To keep it real, he should obtain input from real people like Scrivens instead of just relying on Ivy League professors, Wall Street titans and beltway bandits.

Third, he should hold participants in the lending process accountable to uphold laws and regulations. Worker-bees as well as the top brass in financial institutions must adhere to regulatory standards and those standards must be enforced up and down the food chain, as suggested by the chief appraiser of a federal agency earlier this year. One way to implement this concept would be to incorporate into the next president's plan the call by New York Attorney General Andrew Cuomo for lender accountability for fraudulent real estate appraisals.

Fourth, as has been suggested by many politicians and pundits, the banking and regulatory system needs to be updated to reflect facts on the ground. Talking heads focus on Wall Street investment bankers, but Main Street people deal with mortgage brokers. Only a semblance of mortgage broker national standards, qualifications or

continuing education was established in the housing bill passed this summer. If that first step isn't effective, then HUD steps in. In light of the current crisis the next president should look into a higher degree of scrutiny over the loan organization process.

Fourth, education could be used to combat mortgage and appraisal fraud in the same manner that consumer education has been used by community-based organizations to fight other types of predatory lending. Every Realtor, appraiser, banker, accountant, and lawyer involved in the mortgage lending system, could voluntarily take a continuing education seminar on how to spot a potential "toxic asset" before it is created. These professionals could then provide their clients with educational materials when a potential problem is identified. Schools and public officials could integrate home mortgage education into their existing materials and programs. Housing and mortgage consumers should accept their responsibility in resolving this problem, as I have said in the past, through research, by asking tough questions and through obtaining help when it is needed.

Mr. next-president, whoever you are, we offer you our support with these suggestions, or whatever else works, to insure that our country will never again face this type of a financial crisis.

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