



By Pat Cutler

Death and Taxes

In the South, it is customary for friends and family to come together to mourn the passing of a loved one. Most often, everyone goes to the home of the deceased. Large quantities of food are prepared and placed in containers clearly marked with the name of the person making the delivery. Stories are shared over heaping plates of fried chicken and potato salad washed down with sweet tea.

I remember attending my first funeral as a child. We all packed into my granddaddy's car, men in the front and women in the back, and drove to my great grandmother's house. When we arrived, there were people standing in the front yard and perched on her confederate jasmine draped front porch railing, talking and smoking cigarettes. I asked why all the people were there. My momma told me my Great Aunt Irene had passed away. She failed to tell me Aunt Irene was in the house.

After surviving pinches on my cheeks and pats on my head from my other great aunts and their friends, I found myself gazing upon Aunt Irene. I did not say anything, but I wondered why she had on glasses, since she could no longer see. Her coffin was placed against the far white-washed wall of dining room, surrounded by carnations, peace lilies and tubs of Kentucky Fried Chicken. Relatives, neighbors and friends were sitting in rows of folding chairs provided by the funeral home. Many were waving paper fans adorned with a picture of the Last Supper to provide relief from the heat. New arrivals made their way over to Aunt Irene to pay their respects. Many remarked on how pretty she looked and what a wonderful job Juanita from the beauty parlor had done with her hair. Others said they had never seen her look better. Following a home going service, Aunt Irene was laid to rest in the family burial plot. I hardly knew my Great Aunt Irene, but I will always remember my last visit with her.

Dearly Departed

Spending Your Way to Prosperity and his cousin Pork have passed to the hereafter following a long and grueling struggle. We all knew the stimulus programs had to eventually end. That doesn't make losing them any easier. Big government proponents are heartbroken at their passing, while Tea Party conservatives can hardly contain their glee.

Meanwhile, Dr. Bernanke has given QE2 three months to live. The Federal Reserve's \$600 billion purchase of treasury securities designed to stimulate the economy and prevent deflation, QE2 is scheduled to end in June. Given an improving economy and the elimination of any deflationary threat, most economists expect QE2's passing to mark the end of the Fed's direct intervention to prop up the economy. Congress will no longer be able to delay making meaningful decisions on cutting spending and raising taxes.

Rising from the Dead

To discern the difficulty of making meaningful reductions in the deficit, one needs to look no further than the outcome of the president's own Deficit Commission's recommendations. In January, it proposed increasing the retirement age for Social Security, lowering cost-of-living adjustments, placing a cap on discretionary spending and temporarily freezing the salaries of federal workers and members of Congress. Other recommendations included increasing the federal gas tax, limiting the mortgage interest deduction and overhauling Medicare. The report had something for just about every special interest group to rail against.

The president and Congress have an opportunity to make a difference by reaching a bipartisanship agreement to address the deficit. Currently, there are six senators working to gain support for forcing debate in the Senate on the commission's proposals. Will bipartisanship rise from the dead in time to save us from passing our deficit problem to our children and grandchildren? Let's hope so. Tax increases should be considered and debated. Changes to Medicare, Medicaid and Social Security have to be part of the solution. At this point, almost everyone is ignoring the entitlement elephant in the room. Each side has been unwilling to put their plan on the table to address the deficit for fear of being attacked by the other party. It is time to stop the "I will show you mine if you show me yours first" theatrics. We have a serious problem

that must be dealt with. We can either deal with it rationally today, or risk waking up dead tomorrow.

Recovery on Life Support

Rising gas and food prices, a devastating earthquake and the possibility of a nuclear event pose a clear and present danger to our economic recovery. Geopolitical events in the Middle East and North Africa have driven up oil prices. Diversion of grains for use in bio-fuels, last year's fires in Russia and this year's freeze in Mexico have reduced supplies at the same time demand for grains is rising in developing countries, pushing up food prices. While the devastation caused by the earthquake that struck Japan isn't likely to derail the global recovery, a catastrophic nuclear event surely could.

Barring such an event, the velocity of the economic recovery in the US will depend on how fast we can add jobs, build positive momentum in the housing market and convince consumers to spend money again.

I'll Go, but I am Not Going Quietly

My Name is Pat. I work in the mortgage industry. "Hi, Pat!" I attended my first Mortgage Lenders Anonymous meeting last week. I for one am tired of being the whipping boy for grandstanding politicians, paper pushing bureaucrats and slick haired lawyers. Where do I begin?

Attorney generals, politicians and the Warren Commission dba the Consumer Financial Protection Bureau are demanding big banks, including Bank of America, Wells Fargo and JP Morgan Chase, pay \$20 billion in compensation for substandard servicing practices despite little evidence that large numbers of borrowers have been wrongly evicted from their homes.

The Federal Housing Finance Agency and FHA have proposed changes to servicer compensation, which could significantly change how servicing is valued and result in price increases to the consumer. Servicing problems experienced over the last two years are the result of servicers being overwhelmed by unprecedented numbers of delinquencies and foreclosures. The large servicers are keenly aware of their responsibilities. Much effort has gone into and is going into servicing of non-performing loans. At this point, a change in the compensation structure could do more harm than good.

Proposed new rules and regulations for mortgage servicers will cause significant delays in foreclosures, costing mortgage investors additional money. Investors will demand higher yields and mortgage rates will rise as a result.

Actions have consequences. The constant assault on the big banks, Fannie Mae, Freddie Mac and the mortgage industry in general is getting results. The results are: higher origination costs resulting in increased fees and higher mortgage rates; tighter underwriting standards resulting in fewer qualified borrowers and higher rates for those who do qualify; and delays in processing times as loans have to be checked and rechecked as a result of regulatory changes, which, you guessed it, increases costs.

Just in. Attorney General files suit against Bank of America, claiming it is responsible for obesity in America. In a mid-afternoon news conference, the AG stated that, as the nation's largest home lender, Bank of America had loaned money to millions of home owners, enabling them to have a place to lie on their sofas and watch TV, which caused everyone to be fat.

"Always go to other people's funerals, otherwise they won't come to yours." - Yogi Berra.

This article contains information gathered from numerous sources. The information is considered reliable but is not guaranteed as accurate. The opinions are my own and not deemed appropriate for any purpose other than to provide information to customers and potential customers.

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