



# Maryland Mortgage Bankers Association

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## President's Message

I certainly hope that everyone has enjoyed their summer (where has the time gone?) and that our Newsletter finds you well.

I knew that being the leader of our fine Association was going to keep me quite busy and I wanted to share with you what we have been up to since our Installation Luncheon in May.

Your Executive Team met with Commissioner Sarah Bloom Raskin and Secretary Perez to discuss proposed amendment changes to Senate Bill 270. Specifically, we required the addition of verbiage to allow stated income and/or stated assets on all loans that receive a Fannie Mae or Freddie Mac automated underwriting assessment that does not require such verification. We have submitted our proposed verbiage to the Commissioner and the Secretary our proposed verbiage and are waiting for their feedback.

We have been closely

watching all proposed emergency regulation being presented by the Department of Labor, Licensing and Regulations (DLLR). One proposed regulation which would have affected our industry has been withdrawn. This specific change would have required loan servicers to supply reports directly to the DLLR with information such as, number of loans being serviced, loss mitigation activities, number of workout arrangements, etc. The second proposed emergency regulation is in regards to Title 09, Subtitle 03 Foreclosure Procedures, which would require specific verbiage on a communication given to a borrower whose property is being foreclosed.

As issues arise, we will be pro-active in getting the word out to you, our members, for comments and support.

This summer, your committees have been hard at work developing events that are both educational

and informative. Please visit our website for an up to date calendar of events.

This the MMBA's first newsletter since 2000. I hope that you take the time to read it, and pass it along to your colleagues. I encourage all of you to submit articles of interest to our Membership for inclusion in our newsletter.

**Please contact me if you would like to add an article for all to read.**

As I stated at the Installation Luncheon, our motto for the year is **Just One More:**

Bring %JUST ONE MORE+ new Member ...

Bring %JUST ONE MORE+ employee to our Educational Events ð

Bring %JUST ONE MORE+ employee to our Annual Conference ð

Bring %JUST ONE MORE+ employee to our Annual Holiday Party ð

Ask %JUST ONE MORE+ employee or Member to become better involved in our Association by sitting on one of our Committees ...

### COMMISSIONER OF FINANCIAL REGULATION - ADVISORY NOTICE

#### REMEMBER

#### JUST

#### ONE

#### MORE

On June 1, 2008, amendments to the Commercial Law Article of the Annotated Code of Maryland went into effect. These amendments are contained in SB 270/HB 363 which were passed by the General Assembly in its 2008 Legislative Session. A key provision of SB 270/HB 363 is the requirement that lenders verify the borrower's ability to repay a mortgage loan secured by Maryland residential property. Under the new law, a lender may not make a mortgage loan without giving due regard to the borrower's ability to repay the mortgage loan in accordance with its terms, including the fully indexed rate of the mortgage loan, if applicable, and property taxes and homeowner's insurance whether or not an escrow account is established for the collection and payment of these expenses.

The requirement that lenders consider a borrower's ability to repay before making a mortgage loan was intended to address the widespread underwriting problems that resulted in large numbers of borrowers receiving loans they could not afford. These problems contributed to the current foreclosure crisis effecting not

only Maryland consumer, but those of the entire nation. The Board of Governors of the Federal Reserve also recently adopted mortgage regulations prohibiting lenders from extending credit in certain higher-priced HOEPA loans without regard to a consumer's ability to repay, concluding that the injuries are not outweighed by the countervailing benefits to consumers or competition when repayment ability is disregarded or income is not verified. Federal Reserve, Final Rule, Staff Commentary, Regulation Z, Docket No. R-1305, 44-45 (July 15, 2008)

The ability to repay provisions of the new law were drafted in a way to give lenders considerable flexibility in the documentation that they may consider when underwriting a mortgage loan. Significantly, lenders may verify an applicant's income or assets by acceptable third-party documentation which may include the applicant's IRS W-2 form, income tax returns, records of a financial institution, or other third-party documents that provide reasonably reliable evidence of the borrower's income or assets.

Through the legislative process, sensible exceptions to the ability to repay requirements were built into SB 270/HB 363 on certain government backed or insured loans. Thus streamlined-documentation mortgage loan products offered by the Federal Housing Administration, Veterans Administration and Community Development Administration are not subject to the ability to repay provisions.

The ability to repay provisions of SB270/HB 363 are codified at various places in the Commercial Law Article, but are identical in content.

Copies of SB 270/HB 363, Chapters 7 and 8 of Md. 2008 Session Laws, respectively, can be obtained from the Maryland General Assembly's website at <http://mlis.state.md.us/>.

## YOUR ASSOCIATION NEEDS YOUR HELP

As you are aware, the mortgage lending turmoil has been front page news for several months and has become a hot topic for regulatory and legislative changes in our local state government. Last summer, the Maryland Mortgage Bankers Association participated in no less than 3 work groups convened by our Governor, the Senate Finance Committee and the State Attorney General; all of which will make recommendations to our state lawmakers in both the House and Senate. Unfortunately, many of the recommendations may have a substantial negative impact on how we do business in Maryland, much like the highly publicized Montgomery County Anti-Predatory proposal which was defeated in the courts with the assistance of our Association.

Having our voice heard in Annapolis comes with a commitment in both time and

effort by your Association leadership. There are, however, costs associated with engaging our effective lobbying efforts, but the successes speak for themselves. Over the years we have demonstrated our ability to work with other industry groups in defeating such ideas as priority liens, transfer of controlling interests, net tangible benefits and many other unfavorable bills.

For us to continue our successful lobbying efforts we need your help in building a war chest to absorb the high level of legislative and lobbying activity anticipated this year. We are asking our Members to make a one-time contribution to assist us in defraying this expense. We are asking each Member organization to contribute \$1,000 to this fund, but recognize that larger firms may choose to contribute more while small firms may contribute less. Each dollar

contributed is significant and can help us to continue to have our voices heard and our businesses protected.

Please take a minute and commit your company to assist us in protecting your business interests by sending a check payable to the Maryland Mortgage Bankers Association. Our voices together have and will continue to make a difference. In addition, please make sure your company participates in our Associations many activities including educational and networking events; all of which make for better employees and a stronger MMBA.

**“Success is all about how effectively you communicate with your employees. First of all being clear what the vision of the business is, that is the responsibility of the leader, and can’t be delegated. How you are going to go about getting to that vision and how you are going to get there, and then describing what their role is in that journey”**

-- Betsy Bernard, Pres of AT & T Business

## Economic Calendar for September and October 2008

9/5 - Aug. Employment Situation	Sales	ing-Home Sales
9/9 - Housing Forecast/Pending Home Sales Index	10/3 - Sept. Employment Situations	10/27 - Sept. New Home Sales
9/17 - Aug. Housing Starts	10/8 - Housing Forecast/Pending Home Sales Index	10/28 - Federal Opens Market Committee
9/24 - Aug. Existing-Home Sales	10/17 - Sept. Housing Starts	
9/25 - Aug. New Home	10/24 - September Exist-	

**MARYLAND MORTGAGE BANKERS ASSOCIATION**

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**We're on the Web**  
[www.mdmba.org](http://www.mdmba.org)

**MMBA's Executive Committee**

**President:**  
Deborah G. Miller  
Mortgage Department Services

**Vice President:**  
Brett Carter  
Next Generation Financial Services

**Secretary:**  
David Meurer  
National City Mortgage

**Treasurer:**  
James Hunter  
Wells Fargo Home Mortgage

**Executive Director:**  
Felicia Fleming  
MMBA

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**Editor:** Barbara E. Schmitt

**Just One More**

**Our Mission**

- To promote and provide educational opportunities for our members
- To influence the legislative process by educating lawmakers on matters affecting real estate ownership
- To encourage the practice of professionalism, honesty and integrity in the mortgage banking industry as guided by our Canon of Ethics
- To provide a forum for an exchange of information among peers
- To promote fellowship and goodwill among members

**Event Planner**

Please visit our website for a complete list of all of our events and for registration and sponsorship details.

**October 2, 2008**  
**MMBA Town Hall Meeting:** Meet Commissioner Sarah Bloom Raskin  
Dept of Labor, Licensing & Regulation  
Sheppard Pratt Hospital

**November 7, 2008**  
Foreclosure REO & Short Sales Seminar  
GBBR ([www.GBBR.org](http://www.GBBR.org))

**November 21, 2008**  
RESPA, ECOA, TIL  
GBBR ([www.GBBR.org](http://www.GBBR.org))

**December 4, 2008**  
**MMBA Holiday Party**  
Rolling Road Country Club

**May 2009**  
**MMBA's Annual Conference**

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Freddie Mac  
Genworth Mortgage Insurance  
North American Title Company  
PNC Mortgage, LLC  
Sage Title Group

**Welcome New Members**

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**Sage Title Group, LLC**  
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Towson, MD 21204  
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**MetroCities Mortgage/Fidelity & Trust**  
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