

*The MMA would like to take this opportunity to extend its gratitude to those who have made our progress throughout 2006 possible. We thank our members who support us during the year, and most especially we thank our dedicated Executive Committee and Board of Directors who graciously and continually donate their time and talents to enhance the association and to serve its members – improving our industry and our livelihoods as a result.*

*We give special thanks to the following men and women who served us during 2006:*

#### EXECUTIVE COMMITTEE

*President* – Rosemary O’Neil  
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#### LOCAL & NATIONAL ASSOCIATION UPDATES

##### LEGISLATIVE/REGULATORY

##### NATIONAL

**Mortgage Insurance Premium Deduction** - The 109<sup>th</sup> Congress closed its session late last week by passing a tax reform bill, which included a new provision that will provide a significant benefit to your consumers in 2007. H.R. 6111 introduces a new, one-year, itemized tax deduction for mortgage insurance premiums. This new legislation will allow taxpayers who itemize their deductions to take an additional deduction for mortgage insurance premiums paid after December 31, 2006.

Section 163(h)(3) of the Internal Revenue Code allows taxpayers to take a deduction for interest paid on acquisition or home equity indebtedness on the taxpayer’s qualified residence. H.R. 6111 amends Section 163(h)(3) to include language that allows taxpayers to treat mortgage insurance premiums as interest during the 2007 tax year. This treatment only applies to mortgage insurance contracts issued between January 1, 2007 and December 31, 2007, and is only available to taxpayers with an adjusted gross income of less than \$110,000.

H.R. 6111 passed the House 367-45 and the Senate 79-9, and now awaits the President’s signature. The text of this bill is currently not available. We will provide a link to the full text once it is released.

**Watters vs. Wachovia** - The United States Supreme Court heard oral arguments in the case of Watters v. Wachovia Bank on November 29, 2006. The issue before the Court is whether the Office of the Comptroller of the Currency (“OCC”) is exceeding its authority under the National Bank Act by shielding state-chartered, non-bank subsidiaries of national banks from state regulation. The OCC’s preemption of state mortgage lending and consumer protection laws creates an uneven playing field for mortgage originators, so the outcome of this case will have a significant impact on the mortgage industry.

National banks are defined and created under the National Bank Act of 1864. State-chartered non-bank operating subsidiaries of national banks are created under state corporate law. In 2001, the OCC, by rule, made the National Bank Act applicable to state-chartered, non-bank operating subsidiaries of national banks. This rule opined that the OCC possessed exclusive oversight authority over the mortgage lending practices of state-chartered subsidiaries of national banks.

In 2003, Wachovia Bank informed the states where it conducts business that the company's mortgage lending subsidiaries would no longer register with state agencies or adhere to state or local mortgage lending laws. The State of Michigan, through their commissioner of financial services, Linda A. Watters, opposed Wachovia, and Wachovia filed a lawsuit in federal court. Wachovia prevailed at trial and in the 6th Circuit Court of Appeals. The State of Michigan appealed to the United States Supreme Court, which heard oral arguments in the case last week. The Court's decision is expected by spring 2007.

**Prescreening / "Trigger Lists"** - The NAMB position paper can be viewed here: ["Trigger Lists"](#)

## **LOCAL**

**Regulatory Updates** - **IMPORTANT REMINDER** that the Final Amendments Governing Mortgage Brokers and Mortgage Lenders issued by the Division of Banks on September 8, 2006 became **EFFECTIVE DECEMBER 1, 2006**. The final amendments can be viewed here: [Final Amendments](#).

**Proposed Regulatory Bulletin 5.1-103 - GUIDANCE ON NONTRADITIONAL MORTGAGE PRODUCT RISKS**. - On December 4, 2006 the MMA submitted written testimony to the Division of Banks addressing the issue that Brokers should not be required to verify that the lender's loan terms and underwriting standards fulfill the requirement of the guidance, but instead should be able to rely on the Division's licensure process of state chartered licensees and the federal agencies supervision under the Interagency Guidance of federally chartered licensees. Also, we asked that the broad requirements of the Guidance requiring qualification of a borrower on a fully indexed rate be reconsidered given the advent of lengthy (ten year) interest only periods for fixed rate loans. These loans are arguably caught within the scope of the Guidance, but do not have negative amortization feature option as with a payment option ARM loans that have a negative amortization feature. Lastly, the MMA requested that the Division suspend issuance of the Guidance to take into account the potential, or actual, conflict with MGL c. 183 Section 28C and 209 CMR 53.

**Lobbying** - The MMA is actively involved in the coordination of a national In-District lobbying campaign whereby local association members in each state will be asked to participate in local lobbying events. The goal is to meet with as many legislators while they are In-District during the winter break. If you have any interest in participating in this campaign, please call the MMA offices at (781) 246-0601 or email [dleonard@massmort.org](mailto:dleonard@massmort.org).

## **MEMBERSHIP**

**RENEWALS** - If you have not already renewed your membership, it will expire on **December 31, 2006**, so be sure to renew as soon as possible to ensure that there is no lapse in membership benefits for your organization. The Association continually looks to enhance and improve the services you can and do expect to receive with your membership for the coming year and strives to be the premium professional resource for your business. Whether it is industry communication, business and professional development, legal and legislative representation, education and training or general networking and business opportunities, we strive to excel in all areas for you. We are dependent upon your membership investment to do so and to be able to exceed your expectations in all areas.

**CONTESTS** - The MMA & NAMB are pleased to announce its local and national membership contests. "Climb the Highest Peaks" is NAMB's quarterly membership recruiting contest designed to reward existing members who recruit new members to the association. The top 3 NAMB membership recruiters will be rewarded quarterly with a variety of prizes, including \$5,000 worth of internet advertising that will include top placement with major search engines, verified refinance internet leads, monthly 3-newsletters and many more useful tools or you can choose to receive \$2,500 cash instead. For more information on the contest details and other available prizes visit [www.NAMBmembershipSummit.com/ma](http://www.NAMBmembershipSummit.com/ma).

The MMA is offering its top 3 membership recruiters a grand prize weekend getaway, or you can choose to receive \$500 cash instead to the member who recruits the greatest number of new members beginning December 1, 2006 through March 31, 2007.

## **COMMUNITY SERVICE**

On Thursday, November 21, 2006, the MMA presented the Greater Boston Food Bank with its check in the amount of SEVEN THOUSAND DOLLARS (\$7,000.00) representing the donations received from its members for a total of 636 turkeys resulting from the MMA's Community Service Annual Turkey Drive. We again extend a special thanks to the MMA Community Service Committee: **Committee Chair**, Deb Campbell; **Committee members**: George Downey, David Gravelle, Stuart McEntee, Gloria Rose & Jaclynn Sulfaro. We are so proud to have been a part of such a significant and worthwhile event.

UPCOMING DATES & EVENTS:

*Registrations are now open – Booth sales and sponsorships are selling fast!!!*

*April 4th & 5th, 2007*

*MMA Annual Convention*

*John B. Hynes Convention Center*

*Click here to view and print the: [2007 Annual Convention Program Guide](#)*

*The Exhibit Hall will be [free](#) again to ALL pre-registered attendees!*

THANK YOU TO THE COMPANIES THAT SUPPORT THE MMA!



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**Brought to you by: *The MMA*** - The only professional trade association specifically dedicated to serving the specialized needs of mortgage **brokers** throughout the Commonwealth and the leader in providing significant business services and educational opportunities to **mortgage industry professionals** throughout New England.

**"Advancing higher standards for mortgage professionals; creating better results for consumers".**

Thank you!

A handwritten signature in cursive script that reads "Denise M. Leonard".

Executive Director