

# VMLA Insider



**MISSION:** To provide our members with the necessary resources, legislative voice, and education to be successful in the lending, marketing and servicing of real estate mortgage loans.

## PRESIDENT'S MESSAGE

Happy Spring! The first quarter of 2006 is gone. Time certainly has moved quickly. In November, I had no idea of what 2006 would bring. In December 2005, Bill Axsell and Travis Hill (our lobbyist) had Boyd Allison and I preparing for the 2006 General Assembly session. Because of Bill and Travis, we had a preview of the 2006 session. The session proved to be a very busy bill-packed (8 bills) legislative session.

The future of mortgage banking lies, not only with the federal government, but also with state government. Substantial funds are required for us to lobby year after year. I encourage each of you to contribute generously to VMLA's Political Action Committee (VAMPAC).

Over the years, we have seen our membership dwindle due to mergers and acquisitions. Growth is vital to our longevity. Look out, we are moving north and west. Northern Virginia is unchartered territory. And we are excited about rejuvenating the Roanoke Valley Chapter. Both of these chapters need your support. If you have co-workers or friends in the mortgage or a mortgage-related business, PLEASE encourage them to join these chapters. Larry Montecino with Wells Fargo is Director for the Roanoke Valley Director and Rob Heltzel with Heltzel-Synergy One Mortgage is Director for Northern Virginia. I know these directors will appreciate your efforts, and VMLA is ecstatic about stretching out.

Do you ever wonder what is happening with VMLA? The best way to find out is to become a part of VMLA. Without your input we don't know what good ideas you have. I invite each of you to join a committee. Not only will you become a part of your industry trade association, but you will be gaining points needed for your CMB designation, the highest designation of our industry. The AMB (Accredited Mortgage Banker) and Campus MBA courses you take will also help with your CMB designation. Please support VMLA by logging on to our website to register for Campus MBA courses and check with your local chapter about the AMB course schedule.

Take some time, enjoy the spring of the year. Always remember our business is to help others. Booker T. Washington said it best, "A sure way for one to lift himself up is by helping lift someone else." Thank you for your continued support and have a wonderful spring.

--- Linda Melton, 2006 VMLA President

## CHAPTER CORNER

2006 brought a new year and a new chapter to the VMLA. We are in the process of starting a Northern Virginia Chapter and we held our first informational meeting on April 4th in Manassas. Special thanks to Chris Perry from MGIC for his participation in our inaugural event. The next meeting will occur in late May, as we continue to seek for input from local lenders on what they would like to see in a new chapter and to develop a strategy for chapter foundation and growth. Once that date has been set, we will announce it to the membership.

If you have interest in joining the chapter, or know of potential members that should be contacted, please call me at 703-368-9248 x 3020 or via email at [rheltzel@synergyonefs.org](mailto:rheltzel@synergyonefs.org).

--- Rob Heltzel, 2006 VMLA Director

### Tidewater Education

#### **Mortgage Loan Processing**

April 4 & 6 | 9am-1pm

Instructor: Leigh Ann Graham

#### **Mortgage Banking Basics I**

June 13 & 15 | 9am-1pm

Instructor: Roger Garrett

#### **Mortgage Banking Basics II**

August 22 & 24 | 9am-1pm

#### **Regulatory Compliance**

October 12 & 13 | 9am-1pm

Instructor: Pat Hillard

### **Questions?**

E-mail TMBA Education

Chair, Dotty Acampora at

[dotty@home-world.com](mailto:dotty@home-world.com) or call

(757) 434-3890.

### **VMLA: Virginia Mortgage Lenders Association**

184 Business Park Drive

Suite 200-B

Virginia Beach, VA 23462

Office: (757) 473-2160

[www.VirginiaMLA.com](http://www.VirginiaMLA.com)

## VMLA Announces New Online Shop

Virginia Mortgage Lenders Association is proud to announce the launch of their new online shop! Check out all the great improvements and new features online at [www.campusmba.com/va](http://www.campusmba.com/va).



**Virginia Mortgage Lenders Association** is partnering with CampusMBA, the educational arm of the Mortgage Bankers Association, to offer a broad array of professional and educational products and services. Shop here for the professional development needs of both you and your company, while supporting us, your state association.

CampusMBA delivers residential and commercial real estate finance training in all delivery modes, including classroom-based programs, print and web-based distance learning courses, audio programs, and publications.

Annually, CampusMBA has approximately 40,000 students enrolled in distance learning courses. Just five years ago there were only two web-based courses available; students may now choose from over 80 titles ranging from Mortgage Banker Primer to Basics of Mortgage Servicing to Multifamily Underwriting.

CampusMBA also sees a great deal of its registrations focused on continuing education training for mortgage brokers and loan originators. CampusMBA has become the one-stop shop for meeting loan originator continuing education requirements in the country. There are currently over 20 continuing education course approvals in more than 23 states.

A mainstay of CampusMBA's educational programs is the School of Mortgage Banking (SOMB). Founded in 1948, the SOMB is the only comprehensive professional development program for mortgage industry management. It consists of three five day in-residence courses typically held at colleges and universities across the country. Last year, CampusMBA introduced the Commercial School of Mortgage Banking, a five-day in-residence course teaching the basics of the commercial/multifamily real estate finance.

CampusMBA offers all facets and types of training for the real estate finance professional. But what makes this education program distinctive is its dedication to a student's professional development. Whether a student is trying to break into the industry or receive recognition for 20 years of expertise in the business, CampusMBA has the resources to help achieve that goal.

The Professional Designation program continues to grow by leaps and bounds. Acquired through combinations of professional experience, education, and examinations, CampusMBA offers the Certified Mortgage Servicer (CMS), and Certified Residential Underwriter (CRU), Certified Quality Assurance Professional (CQAP), the Certified Mortgage Technologist (CMT), and the Certified Mortgage Banker (CMB).

The CMB designation is the highest mark of professionalism in the real estate finance industry. In 2005, the largest class of 107 designees graduated at MBA's Annual Convention. In February 2006, the largest class of 21 Commercial CMBs graduated in a graduation ceremony at the MBA's Commercial Real Estate Finance/Multifamily Housing Convention.

The increased interest in the CMB is attributed to the recent modification that allows candidates to acquire the designation in one of three disciplines, Residential, Commercial, or Master (combination of Residential and Commercial). With the increased interest, additional oral examinations dates and sites and graduation ceremonies have been added to the yearly schedule.

Professionals can also seek recognition for their coursework by enrolling in the Certificate of Achievement program in any one of six areas of expertise. Students can even acquire college credit for many of CampusMBA's courses.

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*All of CampusMBA's products are now available at our new online shop. Support the Virginia Mortgage Lenders Association today by ordering products online at [www.campusmba.com/va](http://www.campusmba.com/va).*

## Mark Your Calendars

The 2006 VMLA Convention will be held Sunday Nov. 12 and Monday Nov. 13 at the Oceanfront Hilton in Virginia Beach, VA. This year's theme is "Technology: Wave of the Future, Staying Connected with Virginia's Mortgage Lenders." Be sure to join us for Cyber-Tech Sunday where you will learn about the latest software, marketing tools, and wireless communications. There will be giveaways and door prizes from several tech companies and much more! The next day is Mortgage Professionals Monday with great information on sales and marketing, agency updates, the legislative report, time and organizational management, and the benefits of membership. Early Birds on Saturday are in for a treat with their very own private party. Sunday night there will be a wine tasting with the vendors, followed by a buffet breakfast on Monday with door prizes, and a plated luncheon with guest speaker and a send off reception with a door prize drawing. Take a mini-vacation and plan to stay an extra day or two. The Hilton is offering a great hotel rate of only \$109, and there are several local attractions including fishing, golf, and museums. The weather was beautiful last November at the beach and the facilities will be grand, so set the dates and look for registration packets in the summer.

The Convention Committee had a meeting on April 11 and we are currently seeking sponsors, vendors, and speakers. Any suggestions would be appreciated, together we can make this a fantastic event. Call Dotty Acampora at (757) 434-3890 or Mickey Wright at (757) 473-2160.

# REPORT

## legislative

### 2006 GENERAL ASSEMBLY SESSION

#### Overview

The 2006 Session of the Virginia General Assembly having adjourned on March 11, we are providing this report on legislative matters that were handled on behalf of the VMLA. Although the General Assembly is scheduled to reconvene on March 27th, this special session will be limited to resolving the differences between the House and Senate budgets and transportation plans. Legislation outside of these topics will not be considered during the special session.

At the start of the session, Bill Axelle and Travis Hill, VMLA's legislative counsel, reviewed legislation with VMLA president, Linda Melton, and VMLA legislative chair, Boyd Allison to identify bills that were of interest to the VMLA membership. Additionally, prior to session, we were engaged in meetings with the Bureau of Financial Institutions (BFI), Virginia Bankers Association (VBA), Virginia Mortgage Brokers Association (VMBA) and the Virginia Housing Development Authority (VHDA) to discuss the prohibition on dual compensation for mortgage brokers. These meetings resulted in legislation that was introduced by Delegate Terrie Suit and supported by all of the parties listed above.

As a whole, the 2006 Session was extremely successful for VMLA. A bill introduced with VMLA support easily passed both the House and Senate. Also, none of the bills that VMLA opposed this session were approved by the General Assembly.

To review any of the bills referenced in this report, please visit <http://leg1.state.va.us/lis.htm>.

#### House Bill 698

Well before the start of session, Delegate Terrie Suit asked that VMLA review the statutory prohibition on a mortgage broker receiving compensation in the same transaction where the broker has an affiliated relationship with the realty company. (Va. Code §6.1-422). Her primary concern was that this prohibition applied to VHDA loans since VHDA technically funded the loans, causing the originating lender to potentially be considered a broker by BFI.

In order to get as many perspectives as possible on the issue, VMLA legislative counsel coordinated a meeting that included numerous representatives from VMLA and representatives from BFI, VBA, VMBA and VHDA. Following the meeting, VMLA legislative counsel and VHDA's legal counsel crafted language that would exempt a lender from the dual compensation prohibition in those instances where the lender

was the originating agent for a VHDA loan.

We worked closely with Delegate Suit, who introduced the proposed language in HB698 for consideration by the General Assembly. The bill was well received by both bodies and passed without opposition. The bill accomplishes the intent of Delegate Suit and all of the parties involved to ensure that a lender is not considered a mortgage broker in a VHDA transaction based on a technicality stemming from how the transaction is structured. It was the fear that to leave the law unchanged would be to place unwary lenders in possible violation of the dual compensation prohibition and possibly discourage them from making VHDA loans.

Delegate Suit has indicated that she is interested in further exploring the prohibition on dual compensation as a general policy in Virginia. To this end, the Virginia Housing Commission, which Delegate Suit chairs, may study the prohibition. VMLA will remain engaged in any study because of its potential impact on VMLA members.

#### Bills Defeated

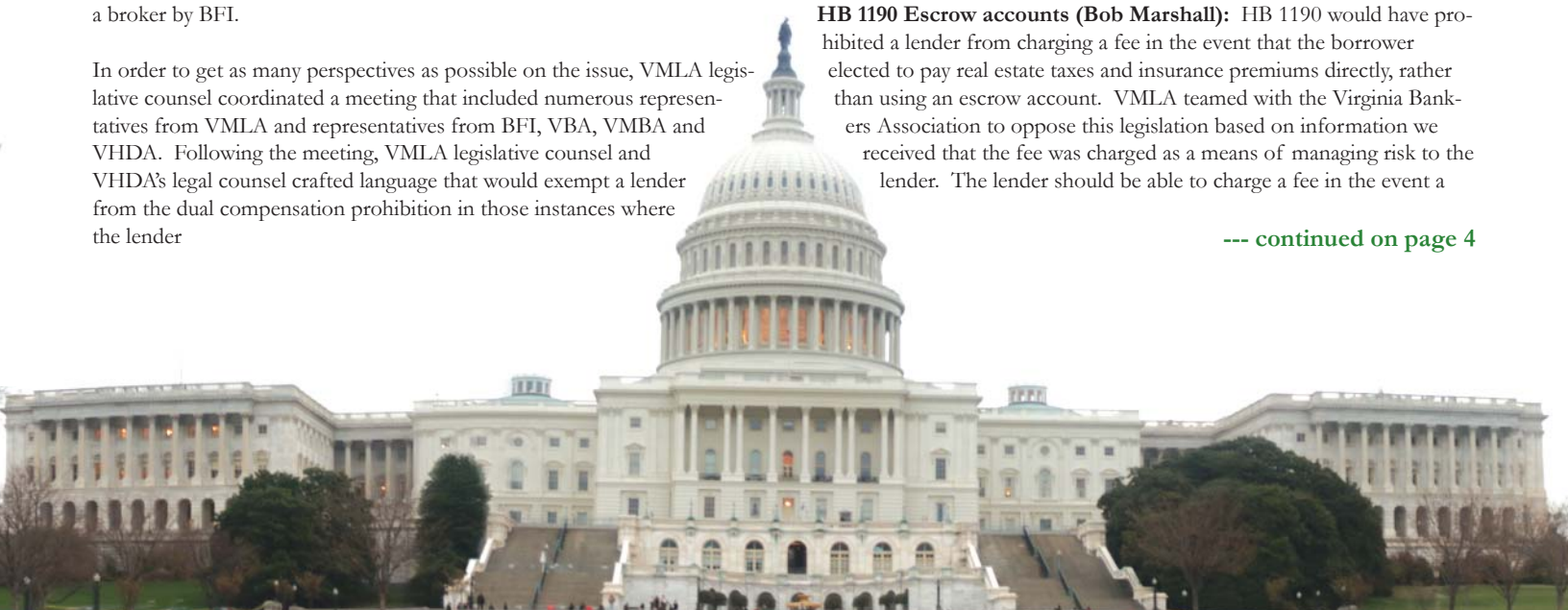
The following bills were not passed by the General Assembly.

**Credit file freeze legislation (House Bills 34, 222, 766, 1508 and 1511; Senate Bills 218, 266, 295):** VMLA was part of a broad based coalition of Virginia business interests that opposed no fewer than 8 bills that would allow consumers to freeze their credit reports. VMLA opposed the legislation based on the unworkable restrictions that would have been placed on consumers, credit reporting agencies and users of credit reports, like VMLA members.

It was VMLA's fear that consumers freezing and unfreezing their credit files on multiple occasions would make it difficult to easily access credit information during the mortgage approval process. A consumer who freezes their credit file and then attempts to get a mortgage could be exposed to unnecessary delays that result in not being able to competitively bid on the desired property.

**HB 1190 Escrow accounts (Bob Marshall):** HB 1190 would have prohibited a lender from charging a fee in the event that the borrower elected to pay real estate taxes and insurance premiums directly, rather than using an escrow account. VMLA teamed with the Virginia Bankers Association to oppose this legislation based on information we received that the fee was charged as a means of managing risk to the lender. The lender should be able to charge a fee in the event a

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borrower chooses not to place money into escrow because the lender then faces a greater risk that the borrower will not pay the real estate taxes or will not maintain insurance coverage on the home. The fee is a function of the greater risk involved for the lender. Additionally, if the lender were to sell the loan, the lender would be charged a fee by the buyer due to the fact that an escrow account is not in place to guarantee the required payments. The bill was tabled in House Commerce and Labor.

**SB 145 Mortgage servicing (Deeds):** SB 145 sought to establish a new regulatory structure for mortgage servicing. As initially drafted, the bill would have provided both civil and criminal penalties for a servicer that engaged in a list of prohibited acts. While VMLA made clear that it did not condone the prohibited practices, it opposed the legislation due to its being overly broad, extremely restrictive and discriminatory in regard to types of mortgage servicers. Many of the terms in the legislation were undefined and would have proven problematic for those attempting to comply with the law and those charged with enforcing it. Additionally, the bill exempted banks and their affiliates from the provisions, but included credit unions and mortgage lenders.

VMLA took the lead on this issue and offered a number of amendments to the bill in order to try to more narrowly define its terms and have it apply to only those entities who were not already licensed by the Bureau of Financial Institutions. VMLA, VBA, Virginia Credit Union League and VHDA all expressed strong reservations with exactly how the bill was trying to address problems with some, mostly out-of-state, servicers. The House Commerce and Labor Committee ultimately voted to carry the legislation over to the next session, with a letter to the Housing Commission asking that the issue be studied. We will continue to follow this issue as the Commission begins its study.

**SB 708 Transportation funding (Hawkins):** As part of its transportation funding package, the Virginia Senate proposed increasing the grantors tax from 50 cents for each \$500 in value to 30 cents for each \$100 – a three fold increase. VMLA joined the Virginia Realtors Association in press releases and otherwise to oppose the increase as placing a further burden on the housing industry. The increase was defeated in the House Finance Committee.

If you will recall, two years ago we were able to defeat an increase in the grantors tax during the session, only to have it reappear in the compromise budget. Given that the General Assembly will once again be crafting its budget in a special session this year, we face the potential of the grantors

tax being included in the final budget package. We will continue to do what we can to advocate against another increase and provide updates as they become available.

### Regulatory Matters

Proposed changes to mortgage lender and broker regulations: As you know, VMLA has been very involved in BFI's recent attempt to make changes to the regulations governing mortgage lenders and brokers. We have had numerous meetings with BFI staff and have filed two separate sets of comments on the proposed regulations. VMLA filed its third set of comments, as requested by the State Corporation Commission, to the Bureau's proposed regulations on February 22. These comments were filed following amendments to the proposed regulations by BFI. VMLA remains concerned that the proposed regulations will place additional regulatory burdens on licensed mortgage lenders and brokers that will not apply to exempt institutions, such as banks, savings institutions or credit unions. We are now waiting to see whether the Commission will request a response from BFI or decide to take action on the regulations.

### Conclusion

The 2006 General Assembly Session was a good one for VMLA as it was able to successfully advocate for legislation it helped to initiate while also fending off a number of bills that would have done the industry harm. The events of this session are indicative of VMLA's need to remain involved with the legislative process in order to provide insight and information on the mortgage lending industry. Too often, legislation is proposed based on an individual's personal experience and is not informed by the specialized knowledge of the industry itself.

Delegate Suit was, again, a tremendous help in providing her insight and assistance on mortgage lending matters during the legislative session. She is extremely helpful in educating other legislators on the complexities of the mortgage lending business. She is always willing to meet with VMLA members and is a strong advocate for our interests. Linda Melton and Boyd Allison were also instrumental in helping us identify issues important to VMLA and providing information which we could use in our visits with legislators. For the VMLA Day on the Hill on February 17th, Linda, Boyd and Toni Ostrowski gave part of their day to discuss issues important with VMLA and make visits to legislators on the House Commerce and Labor Committee. We hope to expand VMLA membership's involvement with the Day on the Hill activities in order to further communicate with legislators about the issues important to VMLA.

## IRS STANDARDIZES PROCEDURES

In 2005, the IRS consolidated multiple lien operations, on a state-by-state basis throughout the United States into a single centralized lien processing operation at the Cincinnati IRS Campus.

The Cincinnati IRS Campus centralized lien unit assists taxpayer representatives, lenders, and escrow or title companies requesting a balance due or payoff statement for a Notice of Federal Tax Lien.

Employees in this department send out the Notice of Federal Tax Lien to local recording offices for filing. They also process requests for all federal tax liens and releases. Employees

handle telephone inquiries and correspondence from taxpayers, their representatives and county recording offices. They also assist IRS field personnel with lien-related activity.

The Cincinnati IRS Campus centralized lien unit assists taxpayer representatives, lenders, and escrow or title companies requesting a balance due or payoff statement for a Notice of Federal Tax Lien.

The IRS developed an electronic document about federal tax lien processing, including procedures for a federal tax lien release and request for balance due or payoff. Further information for completing Form 8821, Tax Information Authorization is part of the information available in this document available online at IRS Stakeholder Partners' Headliners.

## Visit the VMLA Job Board

Hosted by **MortgageBoard.com**

Register your company and post jobs in front of over 136,000 mortgage professionals!

**Just log on to:**

[www.theboardnetwork.com/forms/vmla\\_newaccountframe.html](http://www.theboardnetwork.com/forms/vmla_newaccountframe.html)