



MBA/MW Connection

MARCH 2003

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Up & Coming EVENTS

April 9 - 10
MD Continuing Ed Required Courses
Gaithersburg Marriott, MD

May 7
FHA & VA Underwriting Workshop
Tysons Corner Holiday Inn, VA

May tbd
Commercial Finance Reception
Washington, DC

June 4
Spring Golf Outing
Whiskey Creek Golf Course, MD

Information about upcoming events
can be found on our web site at
www.mbamw.org

The MBA of Metropolitan Washington Celebrates 50 Years

More than 140 members and guests enjoyed an evening of celebration on January 18 at The Fairmont Washington, DC to mark the 50th anniversary of the Mortgage Bankers Association of Metropolitan Washington. The event proved to be the largest gathering of past Governors that has occurred in many, many years. We were pleased that many of our past presidents and former board members, as well as our current leadership and members were on hand to celebrate the accomplishments of the association and its



*Past Presidents Rich Becker (1990)
and Andy Morse (1998) at
50th Anniversary Gala*

members. The evening was filled with great food, dancing and the opportunity to catch up with friends and colleagues.

The evening also served as the Installation celebration for MBA/MW's 2003 Board of Governors. Phil Morse of Reilly Mortgage Group was officially installed as the 2003 President of MBA/MW. Outgoing President Phil Hummelt was thanked for his leadership and many contributions to the association over the years. Phil will continue to serve on the Board of

see 50th Gala, page 4

\$25,000 Fundraising Campaign for Manna

Mortgage Bankers have always strived to increase homeownership within their market areas and ultimately the nation. In this spirit, MBA/MW has pledged \$25,000 to Manna, Inc. Manna is a 501(c)(3) nonprofit housing and community development organization formed to assist low and moderate-income families in Washington, D.C. become successful first-time homeowners. Manna works to provide affordable homeownership and supports neighborhood revitalization efforts. Founded in 1982, Manna has grown into a multi-faceted organization that performs all the steps necessary to transform an abandoned property into affordable housing for sale to low and moderate-income families.

Manna acquires vacant land or abandoned properties located in underserved Washington neighborhoods and converts or re-develops them into quality, affordable homes for low and moderate-income residents. Manna currently has the capacity to develop and sell 35-55 homes each year and has more than 100 units in their development pipeline.

Many of you may remember our campaign a few years ago to raise money for a Habitat for Humanity House. That successful campaign helped Eunice Long and her family achieve their long-term goal of owning a home. Manna has the

see Manna, page 8

by Philip D. Morse Reilly Mortgage Group, Inc.

Dear Fellow Members:

It is with great honor and pleasure that I take on the responsibility of serving as President of your association for the 2003 year. I am grateful to be taking the reins of the Association at a time the organization has been as strong as we have seen for many years. Financially, our balance sheet and annual budget can now withstand a business slowdown should one occur. Our membership base has withstood the strains of industry consolidation and remains well diversified with leading companies representing residential, commercial and the service sectors of our business. The number of education programs presented by the Association has seen significant expansion over the past four years and our programs now touch all aspects of our business. The Association's social programs continue to be the venue of choice for networking within our industry. Finally, the Association remains vigilant in our watch of local legislative issues that impact our business.

Our Association's strong underpinnings are attributable to many people. First and foremost, I must recognize our outgoing President, Phil Hummelt with Advantis Real Estate Services for his leadership and vision over the past year. Phil brought a developer/borrower viewpoint to our Association, and we are stronger today because of this dedication, leadership and enthusiasm.

I also want to recognize our Executive Committee, including Karyn Wilson, Madeline Johnson-Oler, CMB, and Patty Widerman. Despite the heavy workload we all faced this year, each one of them remained focused on association issues and programs throughout the year. I look forward over the coming year to working with Phil, Madeline, Patty and our newest Executive Committee member, Steve Rozga with Gimbert Associates.

I also want to acknowledge our Board of Governors. These individuals not only serve on our governing body, but many of

them chair one of our many active committees.

Lastly, I want to recognize the backbone of our Association, our Executive Director, Jean Rankin. The current health of our Association would not be as sound without Jean's fine management, organization and leadership skills. Each year, Jean takes on additional workload and responsibility, all with focus and professionalism. We are proud of our six year association with Jean and look forward to many more years of her fine work.

As we move into a new year, I would like to share with you several initiatives for the coming year.

Increase Our Individual Volunteerism Within The Association

Our Association continues to strive to increase participation from member companies and their employees. Our 15 committees are always looking for additional volunteers. Becoming actively involved in one or more of these committees provides some of the best networking opportunities that our industry has to offer. I have developed lasting business relationships through my participation in our Association's Income Property Committee. As our workloads return to tolerable levels, it is time to consider increasing your volunteerism with our Association.

Giving Back to Our Industry

The past few years have been some of the best and most profitable years our industry has seen for some time. We need to consider sharing our financial strength and business knowledge with the less fortunate within our community. The Board of Governors recently approved a new major fund raising initiative aimed at raising \$25,000 for Manna, Inc., a D.C. based, non-profit housing and community development organization working for affordable homeownership and neighborhood revitalization. The Association has seeded our fund raising effort with a \$2,500 check which was presented to Manna, Inc. at our annual holiday party in December. Besides the need for



financial contributions, one can provide physical strength by volunteering at a Manna worksite, or you can share your business knowledge by participating in one of the Association's educational seminars for potential homebuyers. I hope you will join us by contributing to this worthwhile cause. Additionally, the Association recently established an endowment at the Bergman Real Estate Institute at John Hopkins University. Through a \$10,000 donation from MBA/MW and an equivalent match from Michael Bloomberg, a perpetual annual award of \$1,000 in the name of the Association will be given to a student at the University. I thank the Income Property Committee for developing this endowment opportunity.

Expand Our Member Base

As consolidation within our industry continues, we need to insure our membership base remains strong. I challenge each Association member to seek out and utilize the services of our Associate members. Within each issue of the MBA/MW Connection newsletter, we feature several of our Associate members. One must remember that MBA/MW members are a valuable resource for industry information and business support. If you do business with any non-members of our Association, take the time to urge them to join this fine organization.

see President's Message, page 6

MBA/MW Congratulates Loan Production Council Winners

Seventy-two top-producing Loan Officers from thirteen companies were honored as Loan Production Council Award winners at MBA/MW's rescheduled Holiday Party and Awards Celebration on February 6 at the McLean Hilton. The Loan Production Council Awards Program was established in 2001 to recognize individual loan officers who have demonstrated excellence in mortgage banking through production volume, continuing education and professional ethics. The Silver, Gold, Platinum and Diamond Award winners met specific production volume goals and were nominated by a senior officer of their companies.

This honor of distinction represents production from October of 2001 to September of 2002.

We applaud the following loan officers for winning a Loan Production Council award. We celebrate their motivation, their visions of success and their encouragement to all industry professionals to rise to such high standards of excellence. The winners are listed in descending order, starting with the top producer for 2002:

DIAMOND AWARD WINNERS

\$209 Million - \$78 Million in Production Volume

H. Edward Dean, III
Philip T. Grisdela
James J. Galloway
David J. Baca
Malcolm Hollensteiner, CMB
Frank H. Fannon
Dean F. May

PLATINUM AWARD WINNERS

\$77.9 - \$25 Million in Closing Volume

Skeeter Worthy
Kyle Becraft
Kathy L. Neal
Thomas F. Donohoe
Stan Julbe
Robert B. Dail, Jr.
Habon Abdi
Frank P. Donnelly
Timur J. Tunador
Jim Beatty

PLATINUM AWARD WINNERS (con't.)

Tim J. Murphy
Chip Beveridge
Kelly Hull
Eric W. Halm
Guy Silas
Michael Onufrychuk
Russell A. Rothstein
Mindy Schwarcz
Richard L. Amos
Mike Farrell
Ray J. Hrabec
Samilia Anthony
Mark R. Webster
Robert M. Shupp
Thomas Lizzio
John J. Mehalic
Pearl E. Chiarenza
Thomas R. Halfpap
Frank T. Trimboli
Cam Carson-Wagnon
Kelly Fisher
Alan R. Hicks
Gammon E. Rohrbach
James W. Clifford
Michael D. Krauss
Craig T. Gough
Darlene J. Toomer

GOLD AWARD WINNERS

\$24.9 - \$15 Million in Closing Volume

Richard S. Dudley
Daniel S. Legg
Sandy D'zmura
Scott L. Tucker
Skip Yanick
Libby O'Leary
Jon C. Debuchananne
George T. Maulsby, Jr.
Paul E. Giglia
Lori A. Wilson
Michael Hilton
Thomas B. Farquhar
Sally Hamilton
Ronald D. Steele
Edwin A. Garay
Karen S. McCoy
Robert J. Gallagher
Robert S. Kemp
Suzanne Sonnergren
Daniel E. Goldsby

SILVER AWARD WINNERS

\$14.9 - 12 Million in Closing Volume or Over 100 Units

Charles J. Pastore
Geoffrey B. Ricker
Michael L. Brown
Robert S. Costanza
Thomas L. Bean
Michael B. Dotterweich
David B. Pick
Brenda K. Getz

PARTICIPATING MEMBER COMPANIES

Special thanks to the following member companies that participated in the 2002 Loan Production Council Program and whose loan officers received awards.

**Beacon Mortgage
Briner, Incorporated
Chase Manhattan Mortgage Corporation
Countrywide Home Loans
First Republic Mortgage Corp.
George Mason Mortgage, LLC
Guaranty Residential Lending
HSBC Mortgage Corp. (USA)
National City Mortgage
Preferred Service Mortgage
Sandy Spring Mortgage
SunTrust Mortgage, Inc.
Waterfield Financial Corp.**

50th Anniversary Gala

continued from page 1

Governors as Chairman of the Board.

The evening would not have been possible without the very generous financial support of sixteen member companies. We extend an extra special thank you to the sponsors of the 50th Anniversary Gala (shown below).

Special thanks goes to Andy Morse for Chairing the Anniversary Celebration Committee and to Executive Committee members Phil Hummelt, Phil Morse, Madeline Johnson-Oler, CMB and Patty Widerman for their help in planning this special evening.



Enjoying the 50th Anniversary Gala (pictured from left to right) Steve Rozga, Eric Ekeroth, Stacia Krantz, Shawn Krantz, Phil Morse, Holley Morse



2003 President Phil Morse (left) thanks 2002 President Phil Hummelt for his leadership.

Sponsors of the MBA of Metropolitan Washington's 50th Anniversary Gala

Thank you to the following companies for their very generous support

Gold Sponsors

B.F. Saul Mortgage Company
Chase Manhattan Mortgage Corporation
Countrywide Home Loans
Freddie Mac
HSBC Mortgage Corporation (USA)
PMI Mortgage Insurance Company
Riggs Bank N.A.
Wells Fargo Home Mortgage, Inc.

Silver Sponsors

Berkshire Mortgage Finance
MGIC
Ohio Savings Bank
Phillips Realty Capital
Reilly Mortgage Group, Inc.
SunTrust Mortgage, Inc.
Triad Guaranty Insurance Corporation

Bronze Sponsor

Guaranty Bank

MBA/MW Plans Big Year for Continuing Education

by Larry Grist, Guaranty Bank

MBA/MW has a full calendar of educational events planned for 2003 to help members remain knowledgeable and up-to-date regarding mortgage-related issues. In addition, all offered classes and seminars will have State of MD approval for continuing education credits that all Loan Officers employed by MD-licensed institutions are required to have by year end 2003. Regardless of whether or not you need these credits, all of the classes and seminars will provide a wealth of information which will benefit Loan Officers, Underwriters and Processors.

The current calendar of events is as follows:

Course/Seminar	Date	# of MD Credits
<i>Loan Officer University</i> Provides complete overview of Mortgage Lending process Designed for new loan officers.	February 11-13	6 elective credits
<i>FHA & VA Workshop</i> Provides in-depth training on FHA & VA loans. Designed for all loan officers, processors and underwriters.	March 6	6 elective credits
<i>MD Continuing Education</i> All six Maryland-required courses will be offered including Ethics, Maryland Law, Fed Law, RESPA, ECOA & TIL	April 9-10	12 required credits
<i>FHA & VA Workshop</i> (same as workshop listed above)	May 7	6 elective credits
<i>MD Continuing Education</i> (same courses as listed above)	October 2-3	12 required credits
<i>Fall Conference & Marketplace</i> Focus on Sales Training in this full day seminar	Nov 6	4 - 6 elective credits

Additional seminars may be added later in the year. Also, given it's popularity, we may plan another Loan Office University in the Fall. And, we're always open to new educational ideas and suggestions. So, if there's a training course or seminar topic you think we should consider, please contact Larry Grist at (703)481-9831 or by email: larry.grist@guarantypgroup.com. See you in class!!

Larry Grist is Regional Manager of Guaranty Bank and is Chair of MBA/MW's Continuing Education Committee.

Don't wait until December to get your required Maryland continuing education credits. Sign up TODAY for MBA/MW's April 9 & 10 seminars. Visit our web site for details www.mbamw.org

106 Graduate from Loan Officer University

Back by popular demand, Mary Kay Scully of G.E. Capital Mortgage Insurance Company provided an intensive three-day seminar to 106 attendees on February 11-13, 2003 at the Holiday Inn Tysons Corner. This program was co-sponsored by the MBA of Metropolitan Washington and G.E. Capital Mortgage Insurance Companies. The program won rave reviews from attendees . . . "This program was excellent." "Mary Kay was one of the best, most dynamic speakers I've heard in a long time. She really kept the class moving and covered a ton of material."

The seminar provided an overview of the mortgage lending process, including:

- How to Pre-Qualify an Applicant
- Tips on Taking the Application Correctly the First Time
- Appraisal & Market Trends
- Title and Credit Fundamentals
- Loan Prospector and Desktop Underwriter Review
- What to look for in the Findings Review
- Secondary Markets/GSE Basics
- Preventing Mortgage Fraud

In addition, sales techniques discussed included:

- How to Increase Business through Alternative Sources
- Creating New Borrowers through Customer Referrals

MBA/MW is looking into the possibility of repeating Loan Officer University in the Fall. Watch your email and check the MBA/MW web site for details.

Special thanks to G.E. Mortgage Insurance Company and Mary Kay Scully for making this program possible.

Great Turn Out for Rescheduled Holiday Party Despite Bad Weather

Nearly 200 people attended MBA/MW's rescheduled Holiday Party & Awards Celebration on February 6 despite the snowy conditions. The event had been rescheduled because of a snow storm in December. Mortgage industry professional from around the DC metropolitan area enjoyed an evening of conversation, music and great food. In addition, the 2002 Loan Production Council Awards were presented to seventy-two loan officers from thirteen MBA/MW-member companies (see story on page 3). Many thanks to the following companies for their generous sponsorship of the event:

Bill Onufrychuk & Associates, Inc.
Dehart & Deming, Inc.
H.K. Bentley
Intercoastal Mortgage Company
Provident Title
Republic Title Inc.
SunTrust Mortgage, Inc.
United Guaranty Residential Ins Co.

MBA/MW's \$25,000
Fundraising Campaign for
Manna needs your help.

Please send your
tax deductible donations,
made payable to Manna to:
Manna, Inc.
828 Evarts Street N.E.
Washington, D.C. 20077-5207
Attn: MBA/MW Fundraising
Campaign. Be sure to include
MBA/MW on the comments
section of your check.

President's Message

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Increased Advocacy for Our Industry

We must remain vigilant on local and national legislative issues. Our recent involvement with the D.C. foreclosure bill and national terrorism insurance are just two of the examples of ways our Association leads the effort to protect our industry. By participating in MBA of America's Lend Your Voice and other grass root efforts, our Association can speak with a strong, unified voice in numbers that our message will be heard.

Enhance and Broaden Our Communication Efforts

Our message needs to be heard throughout our industry. Whether we're working on legislative issues, educational programs or networking events, we want the industry to know what our Association has to offer. We will increase the usage of e-mails to notify non-members of all our Association has to offer. The Association will continue to promote the usage of the MBA of America's web site, which offers a tremendous amount of relevant industry information. Take some time to check on their web site at www.mbaa.org. We will also continue our participation within

MBA of America's CampusMBA program. More than just another member benefit, CampusMBA offers every member a convenient on-line educational tool to stay current with the ever changing real estate market.

Increase the Professionalism within Our Industry

Through education and training, all of us can increase our knowledge and improve our professionalism. Our Association will continue to strive to meet the needs of our members. In 2003, we will again expand our educational programs, repeating last year's successful Loan Officer University program and offering two Maryland Continuing Education classes. We will actively promote more participation within our membership in becoming a CMB candidate. This premier industry designation was recently revamped by the MBA of America. Now members of our Association who are not members of the MBA of America can now apply for CMB candidacy. Additionally, interested candidates can choose among a Commercial CMB, Residential CMB or Master CMB. The Master CMB combines both

commercial and residential mortgage banking disciplines. Enrollment begins by completing a one page application form.

In addition, we will continue to enhance and improve the Loan Production Council Awards Program, that recognizes residential loan officers who have demonstrated excellence in mortgage banking through production, continuing education and professional ethics. For the 2003 year, a loan officer will now qualify based on production for the full calendar year. The awards ceremony will take place the following February.

In summary, due to the hard work of many of you, our Association has established a strong platform from which we can continue to grow. I am very excited to take on the challenges that have been outlined above. Together, we can ensure that our Association remains the preeminent organization within our industry.

I look forward to serving as your Association President in 2003 and wish each of you a prosperous and healthy year.

Philip D. Morse is Vice President of Reilly Mortgage Group, Inc. and is MBA/MW's 2003 President.

Associate Showcase -- Law Firms --

Each issue of *The MBA/MW Connection* highlights a different segment of our associate members. This issue features several law firms. Additional law firms will be featured in the next issue of this publication. Remember that MBA/MW members are a valuable resource for industry information and business support.

Ballard Spahr Andrews & Ingersoll, LLP

www.ballardspahr.com

Ballard Spahr is one of the 100 largest law firms in the country, with over 450 lawyers and seven offices located throughout the mid-Atlantic corridor and the western United States. As a large, multi-office, multi-regional law firm, Ballard Spahr provides a full range of legal services to clients across the country and around the world.

Ballard Spahr's Real Estate Department represents private developers, public and private lenders, underwriters, government-sponsored enterprises, and government agencies in all aspects of real estate development and commercial finance transactions. Its Housing Group practice involves essentially all of the housing programs of HUD, GNMA, Fannie Mae, and Freddie Mac, as well as the programs of state, local, and private agencies and the issuance of single-family and multifamily bonds and historic and low income tax credits. Our broad experience in banking, securities, zoning, tax, environmental, commercial litigation, and bankruptcy law complements and supports our real estate practice.

For more information, please contact Allan R. Winn, Esq.
winn@ballardspahr.com
202.661.2277

Bingham McCutchen, LLP

www.bingham.com

Bingham McCutchen LLP is a full service law firm specializing in real estate, finance, corporate, litigation. Our offices are located in Boston, Hartford, London, Los Angeles, New York, San Francisco, Silicon Valley, Singapore, Walnut Creek, Washington, DC.

Real Estate Practice

Our real estate attorneys represent clients in sophisticated commercial real estate transactions: acquisitions, dispositions, development, financings, restructurings, workouts and foreclosures, joint ventures, leasing, environmental, tax, securities and litigation.

Lending

We represent lenders in connection with commercial real estate mortgage and mezzanine loans. Our mortgage and mezzanine lending practice encompasses a wide variety of assets, including office, multi-family housing, retail, lodging, industrial and health care facilities, timeshare properties, and unimproved land. Our clients, who include a number of the largest banks, life insurance companies, savings and loan associations, pension funds and other institutional lenders, often use us on a national basis, which frequently involves addressing the complexities involved in multi-jurisdictional secured lending.

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Buonassissi, Henning & Lash, PC

www.bhlpc.com

Buonassissi, Henning & Lash, P.C. provides legal representation, primarily in Virginia, Maryland and the District of Columbia.

The firm is engaged in the general practice of law with emphasis on banking and general lender and mortgage servicer representation, creditor's rights in bankruptcy, foreclosure and evictions, real estate, title insurance defense, corporate law, commercial law and general litigation. The firm is rated "AV" by Martindale-Hubbell.

There are attorneys in the firm licensed and admitted to practice in Federal and State Courts in Virginia, Maryland and the District of Columbia as well as California and New Jersey. The firm's multi-state practice in its primary geographical areas of representation affords ready access to legal expertise and practical knowledge on a multitude of issues which may involve the laws of Virginia, Maryland and/or the District of Columbia and the interaction of those laws.

For additional information, contact:

Joseph V. Buonassissi, II
703.691.0414
www.bhlpc.com

Goodwin Procter, LLP

www.goodwinprocter.com

Goodwin Procter, LLP is a general practice law firm with offices in Washington DC, Boston, New York, and Roseland, New Jersey. Its Financial Services Group is one of the largest financial services practices among U.S. law firm. Goodwin Procter counsels clients in the mortgage lending, electronic commerce, banking and mutual fund areas, and in insurance, intellectual property, technology, and related transactions. The firm works on matters involving privacy and information sharing, e-commerce and electronic banking, fraud and money laundering, and business conduct.

The Washington office of Goodwin Procter has an active litigation practice in consumer credit issues and defending consumer class actions. The firm also provides representation in enforcement proceedings before Congress, state and federal agencies. Goodwin Procter is counsel to the Electronic Financial Services Council, Consumer Mortgage Coalition, Electronic Funds Transfer Association and other trade associations.

The firm's financial services clients include full-service and specialty banks, thrifts, bank and financial holding companies, mortgage lenders and servicers, mutual funds, hedge funds, investment advisors, broker-dealers, software companies, and institutional investors. Goodwin Procter handles a broad spectrum of corporate and regulatory matters for these clients. Advice is provided on the development of new products, chartering and licensing of financial services companies, drafting compliance policies and procedures, and in merger, acquisition, asset purchase and sales agreements.

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1717 Pennsylvania Avenue, N.W.
Washington DC 20006
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www.gdllaw.com

Greenstein DeLorme & Luchs, P.C. is a diversified Washington, D.C. law firm committed to providing high quality legal representation to clients in both the metropolitan Washington area and throughout the country. The firm was founded in January of 1989 by nine attorneys who had previously been principals in another D.C. law firm. The firm currently employs twenty-five attorneys and approximately twenty-two support personnel, including two paralegals.

The firm's practice and that of its principals has evolved and expanded significantly, both geographically and by practice area, into a comprehensive commercial and regulatory practice. Today, attorneys with the firm represent clients in virtually all aspects of real estate transactions, as well as in the areas of commercial lending, litigation, lending regulation, mortgage banking, financial institutions (including transactions with federal regulatory agencies), government-assisted housing programs, administrative regulation and adjudication, bankruptcy, creditors' rights (including foreclosure and lien enforcement), land use, tax and estate planning, representation of trade organizations, corporate and partnership law, and public finance.

Should you need any additional information concerning the law firm, please feel free to contact Gilbert E. DeLorme at (202) 452-1400 or at e-mail address: ged@gdllaw.com.

Manna *continued from page 1*

ability to provide even more housing opportunities for homeowners. Manna's innovative efforts to provide training and support for first-time homebuyers and the entrepreneurial spirit that guides its decision-making has made Manna one of the most effective nonprofit housing developers in the nation.

HOW CAN YOU HELP? Here are some things you can do to help support this worthy cause:

Become a Corporate Sponsor.

Your tax-deductible contribution will go a long way to assisting future Manna homeowners. Send your contribution to Manna, Inc. 828 Evarts Street N.E. Washington, D.C. 20077-5207 Attn: MBA/MW Fundraising Campaign. Be sure to include MBA/MW on the comments section of your check.

Participate in/or Sponsor Events.

- Manna is holding a 5K Run/Walk on March 29th in Rock Creek Park. Visit MBA/MW's web site at www.mbamw.org to download a registration form or contact Manna at (202)832-1845.

- Manna is seeking Corporate Sponsors for the 5K Run/Walk.

Donate a raffle item for an event.

Please send in your donations to the MBA/MW office by April 30th.

Designate an individual in your company to work with MBA/MW's Manna Committee to Devise Fundraising Campaigns at Your Company (Casual for Charity Day, jeans to work day, etc.)
Participate in a Manna Build Day with Other MBA/MW members.

We are coordinating a build day in June.

Participate in Raffles and Donation Opportunities at Each MBA/MW Event.

Please contact Madeline Johnson-Oler, CMB at (301)977-8226 or Pat Bowman at (301)984-1880 if you would like to volunteer to assist with this campaign, if you have any fundraising ideas, or if you have any questions.

Madeline Johnson-Oler, CMB is Vice President, Capital Markets, Triad Guaranty Insurance Corporation. Madeline is MBA/MW's First Vice President, Chair of the Legislative Committee and Co-Chair of the Manna Fundraising Committee.

2002, The Commercial Lending Year in Review

by Tracy Beer, Ivor B. Clark Co.

The year 2002 did not turn out to be the year of economic turnaround that many property owners and lenders had hoped for. While markets were not in great decline, indications of real growth were sparse and mostly anecdotal.

However, there were numerous positives introduced into the commercial real estate and residential markets. Rates, a clear highlight of the year, fell to new lows. Record residential refinancing volume continued unabated. Owners of commercial properties finally received some relief from Congress on the Terrorism Insurance front.

Especially appreciated by Washingtonians, no international terrorism activity occurred in the United States, although some owners of residential properties felt terrorized by some of their tenants - nothing new there.

Let me start with a review of where interest rates have been over the last the year.

The Prime Rate - Prime is not the benchmark it used to be when it comes to commercial finance. It does, though, remain the hand puppet of the Federal Reserve. The Prime Rate began the year at 4.75%. We had just one downward adjustment in early November of 50 basis points. The Fed bias at this time seems to go towards no further adjustments for now, although, the Fed promises to move quickly if the need arises. Prime is very low now, to compare, Prime was 8.75 two years ago this January.

The London InterBank Offered Rate - LIBOR is really the new prime when it comes to many floating rate commercial loans. Construction loans in particular rely on this index for pricing. The 30-day term is the preferred index for floating rate loans. The 30-day began the year at 1.93%, the rate at the year's end was a little lower at 1.41%. This index's low was set during November at 1.38%.

The Treasuries - The ten-year term Treasury is the most important index for commercial permanent loans. The ten-year began 2002 with a rate of 5.05%. It reached a remarkable low of 3.81% by the end of December.

Commercial Paper Rates - The 30-day term is the one we see used the most often. This index began the year at 1.77% and registered a rate of 1.30% at the year's end.

Interest Rate Spreads - The year began with numerous lenders still imposing floors or minimum rates, regardless of where the "all in rate" penciled out. Many of these lenders still "quoted" what seemed to be attractive spreads, but would refuse to actually reach as low as the index would lead. There was little resistance from borrowers as the indexes had rendered even the floor rates remarkably attractive. By the end of the year, most floors on fixed rate loans were gone.

Floating rate loans using Libor or Commercial Paper continued to require "negotiable" floors. The fact that floors were negotiable was made known on an as needed basis. If the lender needed the deal, the possibility of negotiation was made known.

While rates were at historical lows, 2002 was a year many borrowers paid much more than they usually would have to area lenders. This usurious expense came in the form of prepayment penalties. As has been the case in the past, borrowers are seeing the advantages of paying off higher rate loans, despite sometimes very large penalties, in order to obtain a lower rate loan for an extended period.

The area of greatest attention always surrounds the permanent lender spreads for the simple reason that permanent loan rates are held for so long. As a result I will limit my comments on interest rate spreads to the Life Insurance Company and Conduit lenders. I will also limit my commentary to two property types, Apartments and Suburban Office.

Life Insurance Spreads - Making assessments as to the lowest and highest spreads is a risky venture guaranteed to fail. Not all high or low spreads are shared with the public and these spreads usually reflect the going in spread prior to underwriting and committee assessment. With that said...

Apartment spreads were seen to be as low as 200 basis points at the beginning of the year. The year's end show a high of about 160 basis points.

Suburban Office spreads began the year with as low as 230 basis points. Concerns over mildly escalating delinquency rates and rising vacancy rates in this product type drove spreads to 200 by year end.

Conduit Spreads - Apartment spreads were competitive with the Life Companies, but they are not as clearly lower as we have seen in prior years. The spreads started the year at 220 basis points. By year end spreads had fallen to 155 basis points. Suburban Office spreads started the year at 225 bpts and ended it at 180 basis points. The trend towards leaner spreads seems likely to continue into the new year.

Despite falling rates, falling spreads and the slow elimination of interest rate floors, loan placement volume was something of a disappointment. Lenders reported a 20 to 30% reduction in volume versus the prior year or two. However, the extraordinary loan placement volumes seen in 2001 and 2000 are more to blame than anything else. Blame for their remarkable levels of deals closed and blame for new deals made on loans due to expire in 2002 or later.

It is important to keep in mind that the spreads won't really tell the story of rates in 2002. The selective imposition of rate floors a various levels was the defining element in determining the all in interest rates for commercial properties.

see *Commercial Lending*, page 10

Commercial Lending

continued from page 9

With rates and spreads set aside, 2002 brought a decidedly mixed bag of characteristics. We began 2002 with big trouble on the property insurance front. Reports of insurers unwilling to renew policies with any coverage for terrorism, not to mention skyrocketing premiums!

Property owners and Insurers looked to the Federal government for some form of indemnity for the insurers. Congress was slow to come to the aid of the concerned parties and loan defaults were being declared by lenders before Congress finally came to the industry's aid. Reports of impact on unemployment eventually forced action by Congress and President Bush was able to sign significant protections into law before the end of the year.

Sadly, the Washington area was terrorized by the infamous Snipers late in the year. The impact on retail activity in involved area's was dramatic. It does not bode well for the possible repercussions of international terrorism, were it to revisit our area.

Post 9/11 Washington braced for the possibility of government agency relocations from CBD Washington to outlying areas. Word was, the Federal government, in the form of the GSA, was eager to relocate some agencies to "Campus-like" settings more easily protected from terror attacks.

No actual moves were made, although plans are moving ahead for some amount of relocation. The new Homeland Security Agency will likely reside in Northern Virginia. This will help offset the excess vacancy in the Northern Virginia markets for office space.

Despite vacancy levels in the 20%+ range for Northern Virginia, we saw little visible distress to lenders secured by partially occupied Office Buildings. Low rates, high rental security deposits and deep pocketed ownership absorbed the impact of shrinking Tech tenancy.

As far as office markets in the area go, new product development is a difficult trick to pull off in the suburbs. Build to suits would be the primary exception. CBD Washington with still low single digit vacancy can win funding for lightly pre-leased buildings.

Despite the potential of new terror attacks, high vacancy levels in some areas and uncertain GSA intentions, Washington remained one of the top three most attractive markets in the country. The Washington area has the attention of all of the national scale investors in lending and real estate development / investment.

At the state level, 2002 brought us a mixed bag of good and not so good news. In Maryland, Republican Bob Ehrlich won an upset victory against Kathleen K. Townsend. Ehrlich's business friendly intentions are a welcome change as is the now likely construction of the Inter-County Connector.

In Virginia, Voters rejected crucial funding for roadway improvements further complicating the Washington area's already chronic congestion problems. Loudon County and neighboring Frederick County in Maryland have both given clear slow or no growth signals to both residential and commercial developers. The area's steep residential pricing will further rise as a result. Tony Williams returns as Washington's Chief Executive

and that's a good thing.

In 2002, Hotels and Motels continued to find themselves at the bottom of the list of property types preferred by lenders, although a few deals did get done. Keeping the hospitality category company is raw or partially approved land.

Topping the list for 2002 for most beloved assets, as always, were multi-family properties of recent vintage. Office in D.C. was sought after by lenders as were traditionally anchored retail. Non-Credit Industrial, unanchored retail, suburban office and general commercial were viewed and priced in roughly similar ways by lenders.

What will 2003 bring? Well seeing as how you're going to be reading this in the middle of the 1st quarter you will know better than this scribe. We can say that great rates are likely through 2003 as are attractive spreads. Lenders thwarted in their attempts to set record funding volumes in 2002 will assure borrowers of eager capital resources.

Speaking of resources, if you are not already a member of the MBA of Metropolitan Washington, consider joining. The MBAMW provides education, guidance and assistance to both the financing professional and the borrowing public. The costs of membership is very modest and the advantages are very great.

Tracy Beer is Vice President of Ivor B. Clark Co. He serves on MBA/MW's Board of Governors and is a member of the Income Property Committee.

The MBA/MW Connection is Available on the Association's Web Site

This issue as well as past issues of this publication are available on MBA/MW's web site at www.mbamw.org. Click on "MBA/MW Connection"

Newly Awarded Certified Mortgage Bankers

On February 6, 2003, the Mortgage Bankers Association of America (MBA) awarded the Commercial Certified Mortgage Banker (CMB) designation for the first time in history. The inaugural graduation ceremony was held at the association's Commercial Real Estate Finance/Multifamily Housing Convention held in San Diego, CA. More than 150 current CMBs, designation candidates and senior commercial mortgage banking executives attended the ceremony.

"Graduating the first class of Commercial CMBs at the CREF Convention is a historical event for the association and for the Society of Certified Mortgage Bankers," stated MBA Vice Chairman Michael F. Petrie, CMB. "By acquiring this designation, CMBs create a higher industry standard of professionalism, excellence, and ethical standards. They become not only the leaders of their discipline, but leaders in the industry and the foundation upon which our industry's future will be built."

Beginning this year, CMB designation candidates have the option of choosing among the Commercial CMB, Residential CMB or Master CMB designations. The Master CMB is a combination of both commercial and residential mortgage banking disciplines, while the Residential and Commercial CMBs focus on their respective subfields of the mortgage industry.

CMB candidates must amass 150 points earned through a combination of professional experience; education acquired through higher education coursework, continuing education through CampusMBA courses, or state and/or local programs; and participation in national, state, and/or local MBA-sponsored events and governance. After accumulating the required points and passing a comprehensive written exam, candidates must demonstrate industry knowledge by passing an oral interview conducted by a panel of Certified Mortgage Bankers. Candidates must either work for an MBA member company or be a member of a recognized state MBA.

Since the program's inception in 1973, 625 mortgage banking professionals have received the CMB designation. In addition to this first class of Commercial CMBs, another class will graduate at the association's annual convention in October.

The following individuals from the DC metropolitan area were included in the first class of Commercial CMBs:

Shekar Narasimhan, CMB
Managing Director
Prudential Mortgage Capital Company
McLean, VA

Charles S. Shaw, Jr., CMB
Chief Executive Officer
Frank S. Phillips Mortgage Corporation
Bethesda, MD

Several individuals from the DC metropolitan area were also among those who were awarded the CMB designation on October 22, 2002 at MBA of America's 89th Annual Convention in Chicago.

Brian M. Handal
National Business Development
Manager
Wells Fargo Home Mortgage
Frederick, MD

Malcolm B. Hollensteiner
Vice President
National City Mortgage Company
Annandale, VA

Andrew M. Jezioro
Director
Freddie Mac
McLean, VA

Congratulations to all of these individuals for their outstanding achievements.

For more information on the CMB designation, visit www.campusmba.org or call (800) 348-8653.

VHDA Homeownership Classes

The VHDA Home Ownership Series is once again in full swing and MBA/MW is the driving force behind it. MBA/MW members instruct prospective home buyers throughout Northern Virginia on various subjects including the mortgage process, what to look for in a Realtor®, understanding the home inspection, and establishing a sound credit history. A special emphasis is directed towards the creative financing programs that VHDA offers to low-to-moderate buyers.

Potential home buyers can register for the class by contacting VHDA at 804-782-1986. Each class consists of consecutive Wednesday evening sessions lasting three hours each.

We are actively seeking additional members to help with the speaking and training responsibilities.

The tentative schedule for 2003 VHDA classes is as follows:

- May 14th and 21st
- July 9th and 16th
- September 10th and 17th
- November 12th and 19th

For additional information, please contact Malcolm Hollensteiner, CMB, at 703-658-0609.

Malcolm Hollensteiner, CMB, is Vice President of National City Mortgage and on MBA/MW's 2003 Board of Governors.

Membership Report

Meet our New Members

1st National Bank of Arizona provides residential Alt-A lending mortgages. Based in McLean, Virginia, their territory of operations is the east coast.

Key Contact:

Kenneth A. Sonner
Regional Manager/Vice President
1760 Old Meadow Road, 3rd Floor
McLean, VA 22102
phone (703)970-4606
fax (703)970-4591
ksonner@fnbaonline.com
www.fnbamortgage.com

American Funding Company is a mortgage broker firm established in 2001, specializing in residential, commercial and SBA loans.

Key Contact:

Jeff Young
Vice President - Commercial
6303 Little River Turnpike, Suite 325
Alexandria, VA 22312
phone (703)216-8676
fax (703)914-8860
jyoung1891@yahoo.com

First American Real Estate Solutions' primary business is real estate information as collectors and providers of real estate data to more than 500,000 users. Headquartered in Philadelphia, the company has branch offices in Maryland, DC and Virginia. Their territory of operations includes the northeast and mid-Atlantic states.

Key Contact:

Craig Scott
Regional Vice President
Two Penn Center Plaza, Suite 1916
Philadelphia, PA 19102
phone (800)752-1400
fax (208)330-5787
clscott@firstam.com
www.firstamres.com

First Horizon Home Loan Corporation is a residential mortgage banking company headquartered in Fairfax, Virginia. With branch offices in Manassas, Chesapeake, Richmond, Greenbelt and Bethesda, the company's territory of operations is the mid-Atlantic region.

Key Contact:

Larry A. Rice
Regional President
12700 Fair Lakes Circle, Suite 400
Fairfax, VA 22033
phone (703)818-7800
fax (703)968-2814
lrice@fhhc.com
www.firsthorizonusa.com/fairfax

La Salle Bank / ABN Amro's primary business is commercial real estate finance for real estate operating companies, property management and brokerage firms, and pension fund advisors throughout the U.S. The company is headquartered in Chicago with an office in Manhattan.

Key Contact:

David Elton
Director
55 East 52nd Street, 6th Floor
New York, NY 10055
phone (212)409-6761
fax (212)409-7849
david_elton@abnamro.com

NEBF Investments is a commercial real estate and mortgage investment company located in Washington, DC.

Key Contact:

Jonathan McKetney
Mortgage Investment Officer
1125 15th Street, NW, Suite 401
Washington, DC 20005
phone (202)496-3363
fax (202)496-0903
jmcketney@nebfinvest.org

Option One Mortgage is a residential mortgage banking company headquartered in Irvine, California, with branch offices in the mid-Atlantic area.

Key Contact:

Fred McDannell
Branch Manager
14520 Avion Parkway, Suite 310
Chantilly, VA 20151
phone (888)753-7535
fax (888)753-7537
fred.mcdannell@oomc.com

New Member Sponsors

- Mindy Clayton, Chase Manhattan Mortgage
- Sean Commander, Emigrant Funding
- Robert Daniels, Greater Atlantic Mortgage
- Eric Ekeroth, Northwestern Mutual
- Phil Hummelt, Advantis Real Estate
- Mike Gimbert, Gimbert Associates
- Shawn Krantz, Brownstone Capital LLC
- Glen Lazovick, Guaranty Residential Lending
- Gene Lugat, Accubanc Mortgage
- John Pappas, Sandy Spring Mortgage
- Steve Rozga, Gimbert Associates
- Mark Stiles, 1st National Bank of Arizona
- Patty Widerman, BB&T Mortgage



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The Mortgage Bankers Association of Metropolitan Washington is a participating association in MBA of America's CampusMBA program. CampusMBA offers a convenient on-line educational tool to stay current with the ever-changing real estate market.

CampusMBA features include:

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- An award-winning, weekly electronic newsletter, *The Industry Campus*, with CampusMBA updates and coming events sent to all e-mail list subscribers. (Free)
- The ability to view current presentations on relevant industry topics. (Free)
- A way to participate in polls and other data collection with industry players like yourself, and then see the results in “real-time.” (Free)
- Immediate access into web pages for organizations like “State and Local MBAs,” “HUD” and the “HUD Enforcement Agency.” Organizations house project information, and conduct synchronous web events to facilitate increased education on their dynamic subject matter. (Free)

How to Access CampusMBA:

Go to MBA/MW's home page at www.mbamw.org and click on the



CampusMBA logo.

Once you are in the CampusMBA portal, you can:

- Browse the course catalog on-line by clicking the Course Catalog button.
- Download the complete *MBA 2003 Product and Services Guide* which includes information about MBA's conferences, seminars, membership information, resources and educational offerings.
- Enroll in CampusMBA programs.

For Additional Information:

Contact CampusMBA at (800) 348-8653.

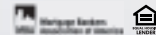
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With all the time and paperwork, it's no wonder residential mortgage bankers – and many commercial lenders – don't picture themselves financing small apartment buildings.

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It's easy to get started. Call (toll free) 1-866-797-0700. Or e-mail bbecker@multifamilymortgage.net.



Please support MBA/MW's \$25,000 fundraising campaign to benefit Manna, a nonprofit housing & community development agency in Washington, DC, working for affordable homeownership and neighborhood revitalization.

- Become a corporate sponsor
- Make a personal donation
- Participate in a "build" day
- Participate in the 5KRun/Walk on March 29

For additional information, contact:

Madeline Johnson-Oler, CMB: mjohnson-oler@tgic.com

Pat Bowman: pat.bowman@wellsfargo.com

MBA/MW office: info@mbamw.org

Thank You to All Our Generous Sponsors Who Supported the MBA of Metropolitan Washington in 2002

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