



## Rejected Documents Already Being Reported Due to New Massachusetts Law

Client Notice Issued 5-15-08

There has been a major change to Massachusetts law that could **drastically** affect your company and your procedures. Non-compliance to this law has already resulted in the rejection of documents sent to record in some counties.

### Summary of requirement changes

New Massachusetts foreclosure law states that every mortgage and assignment of mortgage involving property in the State of Massachusetts and pertaining to loans that closed after November 29<sup>th</sup>, 2007, **must contain** or have endorsed upon them the name, post office address, and license number of any Mortgage Broker involved. Effective July 1<sup>st</sup>, 2008, the same requirement will apply to any Mortgage Loan Originator involved.

[Click to view full law.](#)

Even if no Mortgage Broker or Mortgage Loan Originator was involved in the mortgage, for loans which closed after this date, the mortgage and/or assignment must contain the notation: "No Mortgage Broker or Mortgage Loan Originator was involved in the mortgage."

Mortgages and assignments of mortgages that were closed before November 29<sup>th</sup>, 2007, are NOT required to include information about a licensed Mortgage Broker. Similarly, Mortgage Loan Originator information for loans which closed prior to July 1<sup>st</sup>, 2008 will also NOT be required to be listed on assignments or mortgages.

While these requirements are unique to Massachusetts at this time, it is likely that these same requirements will be implemented by other states over the next few years. It would be wise to be well prepared for this eventuality by taking a few key actions now.

### Analysis from Nationwide Title Clearing

The new law went into effect upon its approval and signing by the governor on November 29, 2007. All companies affected by this law should take the necessary steps to comply with the new law for new loans in Massachusetts, since it is now in effect.

The reasoning behind this new law requiring mortgage broker and loan originator license information to be recited on assignments and mortgages is that every effort should be

made to establish greater accountability at the point of loan origination in order to protect consumers against fraudulent or otherwise unethical business practices. Having such information made of public record enables traceability and verification of broker and originator involvement.

NTC advises its clients to comply with this new law and is offering assistance to anyone that needs help implementing the required changes.

The last line of the statute has a simple statement which could be easily misinterpreted. It states, "Failure to comply with this section shall not affect the validity of any mortgage or the recording of any mortgage or assignment of mortgage." This type of statement is not uncommon in Massachusetts State law. The language leads one to believe that compliance will not be enforced or, perhaps, that application of the law is at the discretion of the various Registry of Deeds offices. In actuality, regulatory and enforcement agencies are being established or expanded with additional resources under the State Banking Commissioner to effect implementation and obtain compliance to the law. In other words, the statement should not lead one to conclude that mortgages and assignments of mortgage will be recorded regardless of non-compliance. **Non-compliance to this law has already resulted in county rejected documents.**

NTC will continue to monitor similar laws being issued in other states as well as maintain communications with Massachusetts county recorders to keep an eye on additional changes in county implementation.

NTC has already made the necessary changes to our internal system in order to comply with this new law and all forms have been updated, attorney reviewed and approved. We are also currently advising our clients on additional solutions they may need to implement in order to stay in compliance with this new law as it goes forward.

If you would like more information about how this law applies to you, please [contact us](#) for more information.

### **Nationwide Title Clearing**

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