

Canons of Ethics and Standards of Practice

Amended September 5, 1990 and April 18, 1995

PREAMBLE

The members of the Mortgage Bankers Association of Greater Philadelphia, mindful that the soundness, usefulness, prosperity, and future of mortgage banking depend on the honor, integrity, and fidelity of all personnel engaged in this business, and of their past responsibility to the administration and conservation of those interests committed to them, and conscious of the confidence reposed in them by clients and associates, establish and pledge themselves to observe and maintain the following standards of conduct in their dealings with the public and with each other.

CANONS

1. The conduct of the member shall always be characterized by candor and fairness. Members shall not use their position to attain personal gain in violation of the trust reposed in them by their associates, principals, and clients.
2. Members shall hold inviolate an information given them in confidence by their client. This canon shall not be construed to proscribe the use of the furnished data in the reasonable pursuit of the purposes for which such information was transmitted.
3. Members shall familiarize themselves with all aspects of the mortgage banking industry so that they may properly accommodate the various interests and problems which confront them daily, including but not limited to the following:
 - (a) Real estate appraising
 - (b) Commercial law as it applies to the mortgage banking and mortgage lending industries
 - (c) Credit evaluation
 - (d) Federal and State legislation and regulations affecting the mortgage banking and mortgage lending industries
 - (e) Government agencies' Rules and Regulations pertaining to mortgage loans
 - (f) Secondary Mortgage and Securities Markets, as well as economic trends
 - (g) Proper servicing procedures
4. All oral agreements shall be accorded the same sanctity given to written contracts, and no agreement of commitment made by a member shall be breached by evasion or equivocation.
5. A member shall not willfully and knowingly make or circulate any false statement or rumor, written, printed, or by word of mouth, which is untrue in fact or calculated to mislead any party.
6. It is deemed to be an unethical practice for any member to:
 - (a) Quote to a prospective borrower interest rates or other loan terms impossible or unlikely of realization with the intention of rejecting the loan terms applied for and making a subsequent counter offer.
 - (b) Lend financial assistance or give anything of significant value to real estate brokers as a means of exercising control of the brokers' mortgage origination business and/or to secure points or fees in excess of those customarily charged.
 - (c) Participate, encourage, or condone in any matter whatsoever, the submission of a contract of sale to an investor in connection with the offering of a mortgage loan or a

proposed mortgage loan, if such contract states a purchase price in excess of the true and actual sales price for the property therein described.

(d) Participate, encourage, or condone in any matter whatsoever in the preparation or submission of any false, misleading, or incomplete application, credit report, and/or other supporting data concerning proposed mortgage in connection with the offering of a mortgage loan to an investor.

(e) Participate, encourage, or condone in any matter whatsoever, as either broker or lender in the practice whereby the mortgage lender sets or agrees to the fixing of a discount price on the origination of a mortgage loan in a manner designed directly or indirectly to accrue the account of the mortgage supplier, for use in defraying discounts in any other mortgage transaction for the benefit of the mortgage supplier.

7. A member who has procured and accepted a commitment from an investor to purchase a loan originated or to be originated by the member, shall deliver such loan as provided for in the commitment, unless delivery shall be prevented by reasons beyond the control of the member.

8. The departure of advertising copy from a clear, simple, and truthful statement of fact is contrary to sound business practice and is unethical. Members shall not advertise financing terms which do not represent the terms generally available through their efforts, unless the advertising copy expressly sets forth the special qualifications pertinent to the financing terms advertised.

9. Each member shall not strive for an absolute monopoly of the business in their area, it being recognized that competition is legitimate and conducive to more efficient service.

10. Members shall maintain and deposit in special accounts separate and apart from personal or other business accounts, all moneys received as trust or escrow funds.

11. All members shall use all efforts at their command to effect the proper servicing of the accounts entrusted to their care. This duty shall be performed with an awareness that a conscientious discharge of the obligations to both principal and debtor will result in increased respect of the community for the mortgage banking industry.

12. Members shall consider a servicing contract to be an integral part of the mortgage banking correspondent system, and such a contract shall be terminated only with sufficient reason with the good faith nature of such a contract being recognized by both parties.

13. Members shall take all reasonable steps to assure that both investors and debtors are not unduly inconvenienced by the member's transfer of servicing.

14. Members shall act in conformity with applicable laws and regulations, and shall cooperate in every appropriate way with all governmental bodies in the interest of establishing and maintaining an efficient and fair framework for mortgage credit.

15. Members shall conduct their business without regard to the race, color, sex, religion, marital status, national origin, age, familial status, or handicap of the persons with whom he deals.

16. Members shall cooperate with the Ethics and Standards of Practice Committee in furnishing information relative to any investigation of a possible violation of the Canons of Ethics and Standards of Practice.

Violations of, and complaints concerning, the Canons of Ethics shall be filed with the Ethics & Standards of Practice Committee as provided in Article VIII, Section B of the Bylaws.