



BEST PRACTICES HANDBOOK

**A Manual of Ethical Guidelines
& Professional Standards for
Mortgage Professionals &
Originators**



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IAMP's Mission

The Illinois Association of Mortgage Professionals unites the interests of its members to meet the challenge of regulatory, technological, and competitive change. Its Mission is to prepare its members to work successfully, ethically, and profitably within the mortgage industry.

Ethical Standards Definitions

“Borrower” - As used in this Handbook refers to a client or a customer of a Mtg Professionals.

“Handbook” - Is defined as the Best Practices Handbook adopted by the Board of Directors of the IAMP.

“IAMP” - Illinois Association of Mortgage Professionals as referred to in this handbook.

“Mortgage Professional(s)” - Is defined in this Handbook as a member company of the IAMP and includes its registered loan officers and other employees.

“Predatory Lending” - Has no specific definition, but is commonly used and refers to what are considered abusive lending practices.

CODE OF ETHICS

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The Mortgage Professional shall act in accordance with any laws, rules and regulations that affect mortgage origination and in accordance with the By-Laws of the Illinois Association of Mortgage Professional.

The Mortgage Professional shall perform his/her business in a manner reflecting honor and integrity. He/she shall avoid and report fraudulent or unethical practices to the Association or State Agency charged with regulating the practices of brokers in the state of Illinois.

The Mortgage Professional shall abide by generally accepted principles of real estate valuation when reporting to the investor regarding the valuation of the collateral for a loan.

The Mortgage Professional shall advise the relevant parties of any equity interest he/she may have in the collateral offered as security for the mortgage loan.

The Mortgage Professional shall not advise, advertise or insinuate terms and conditions not available and not likely to be made available.

The Mortgage Professional shall not speak despairingly of the business practice of his competitor or of a transaction being negotiated by a competitor.

Disputes between members shall be resolved by decisions of the Ethics Committee.

Above all, Mortgage Professional will at all times have the interests of the client foremost in mind and will endeavor to serve each client in a professional manner.

Illinois Association of Mortgage Professionals

IAMP MEMBER'S PLEDGE

By signing an application for membership in the Illinois Association of Mortgage Professionals, every applicant signals his or her commitment to uphold IAMP's values as follows:

"I pledge to conduct my business in accordance with the laws, rules, and regulations of the state of Illinois, the federal government, and in accordance with the Best Practices Handbook and the Bylaws of the Illinois Association of Mortgage Professionals, and the National Association of Mortgage Brokers, as applicable. I understand that failure to do so may result in the termination of my membership without a refund."

Illinois Association of Mortgage Professionals

Standards of Professional Practice

Housing is one of the most basic of all human needs. Homeownership is an integral part of the fulfillment of the American Dream. IAMP members adhere to the highest standards of ethical and professional conduct while fulfilling this responsibility.

The following standards of Professional Practice are a model by which IAMP members can measure their performance. No Standards of Practice can dictate actions covering all situations. Common sense and good moral judgment are required in applying ethical principles to the complex realities of the mortgage broker's duties. Adherence to these Standards will enhance professionalism in the Mortgage industry and foster goodwill among those who do business with IAMP Members.

ARTICLE I HONESTY AND INTEGRITY

IAMP members, have a commitment to provide appropriate financing to meet the consumers needs.

IAMP members support consumers' right to be treated fairly and honestly, to be given equal access and full disclosure.

IAMP Members neither condone, nor engage in, nor allow themselves to be parties to unscrupulous appraisal practices.

IAMP Members offer only those interest rates and other loan terms to prospective borrowers that are reasonably likely to be realized at closing.

IAMP Members provide timely and accurate estimates of closing costs, and inform borrowers promptly if expenses change significantly, so that borrowers may look forward with confidence to closing without unanticipated surprises.

IAMP Members will decline participation in transactions in which other parties, principals, agents, or service providers, are overtly engaged in dishonest or fraudulent conduct.

IAMP Members will never ask borrowers or employees to sign a document that is blank.

ARTICLE II PROFESSIONAL CONDUCT

IAMP Members charge for services only such fees that are fair and reasonable and in accordance with general practice in the mortgage broker's market area.

IAMP Members strive to stay in close communication with borrowers and lenders to ensure that questions are promptly answered and all significant events or problems in a loan transaction are addressed in a timely manner.

IAMP Members adopt policies and procedures that enable the broker to avoid errors, fulfill compliance requirements, and meet transaction deadlines.

IAMP Members ensure that they and their employees are knowledgeable in the areas of Mortgage Brokerage in which they participate and are acting in accordance with sound industry practices.

IAMP Members are committed to quality continuing education focusing on industry principles and practices in order to bring the highest level of knowledge and expertise to their clients.

IAMP Members refrain from soliciting mortgage broker employees at their place of business via mail, phone, or email.

IAMP Members strive to provide the same high level of quality mortgage loan services to all borrowers regardless of education, level of sophistication, race, color, gender, marital status, religion, age, physical challenge, ancestry, or national origin.

IAMP Members, for the protection of all parties, ensure that all employment agreements are in writing, accurately reflect the agreement of the parties, and that each party, at the time of signing or initialing, receives a copy.

ARTICLE III HONESTY IN ADVERTISING

IAMP Members advertise only those loan terms and conditions available to qualified borrowers at the time of advertising, and likely to be available at closing.

IAMP Members state clearly in advertising and solicitations that rates and terms are as a specific date and are subject to change.

IAMP Members are knowledgeable regarding laws and regulations affecting advertising of mortgage rates, terms, and conditions, and strive to comply to the spirit, as well as the letter, of the law.

IAMP Members who purchase loan leads from third parties take all necessary steps to ensure that the leads came from a reputable companies which comply with Federal, State, and local laws and regulations.

IAMP Members disclose their membership in IAMP in oral and print advertising and include the IAMP logo, whenever possible, on stationary and business cards.

ARTICLE IV CONFIDENTIALITY

IAMP Members recognize that the information provided by borrowers in the course of applying for a home loan is deeply personal and private and holds the information confidentially, releasing only what is required for the purposes of arranging the mortgage, and to comply with lawful requests of law enforcement agencies or other legal requirements.

IAMP Members ensure that borrowers files, borrower lists, processing charts, and other materials containing private confidential information are maintained in locations and under conditions which protect that information from unauthorized view.

IAMP Members are careful to dispose of daily waste material and trash borrower information, generated in the course of loan processing, by shredding or an alternative destructive process, in order to prevent identity thieves or other unauthorized persons from obtaining client data from trash receptacles, or waste disposal sites.

IAMP Members dispose of loan files, after the regulatory term of three years for file retention has expired, by shredding or alternative destructive process, either by authorized staff or by hiring a professional document destruction firm whose integrity has been reviewed and assured.

ARTICLE V COMPLIANCE WITH LAW

IAMP Members are knowledgeable regarding rules, regulations, and laws pertaining to the mortgage industry.

IAMP Members recognize the constantly changing regulatory environment in which the mortgage industry exists, and keep their knowledge current by being attentive to industry publications, and by participating in seminars, workshops, and classes created to assist them in maintaining compliance expertise.

IAMP Members monitor the actions and policies of their employees and associates to ensure compliance with local, state, and federal laws pertaining to the industry.

IAMP Members maintain quality control procedures to track compliance and prevent fraud by any of the parties involved in the loan process.

ARTICLE VI DISCLOSURE OF FINANCIAL INTERESTS

IAMP Members, when recommending or suggesting the use of services of other professionals or entities, disclose any direct interest they have in the professional's or entity's enterprise, or compensation they may realize from the recommendation or referral.

IAMP Members, whenever they are the Buyer/Seller in a transaction involving the purchase or refinance of property, shall inform other parties in the transaction of their professional status, and whether they will be receiving financial gain.

IAMP's STAND ON ABUSIVE LENDING PRACTICES

Equal access, full disclosure and objective evaluation

The Illinois Association of Mortgage Professionals supports consumers rights to be treated fairly and honestly, and to be given equal access, full disclosures, and be subject to an objective evaluation of their creditworthiness.

Mortgage professionals shall utilize recognized standards including work history, creditworthiness, down payment capacity and debt-to-income ratios to evaluate and process loan applications. They strive to provide consumers with a variety of options based on each consumer's individual financial situation and long-term goals. Professional loan originators explain all relevant loan information and give consumers the time necessary to make informed and considered decisions regarding their home financing choices. By contrast, abusive lending practices are based on fraud, deception, coercion and greed. The IAMP unconditionally denounces abusive lending practices.

ABUSIVE LENDING is intentionally placing consumers in mortgage loans with significantly worse terms and higher costs than loans offered to similarly qualified consumers, by the majority of mortgage brokers or lenders in the region, for the primary purpose of enriching the loan originator, with little or no regard for the costs to the consumer.

Abusive lending is not only unethical, but is often a violation of State and Federal law! Examples include:

- **Fraud:** Forged loan documents, falsified tax returns or other documents, overstating income or assets to qualify borrowers for loans they cannot afford, inflated appraisals.
- **Discrimination:** Charging higher rates and fees, with less favorable terms, to borrowers based on their race, national origin, age, marital status or neighborhood, than would be charged according to traditional factors such as employment history, credit record, and sufficient income to make required mortgage payments.

- **Misrepresentation:** The costs or loan terms at closing are not as advertised, or as presented at the time of application, and which are not properly disclosed prior to closing as mandated by law.
- **Bait and Switch:** Qualified borrowers are steered away from affordable options for the express purpose of increasing fee income to the unethical loan originator.
- **Non-Disclosure:** Key costs, fees, and terms are not disclosed, or inaccurately or only partially disclosed in violation of law and State and Federal lending regulations.

To protect consumers from falling victim to abusive lending practices, the Illinois Association of Mortgage Professionals encourages its members to advise borrowers to:

- Never sign a blank document.
- Read all documents carefully and ask questions. Do not be hurried into signing anything you do not clearly understand. Stop the entire transaction if you feel you are not getting clear answers.
- Be wary of telephone, mail or e-mail solicitations, especially promises that seem "too good to be true." Experience shows they probably are.
- Do not be pressured into applying for more money than you can reasonable be expected to pay back according to the terms of your loan.
- Get copies of all loan documents, especially anything you have signed.
- Whenever possible, seek recommendations from friends, associates, and other trusted advisors, to assist in selecting a broker or lender.

Consumer complaints may be directed to the regulatory agency responsible for, and who has authority over, the area of dispute.

AGENCIES REGULATING MORTGAGE BROKERAGE IN ILLINOIS

Division of Banking

Springfield Office
500 East Monroe Street
Springfield, IL 62701
Phone: 217-782-9043
Fax: 217-782-6170

Chicago Office
122 South Michigan, Ste 1900
Chicago, IL 60603
Phone: 312-793-3000
Fax: 312-793-7097

U.S. Dept. of Housing & Urban Development (HUD)

451 7th Street SW
Washington, DC 20410
Phone: 202-708-1112
www.hud.gov

Federal Trade Commission

Pennsylvania & 6th St. N.W.
Washington, DC 20580
Phone: 202-326-2222
www.ftc.gov
FTC Consumer Response Line
877-FTC-HELP

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