



MISSION STATEMENT

The California Association of Mortgage Brokers promotes the highest standards of professional and ethical conduct, among which are expert knowledge, accountability, fair dealing, and service to our clients and our community. The Association provides education, legislative and regulatory representation, and public relations for its membership and the mortgage industry, while serving as a forum for the development of common business interests.

CODE OF ETHICS

The members of the California Association of Mortgage Brokers, believing that the interest of the public and private sectors are best served through the voluntary observance of ethical standards of practice, hereby subscribe to the following Code of Ethics.

Honesty and Integrity

CAMB members shall conduct business in a manner reflecting honesty, honor, and integrity.

Professional Conduct

CAMB members shall conduct their business activities in a professional manner.

Honesty in Advertising

CAMB members shall endeavor to be accurate in all advertisements and solicitations.

Confidentiality

CAMB members shall avoid unauthorized disclosure of confidential information.

Compliance with Law

CAMB members shall conduct their business in compliance with all applicable laws and regulations.

Disclosure of Financial Interests

CAMB members shall disclose any financial interest they may have in a loan transaction.

CALIFORNIA ASSOCIATION OF MORTGAGE BROKERS



STANDARDS OF PROFESSIONAL PRACTICE

Preamble

A Guide to Ethical and Professional Practices in Mortgage Brokerage

Housing is one of the most basic of all human needs. Home ownership is an integral part of the fulfillment of the American Dream. Members of the California Association of Mortgage Brokers (CAMB) act as consumer advocates while obtaining the finest financing that is available for the achievement of this dream. The role of the CAMB member is an honor as well as a social responsibility. CAMB 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 CAMB members can measure their performance. No Standards of Practice can prescribe actions covering all situations. Common sense and good moral judgment are required in applying ethical principles to the realities of Mortgage Brokering. Adherence to these Standards will enhance professionalism in the Mortgage Brokerage industry and foster goodwill among those who do business with the CAMB members.

ARTICLE I HONESTY AND INTEGRITY

CAMB members shall conduct business in a manner reflecting honesty, honor, and integrity.

CAMB members, whether by law or by professional commitment, have a fiduciary duty to their clients, and strive to maintain absolute fidelity to their borrowers' best interests.

CAMB members support consumers' right to be treated fairly and honestly, to be given equal access and full disclosure, and to be subject to an objective evaluation of their creditworthiness.

CAMB members encourage borrower loan requests only when there will be a clear benefit to the borrower upon closing, such as realization of property ownership, improved financial situation, or achievement of one or more of borrower's stated financial goals.

CAMB members will never knowingly arrange a loan beyond the ability of the borrower to repay per the terms of the applicable promissory note, or which will place the borrower's ownership interest at such risk that its loss may be reasonably foreseen, based on the borrower's circumstances at the time the loan is made.

CAMB members make full disclosure of all pertinent facts to parties to a transaction, neither withholding relevant information nor being a party in any way to false representations.

CAMB members neither condone, nor engage in, nor allow themselves to be parties to unscrupulous appraisal practices.

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

CAMB 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.

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

CAMB members will never ask borrowers or employees to sign a document in blank

ARTICLE II PROFESSIONAL CONDUCT

CAMB members shall conduct their business activities in a professional manner.

CAMB members refrain from any practices that are contrary to the best interest of the public or that are not in keeping with the dignity and integrity of the Mortgage Brokerage profession.

CAMB 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.

CAMB 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 conveyed in a timely manner.

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

CAMB 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.

CAMB members are committed to continuing education regarding industry principles and practices in order to bring the highest level of knowledge and expertise to their clients.

CAMB members stand for harmonious relations, founded on mutual respect among mortgage professionals, within the competitive brokerage industry. CAMB members refrain, therefore, from publicly criticizing colleagues or their business practices; however, if the opinion of the CAMB member is sought, it is rendered with integrity and a careful regard for the reputation of the industry.

CAMB members refrain from soliciting borrowers who have signed an application with another reputable broker, and whose loan is already in process, unless the borrower initiates the contact and clearly expresses dissatisfaction with the terms or service of the original broker.

CAMB members, for the protection of all parties, ensure that all agreements are in writing, accurately reflecting the agreement of the parties, and that each party, at the time of signing or initialing, receives a copy.

CAMB members 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.

ARTICLE III HONESTY IN ADVERTISING

CAMB members shall endeavor to be accurate in all advertisements and solicitations.

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

CAMB members state clearly in advertising and solicitations that rates and terms are subject to change and include the date quoted rates were available.

CAMB members decline opportunities to participate in multi-broker charts for advertising purposes which require projection of rates and fees that may or may not be available to borrowers when the chart is published. If participation in such a chart is necessitated by business considerations, CAMB brokers will request consumers to call for rates, rather than advertise rates which may not materialize.

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

CAMB members who purchase loan leads from third parties take all necessary steps to ensure that the leads were originally obtained through advertising which meets CAMB standards for honesty and full disclosure, and complies with Federal, State, and local laws and regulations.

CAMB members disclose their membership in CAMB in oral and print advertising and include the CAMB logo, whenever possible, on stationery and business cards.

ARTICLE IV CONFIDENTIALITY

CAMB members shall avoid unauthorized disclosure of confidential information.

CAMB members recognize that the information provided by borrowers in the course of applying for a home loan is deeply personal and private and hold the information in the utmost confidentiality, releasing only what is required for the purposes of arranging the mortgage, and to comply with lawful requests of law enforcement agencies.

CAMB members refrain from divulging non-public borrower information in conversation with persons not directly involved in processing or funding a client's loan request, even with other professionals in the mortgage industry.

CAMB members ensure that borrower 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.

CAMB members are careful to dispose of daily waste material and trash featuring client 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.

CAMB members dispose of loan files, after the regulatory term 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.

CAMB members take all necessary steps to safeguard client confidential data stored on magnetic disks or tapes, and that, when such disks or tapes are to be discarded, they are electronically scrubbed or physically destroyed to eliminate any chance data may be recovered by unscrupulous persons.

ARTICLE V COMPLIANCE WITH LAW

CAMB members shall conduct their business in compliance with all applicable laws and regulations.

CAMB members are knowledgeable regarding rules, regulations, and laws pertaining to the mortgage industry, and maintain reference materials where such rules, regulations, and laws may be researched and confirmed.

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

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

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

CAMB members refrain from engaging in activities beyond the scope of their expertise. If their clients require additional expertise, CAMB members may refer them to a professional who specializes in that field.

ARTICLE VI DISCLOSURE OF FINANCIAL INTERESTS

CAMB members shall disclose any financial interest they may have in a loan transaction.

CAMB 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.

CAMB members, whenever they are principals in a transaction involving the purchase or refinance of property, scrupulously inform other parties in the transaction of their professional status, and whether they will be receiving financial gain.

CAMB members are fully knowledgeable regarding DRE regulations concerning trust accounts, advance fees, and collection of unearned compensation.

(CAMB - 2004)



CALIFORNIA ASSOCIATION OF MORTGAGE BROKERS (CAMB) CONSUMER EDUCATION AND PROTECTION WORKSHEET

Helping Borrowers Select Their Best Mortgage Fit

Buyer Name: _____
Address: _____
Telephone: _____ Email: _____

The objective of this worksheet is for the prospective borrower and broker to have an educational dialogue that enables the borrower to make an informed mortgage decision and empowers the broker to fit the borrower to the best possible loan. The broker and borrower should take ample time to review and discuss each section thoroughly, and the broker should answer every question so the borrower has the support and information to make an educated decision.

I. BORROWER'S GOALS

What are the borrower's goals and reasons for this financing?

- Are you purchasing _____ or refinancing _____?
- If refinancing, why? _____
- What is most important to you about this mortgage?
What is your financial goal?

- Rank the following in order of importance (1 being most important, 4 being least important)
- Payment amount _____ Loan Amount _____
 - Cost _____
 - Interest rate _____
 - Down payment amount _____
- How long do you intend to live in the home? _____
- Will you be saving for educational expenses? Yes No
- Will you be saving for retirement? Yes No
- How many years before you plan on retiring? _____
- Will you consolidate debt? Yes No
- Discussion on priorities:

II. BORROWER'S CURRENT FINANCIAL STATUS

Consider your current outstanding debts, employment outlook and other financial factors.

- Credit score _____
- Source/Date of Score _____
- Total amount of consumer credit debt: _____
- Attach a list of credit if applicable
- My gross monthly income is \$ _____
Decline to State: _____ Initial: _____
- Can you verify your income? Yes No
- Can you verify all sources of funds? Yes No
- Can you verify all your assets? Yes No
- Income and Employment History: _____

- How much monthly housing expense are you comfortable with, including property tax and insurance? _____
- Estimated debt to income ratio: housing _____, total debt _____

III. BORROWER'S LOAN AMOUNT ESTIMATE

The goal of this section is to estimate how much you can afford to borrow. Compare what you can afford with what you want to buy and what you will be comfortable spending:

- How much money are you able to invest in a down payment, if any? \$ _____
- Are you going to borrow money to make a down payment, and if so, from where? Yes No

IV. PRE-APPROVED vs. PRE-QUALIFIED MORTGAGE

Pre-approved consists of credit and application review by an underwriter and a written approval from the lender for a specific loan amount. Pre-qualified consists of a verbal conversation with a broker who provides an estimate of the amount you qualify to borrow.

- Are you pre-approved or pre-qualified for a mortgage? Yes No
- For how much: \$ _____
- Type of loan _____

V. 60 MONTH ANALYSIS

The goal of this section is to project to the best of your ability where you will be financially in the future. Keep in mind any potential expected changes in your financial standing:

- In the next 2-5 years, I estimate my income to be: \$ _____
- In the next 10 years, I estimate my income to be: \$ _____
- Do you expect the size of your family to increase or decrease in the coming years? _____
- Other financial considerations such as retirement, job location, college education (attach separate list if needed):

VI. MORTGAGE OPTIONS

Following are available mortgage options. The broker will provide an overview, including advantages and disadvantages, of the appropriate program(s). Both the borrower and the broker should initial, indicating you, the borrower understand what was explained.

Advantages / Disadvantages

- Arm v. fixed (5 year, 30 year, 40 year, 50 year, other)
- Hybrid v. fixed (5 year, 30 year, 40 year, 50 year, other)
- Interest Only Loans
- Monthly Payments
- Principal Balances
- Pick a Payment
- How each loan/payment works
- Does my payment fluctuate and when will it fluctuate?
- How long will it take to build equity?
- How long to pay off my loan?

Borrower: _____ Broker: _____

VII. MORTGAGE LOAN DISCLOSURE

Review with your broker the federal and state disclosure forms ("Truth in Lending" and "Mortgage Loan Disclosure Statement") regarding the costs of the mortgage.

- Did you read and understand the Truth in Lending form? Yes No
- Did you read and understand the Mortgage Loan Disclosure Statement Yes No

VIII. BROKER RECOMMENDATION

The goal of this section is to list the recommended program. There is no guaranteed approval for a loan because of other information that may not be known at this time.

- The recommended program: _____
- Purchase Price: _____
Down Payment: _____
- Loan Amount: _____
- Fully Indexed Rate: _____
Payment Rate: _____
Term: _____
- Adjustment Period: _____
Index: _____
Margin: _____
- Life Interest Cap: _____
Per Adjustment Cap: _____
1st Adjustment: _____
- Fees: _____
Other: _____
- Why this option is recommended: _____

- Additional explanation: _____

- Borrower's initials: _____ (Borrower understands the terms)

IX. BORROWER'S DECISION

List reasons why the borrower chose this program and if it differs from what was recommended:

- Decided on _____ as the best option
- If the option differs from the broker's choice, list reasons why a different option was chosen: _____

X. COMMENTS

Additional comments and borrower feedback.

- After counsel, borrower chose to _____, not to _____ accept my recommendation.
- Additional Comments: (Why You Chose or did not choose the recommendation) _____

- Borrower feedback: _____

Broker's Signature: _____
Borrower's Signature: _____