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SECRETARY OF BANKING

January 12, 2007

To Licensees under the Mortgage Bankers and Brokers and Consumer Equity Protection Act:

The Pennsylvania Department of Banking has issued a statement of policy regarding first mortgage loan business practices under the Commonwealth's Mortgage Bankers and Brokers and Consumer Equity Protection Act (MBBCEPA). Enclosed is a copy for your information.

Sections 313(a)(5) and (14) of the MBBCEPA¹ authorize the Department to suspend, revoke or refuse to renew a license if a licensee engages in dishonest, fraudulent, illegal, unfair, unethical, negligent or incompetent conduct in connection with any act for which the licensee is required to hold a license. While it is not regulation and does not have the force of law, this statement of policy provides you with important guidance regarding the Department's review of Sections 313(a)(5) and (14) of the MBBCEPA. The policy became effective December 16, 2006, the date it was published in the Pennsylvania Bulletin (36 Pa.B. 7622).

As a matter of background, the Pennsylvania House of Representatives passed a resolution urging the Secretary of Banking to study residential lending practices in Pennsylvania and to provide recommendations to the General Assembly. This statement of policy is the first of two administrative steps being taken by the Department in response to the resulting March 2005 statewide mortgage foreclosure study, report, and recommendations. The next step will be the promulgation of regulations regarding the proper conduct of lending and brokering in the mortgage loan business under the Department's licensing statutes. If you would like to learn more about the foreclosure report, the development of this policy statement (including the transcripts of a September 2006 public hearing) or the status of the soon-to-be proposed regulations, please visit www.banking.state.pa.us.

If you have questions regarding the statement of policy, please contact the Department at (717) 772-3889. Thank you for your cooperation.

Sincerely,

Victoria A. Reider
Acting Secretary of Banking

¹ 63 P.S. § 456.313(a)(5) and (14)