



**pennsylvania**  
DEPARTMENT OF BANKING

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SECRETARY OF BANKING

April 13, 2007

To All Licensees and Partially-Exempt Entities under the Mortgage Bankers and Brokers and Consumer Equity Protection Act, Secondary Mortgage Loan Act and Consumer Discount Company Act:

As you no doubt know, the Department of Banking has been deeply involved in a comprehensive review of the practice of mortgage lending and brokering in the Commonwealth of Pennsylvania. Over the past three years we have studied and documented the state's mortgage landscape, issued a statement of policy with regard to unethical lending practices, worked with the industry and advocacy community to develop soon-to-be-proposed regulations, and collaborated with the Legislature to draft six pieces of legislation. For more information about the substance and status of this ongoing work, please visit [www.banking.state.pa.us](http://www.banking.state.pa.us).

Pennsylvania's activity is taking place in a broader context; federal and state regulators are also extremely active in the mortgage marketplace. Last September, the Office of the Comptroller of the Currency, the Federal Reserve, the FDIC, the Office of Thrift Supervision and the National Credit Union Administration joined together to issue joint guidance for depository entities with regard to sound business practices in the area of nontraditional mortgage lending. Similar guidance applicable to nondepository institutions was developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for issuance by each state, a copy of which is attached and is also available on the Department's website at [www.banking.state.pa.us](http://www.banking.state.pa.us). We believe that this document provides excellent insight regarding appropriate, effective and sound business practices in the mortgage marketplace.

Should you have questions about how to incorporate these practices into your business, we would be pleased to assist you. Please feel free to contact the nondepository division of the Department's Bureau of Supervision and Enforcement at (717) 772-3889. Thank you for your thoughtful review of this guidance and your cooperation.

Sincerely,

Victoria A. Reider  
Acting Secretary of Banking

Enclosure