

## MODEL MORTGAGE LENDER PLAN

- I. AUTHORITY AND OBJECTIVES. The Plan herein described has been developed to promote the policy of the United States, as expressed in Title VIII of the Civil Rights Act of 1968, "to provide, within constitutional limitations, for fair housing throughout the United States," and implement the following Federal statutes, executive orders and guidelines:

The 1866 Civil Rights Act, interpreted by the Supreme Court in *Jones V. Mayer*, 392 U. S. 409, to prohibit discrimination in the acquisition or disposition of all real property;

Executive Order 11063, 27 F.R. 11527, which directs Federal agencies to prevent discrimination in residential mortgage lending practices insofar as the loans are insured by the Federal government;

The 1968 Civil Rights Act, Title VIII, Section 805, prohibits discrimination by financial institutions that make commercial real estate loans for residential acquisition and improvement. Section 809 of the Act requires the Secretary of HUD "to work out programs of Voluntary Compliance and Enforcement" with persons in the housing industry and other interested parties."

Title V of the 1965 National Housing Act, as amended, which states that "no Federally related mortgage loan, or Federal insurance, guaranty, or other assistance in connection therewith (under this or any other Act), shall be denied to any person on account of sex; and every person engaged in making mortgage loans secured by residential real property shall consider without prejudice the combined income of both husband and wife for the purpose of extending mortgage credit in the form of a Federally related mortgage loan to a married couple or either member thereof."

HUD advertising guidelines for fair housing indicate graphic and written references appropriate for the preparation, publication and general use of advertising matters in connection with the marketing of residential properties.

- a. The Mortgage Lender Group and its individual members whose names and authorized signatures appear in Part X of this Plan.
  - b. Non-member Mortgage Lender corporations, associations, partnerships, or other entities whose names and signatures appear in Part X of this Plan.
  - c. The U. S. Department of Housing and Urban Development through the authorized signatures appearing in Part XI of this Plan.
  - d. Non-signatory Mortgage Lender corporations, associations, partnerships, or other entities may become signatories at any time during the life of this Plan, provided that the entity first advises the Department of Housing and Urban Development of its intention in writing to become a signatory, and provided that the Department approves and accepts the offer made by the entity. The new signatory shall sign both the Lender Group and HUD copies of this Plan.
- III. SCOPE. The Parties agree that this Voluntary Affirmative Mortgage Lending Program is applicable to all housing loan applications received by signatory lenders.
- IV. PROGRAM. The Lender Group and its signatory members agree to adopt and undertake the following affirmative steps designed to implement the purposes of this Plan.
- V. MORTGAGE LENDER GROUP RESPONSIBILITIES.
- a. Establish an Equal Opportunity Committee within the Lender Group structure which will include members of minority and women's groups. This committee will have three basic functions:
    - (1) Monitor the affirmative program set forth in this Plan.
    - (2) Investigate alleged violations of the program, or complaints of discrimination, and recommend appropriate disciplinary action, when warranted, to the firm involved; and
    - (3) Meet at least quarterly with representative of HUD and a Community Resource Board to assess progress.

- b. Develop a "Code of Fair Lending Practices" for endorsement by each member firm.
- c. Devise Uniform Office Procedures for all member firms, insofar as practical, to eliminate procedural errors which may have the appearance or effect of discrimination. These should include:
  - (1) Prohibiting the use of discriminatory criteria for according loans to women based on marital status, and discounting the income of employed women;
  - (2) Posting the Group's "Code of Fair Lending Practices" in a conspicuous place in each office location; and
  - (3) Maintaining a registry of loan applicants, each applicant's name, home address, telephone number, race and sex, and amount of loan desired.
- d. Adopt Standard Application Forms for Mortgagees and recommend to member firms.
- e. Devise Uniform Written Criteria for Evaluating Applications and recommend their adoption to member firms for communication to all relevant employees. Said criteria should be applicable to:
  - (1) receipt of a loan application or inquiry
  - (2) analysis of an applicant's qualifications at the underwriting stage
  - (3) establishing a loan-to-value ratio for the mortgage
  - (4) discounting a loan to meet market conditions
  - (5) calculating impounds, escrows, fees, or other settlement costs
  - (6) the service provided during the life of the mortgage or deed of trust
- f. Develop An Advertising Program which, at a minimum, shall include the following:
  - (1) Publish and distribute copies of the "Fair Lending Practices Code" to all members with a cover letter noting its adoption by the Group and a recommendation

that the Code be distributed among all agents and employees of each member firm with insistence upon compliance.

- (2) Use the Code as part of any orientation course offered by the Group.
  - (3) Inform the public about the Fair Lending Code by periodically publishing its essential provisions in lending section of local newspapers, including any newspaper published primarily for minority families.
  - (4) Request its members to use the Equal Housing Lender Logo in any of its block listed advertising and pamphlet literature.
- g. Undertake Training Programs for the employees of mortgage lender firms, with assistance from HUD's Area Office FHEO staff or from an appropriate State or local human rights agency, in order to sensititize employees to relations with minority clients, and to acquaint them with State and Federal fair mortgage lending laws. Management will participate in the program by explaining and emphasizing its policy for fair mortgage lending and by describing the provisions and goals of this Plan.
- h. Employment Program.
- (1) The Lender Group shall maintain a non-discriminatory policy in company employment practices as required by Title VII of the 1964 Civil Rights Act, as amended by the Equal Opportunity Act of 1972.
  - (2) The Lender Group has agreed to establish an Affirmative Recruitment and Placement Program for minority persons and women. This program shall include training and employment goals proportionate to the minority and female population in the area in which the Lender Group conducts its business. Such goals should be directed towards the recruitment and placement of minorities and women in managerial, solicitation, sales and other skilled positions.

- (3) The employment qualification standards for recruitment and placement of minority and female personnel shall be no more stringent than the standards that have been applied to white male personnel in such positions in the past.
- (4) Each Lender Group shall advocate that its members adopt and implement an affirmative recruitment program comparable to the one above.
- i. Authorization of Expenditures. The Lender Group shall authorize reasonable expenditures, as needed, to appropriately carry out the program set forth in this Plan.

VI. INDIVIDUAL SIGNATORY RESPONSIBILITIES.

a. Internal Educational and Training Program.

- (1) Each individual signatory to this Plan shall, within thirty (30) days of its signing, conduct an educational and training program for their employees and agents to inform them of its provisions and their duties under applicable Fair Housing Laws. Such program shall include:
  - (a) A copy of this Plan to be furnished to each agent and employee with an explanation of the goals and provisions thereof;
  - (b) Duties, obligations and rights under applicable Fair Housing Laws:
- (2) In order to ensure that all employees and agents of the Lender understand and comply with the racially nondiscriminatory procedures and affirmative steps described in this plan, the individual signatory shall, within forty-five (45) days of its signing, or within forty five (45) days of initial employment, obtain from each employee a signed statement indicating awareness of and willingness to abide by its provisions. Each employee and agent shall be advised that failure to follow the provisions of this Plan will result in appropriate disciplinary action, including the prospect of dismissal.

- (3) The Individual Lender shall also inform, by written communication, its affiliates and/or subsidiaries

of the provisions of this Plan. The Individual Lender shall instruct the management of its affiliates and/or subsidiaries that its agents or employees should maintain a nondiscriminatory policy in housing without regard to race, creed, color, sex, religion or national origin.

b. Employment and Training Program

- (1) Each signatory shall maintain a nondiscriminatory policy in company employment practices as required by Title VII of the 1964 Civil Rights Act, as amended by the Equal Opportunity Act of 1972.
- (2) Each signatory agrees to establish an affirmative recruitment training and placement program for minority persons, to include minority and female employment goals proportionate to the minority and female population in the area in which the signatory conducts its business directed towards managerial, solicitation, sales and other skilled positions.
- (3) The employment qualification standards for recruitment and placement of minority and female personnel shall be no more stringent than the standards which have been applied to white male personnel in such positions in the past.

c. Office Procedures and Techniques

- (1) Each Individual Lender shall adopt and implement objective, reviewable standards and procedures for processing and passing upon an application for a loan or other financial assistance. The written standards and procedures of the Individual Lender shall be supplied to the Department.
- (2) It is a violation of this Plan for the Individual Lender to employ different or more stringent procedures or standards in accepting or processing the application of any person on account of race, color, sex, religion, or national origin.

- (3) Within 15 days after the effective date of this Plan, each signatory shall have imprinted on loan application forms, and all other documents

used in a loan transaction, a visually prominent box notice containing the statement that the Civil Rights Act of 1968, Title VIII, Section 805, makes illegal discrimination in mortgage lending practices.

- (4) HUD shall provide technical assistance, as requested by the Lender, in developing or in measuring the effectiveness of the above procedures.
- d. Advertising and Publicity Regarding Policy of Fair Housing. Each individual Lender Signatory shall inform the public generally, and its customers or clients specifically, of its nondiscriminatory policy and its compliance with the provisions of the HUD Advertising Guidelines for Fair Housing, attached hereto as Attachment A, and by the following methods:
- (1) Post and maintain the Equal Housing Lender logo in each of their offices and on all site signs as to be readily seen by all visitors.
  - (2) Require that its agents, associates, partnerships, subsidiaries and all those in active concert or participation therewith post and maintain a sign of conspicuous size and in a conspicuous location containing the Equal Lender Logo in each of their offices.
  - (3) Include the Equal Housing Lender Logo in all written, pictorial, or verbal advertising relating to any development in which it has an ownership or management interest, and which appears in the public media, billboards, signs, brochures, pamphlets and in other promotional literature, applications, sales and financing agreements, property reports, and other materials relating to solicitation and sales.
  - (4) Indicate by appropriate words in all radio advertisements or promotions the following language: Loans and financial assistance to all persons without regard to race, color, sex, religion or national origin.

- (5) Provide all media with information explaining the Affirmative Mortgage Lending Program and the opportunities for Equal Lending on a regularly

scheduled basis.

VII. DEPARTMENTAL RESPONSIBILITIES.

- a. HUD will organize a Community Housing Resources Board, consisting of representatives of community organizations throughout the metropolitan area that have substantial interest in housing and equal opportunity. The Lenders will meet regularly with the Community Housing Resources Board to discuss any problems which may arise in the implementation of this Plan and to assess its progress.
- b. The appropriate Area Office of the Department will receive reports as indicated and will provide technical assistance upon request by a Signatory.

VIII. REPORTS. Every three months thereafter, following the signing of this Plan, the Lender Group shall provide to the HUD Area Office reports reflecting the following:

- a. The name and address of each minority and female applicant for a mortgage loan or other housing related financial assistance.
- b. The date the application was received.
- c. The disposition of the application and the date thereof.
- d. A detailed description of the Signatory's efforts to reach the minority community including the number of persons contacted by each form of solicitation (for any newspaper, radio or television used, the circulation or estimated audience will satisfy this requirement).
- e. A detailed description of the steps taken to comply with Parts V and VI.
- f. A representative sample of advertising copy used during the reporting period pursuant to Parts V and VI.
- g. Copies of any new or changed written standards pursuant to Parts V and VI.

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APPENDIX H

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IX. DURATION.

- a. This Plan shall be effective when approved by the Assistant Secretary for Fair Housing and Equal Opportunity, HUD, and shall remain in effect for one year. However, where an evaluation of the Plan at any time during its term reveals that reasonable progress is not being made toward achieving its objectives, the Plan may be modified upon consent of the parties.
- b. Where the parties are unable to agree upon the terms of a modification, HUD or the Lender Group may terminate the Plan. Sixty (60) days prior to the date of its scheduled expiration, representatives of the Mortgage Lender Group, the Community Housing Resources Board, and HUD will meet to evaluate the effectiveness of the Plan and determine whether it, or some modification thereof, should be adopted for the following year.

X. ADOPTION AND LENDER SIGNATORIES

Adopted by the Board of Directors of the \_\_\_\_\_  
 \_\_\_\_\_ at a special meeting held on \_\_\_\_\_,  
 19\_\_\_\_, at \_\_\_\_\_ and certified as a  
 true and correct copy.

For the \_\_\_\_\_

\_\_\_\_\_  
 Executive Secretary

\_\_\_\_\_  
 President

For Member Firms:

Firm Name

Firm Representative

\_\_\_\_\_  
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APPENDIX H

XI. HUD SIGNATORIES

This Plan has been approved by the Area Manager, \_\_\_\_\_,  
 on \_\_\_\_\_, at \_\_\_\_\_;

by the Regional Administrator, \_\_\_\_\_, on  
\_\_\_\_\_, at \_\_\_\_\_; and by the  
Assistant Secretary for FHEO, \_\_\_\_\_, on \_\_\_\_\_,  
at \_\_\_\_\_.

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