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### **Do Not Call Compliance Impacts the Mortgage Industry**

**The Issue:** The federal government formally established the Do Not Call (“DNC”) registry in December 2002 and launched it in June 2003 with joint enforcement from the Federal Trade Commission (FTC) and Federal Communications Commission (FCC). In addition, currently 16 states have enacted their own Do Not Call List. These states include Alaska, Colorado, Florida, Indiana, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, Oklahoma, Pennsylvania, Tennessee, Texas, Wisconsin, and Wyoming (As of December 2005).

The DNC laws were originally enacted to curb unwanted telemarketing calls, but the reality is these laws apply to *all* U.S. companies that make sales transactions over the telephone – including mortgage companies.

The DNC laws essentially change the way mortgage companies must conduct business. Mortgage companies must take 8 definitive steps to fully protect themselves from federal and state fines. The federal law gives each state attorney general the right to prosecute at the state level, so if originators call consumers that reside in a state that has its own DNC list, they risk incurring fines from the state *and* from the federal government. Federal fines are \$11,000 per call and some state fines are even higher. Fines can be levied both personally to the individual originator and to their employer.

#### **Those 8 Steps to DNC Compliance**

- 1) Employer to obtain SANS number
- 2) Create written Compliance Manual (Policies and Procedures)
- 3) Train employees and document training process
- 4) Maintain complete and adequate records
- 5) Maintain “self-expiring” records of inbound consumer requests
- 6) Maintain “self-expiring records of past customers
- 7) Maintain a “real-time” internal “Do Not Call” list
- 8) Check and document all outbound calls against current copy of National “Do Not Call” list and company “Do Not Call” list before employees place a call

**Note:** The Federal “Do Not Call” list must be less than 31 days old and obtained using employer’s SAN number.

The fact that 40% of FCC citations were issued to mortgage companies shows a clear lack of information being disseminated within the industry. Many mortgage companies are misinformed about or unaware of the DNC laws. Originators think that the DNC laws don’t apply to them because they don’t make traditional cold calls – they only call realtor referrals, past client referrals, or purchased leads that have been “scrubbed”.

They're wrong in all cases. The fact is that any outbound call that originators make to someone whom they do not have an established and direct business relationship with or where the consumer did not make a direct inquiry must first be run against the DNC registry. Realtor referrals, past client referrals, or purchased leads are third party inquiries and therefore must be first run against the DNC registry before a call is made. Even when originators contact direct inquiries or consumers with whom they have a established and direct business relationship, they must have an auditable record-keeping system in place. After all, the burden of proof is on the calling entity to show outbound calls are legally made.

Mortgage companies can also incur an \$11,000 per day fine by the state and federal government for not having a SAN, a Subscription Account Number, - their license to make sales calls and for not having an adequate company DNC policy in place.

Companies are challenged to react swiftly. Small to mid-sized companies are at a disadvantage because they lack the available staff, technology and funds to put the proper procedures into place. Large companies find it difficult to regulate and monitor the activities of their staff.

**The solution:** Can Call List is a complete outsourced call compliance solution, made affordable for mid-sized and small companies. The federal government requires that any company making out bound calls must secure a SAN, run each and every call against the DNC list, maintain a auditable call tracking system, provide extensive DNC training to all employees, distribute written compliance manuals to each member of its staff, enact an internal real-time company DNC list, and maintain detailed records of inquiries, current customers, and former clients. Can Call List does all of this for companies while providing an easy-to-use interface for managing and updating call lists. Can Call List keeps companies compliant at both the federal and state levels, checking the federal registry and appropriate state list. Can Call List offers free educational seminars on DNC Compliance accessible from their website. For more information on the company visit <http://www.CanCallList.com/default.htm> .

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### ***Whom can you call and when?***

- If a consumer requests information directly from you about your product or service: you may contact that consumer for 90 days following the inquiry even if the consumer is on the "Do Not Call List"
- Customers who have a past business relationship with you: You may contact that consumer for 18 months following the settlement date even if the consumer is on the "Do Not Call List"
- Consumers that have given you written permission to call them, even though they are on the "Do Not Call List": this permission can be withdrawn at anytime
- Any consumer not on the "Do Not Call List" after you have verified this fact before the initial and all subsequent calls
- Anyone with whom you have a personal relationship. For example, spouse, children, mother, father or personal friend. Caution: you must be able to demonstrate this personal relationship

***Whom you may never call!***

- Anyone on your company’s “Do Not Call List”
- Any out-of-subscription area codes
- Anyone who is on the federal or state “Do Not Call List”(lists) that has not met the following criteria:
  - Inquired about the product or service you are soliciting in the last 90 days
  - A prior customer for the product or service you are soliciting in the last 18 months
  - Given us written permission to call

***HomeFirst Mortgage Corp.’s Company Policy***

- Read, understand and comply with our “Do Not Call” Policy
- Failure to comply with this policy will subject you to the any and all penalties
  - Governmental fines up to \$11,000 per non-compliant phone call
  - Termination of your employment

***The Can Call List System***

- As part of our compliance policy, we have contracted with CanCallList.com
- Prior to making any and all phone calls, it is required that you check the phone number’s status using this system
  - The system will determine if the phone number can be called under the provisions of the federal and state Do Not Call laws.
- The Can Call List System is available worldwide via the Internet at <http://CanCallList.com/default.htm> which provides:
  - Phone number maintenance
  - Check call status
  - Check call status (uploaded file)

***Reference URLs***

- CanCallList.com Help Center: <http://help.cancalllist.com/help/afmhome.aspx>
- CanCallList.com Online Seminar: [http://cancalllist.com/vti\\_bin/shtml.dll/Seminar.html](http://cancalllist.com/vti_bin/shtml.dll/Seminar.html)
- Q&A for Telemarketers and Sellers About the Do Not Call Provisions of the FTC’s Telemarketing Sales Rule: <http://www.ftc.gov/bcp/online/pubs/alerts/dncbizarlt.htm>
- FAQs about the National Do Not Call Registry: <https://telemarketing.donotcall.gov/faq/faqbusiness.aspx>
- Consumer Fact sheet on FCC Do-Not-Call Rules: <http://www.fcc.gov/cgb/donotcall/>

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For questions, please contact:

HomeFirst Mortgage Corp.  
207 South Alfred Street  
Alexandria, VA 22314  
Phone: 703-549-3400  
Fax: 703-549-5139  
Toll-Free: 800-232-1219

### A. Overview:

To demonstrate and ensure a good faith effort to comply with the national Do-Not-Call (DNC) rules, **HomeFirst Mortgage Corp.**, is implementing extensive required office procedures (Required Procedures) that must be followed by all those working for our company. Those who fail to comply with these procedures will be subject to immediate suspension of duties followed by an investigation that may lead to their termination of employment.

### B. Purpose:

By adoption and utilization of these compliance procedures, as well as all other necessary steps, **HomeFirst Mortgage Corp.** will benefit from the “safe harbor” provisions of the national DNC rules, and will therefore not be liable for violations of the rule which are the result of error.

### C. Required Procedures:

All individuals, employees, and affiliates (hereinafter “employees”) who call consumers on behalf of the company shall comply with the National DNC rules and additional office procedures listed below:

1. All employees, when making a call, shall comply with the National DNC rules.
2. In order to insure that all outbound calls are only made to those who are not listed on the National DNC list, the company has subscribed to Can Call List.
3. All employees are banned from making sales calls until such time that they have reviewed the Can Call List presentation on how their system works. Once the employee has certified that he understands the program he will be allowed to use the phone for sales calls provided that he from this moment forward he uses the Can Call List program before making any solicitation call.
4. Employees must not call any telephone numbers that Can Call List does not give permission to call.
5. Employees must adhere to an individual’s request to be placed on our “company” DNC list, and immediately input their number in the Can Call List program as off-limits for any one in our company from calling them in the future.
6. Employees shall allow the phone to ring for 15 seconds or four rings before disconnecting any unanswered call.
7. Employees shall transmit caller ID information for each call and shall not block the caller ID information.
8. Employees shall obtain express written permission before sending faxed advertisements.

9. Employees may call individuals whose number is marked on the Can Call List program as “established business relationship.” The “established business relationship” exception allows employees to contact any client with whom they are currently conducting business, and extends for a period of 18 months from the consummation of their last transaction. It also allows employees to contact those who have made an application or “inquiry” with them for a period of 3 months following their inquiry.

10. Employees may call individuals whose number is listed as out of bounds on Can Call List provided that the employee has received explicit **written** permission to do so. The written permission shall be signed, and shall include the telephone number to which calls may be placed. The consumer can revoke this written permission at any time. If in doubt as to whether the permission is still valid, do not make the call.

11. Employees may call individuals with whom they have a “personal relationship,” which means those “personally known” to them such as family members, friends, and acquaintances. Note: in the case of a referral, it is not sufficient that the individual referred have a relationship with the referring source; the exception only applies to the employee’s personal relationships.

12. Employees shall read the National DNC rules once each year, a copy of which is available in our Compliance Department.

13. Employees shall comply with all sections and requirements contained in the National DNC rules, including those not listed in these procedures.

14. Employees shall participate in any additional training on these procedures and the National DNC rules when offered by the company.

15. Employees shall make a good faith effort to comply with the National DNC at all times.



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I, \_\_\_\_\_ give express permission  
to \_\_\_\_\_ (employee of) HomeFirst  
Mortgage Corp. and his/her employees and/or affiliates to communicate with me now and in the  
future at the following telephone number(s):

Work:	
Work:	
Home:	
Home:	
Cellular:	
Cellular:	
Facsimile:	
Facsimile:	
Email:	
Email:	

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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The “national do-not-call rules” compliance procedures training meeting of HomeFirst Mortgage Corp. was held on \_\_\_\_\_, 20\_\_\_\_.

The following individuals were present at the meeting:

The first order of business was a review of the Federal Communications Commission Report and Order Adopted on June 26, 2003, which implemented the national do-not-call rules.

The second order of business was a review of the office compliance procedures. All elements of the office compliance procedures were reviewed. It was reported that the office compliance procedures were adopted and implemented on \_\_\_\_\_, 20\_\_\_\_\_.

The third order of business was viewing the DNC compliance presentation entitled “Do Not Call Compliance, Navigating the DNC Laws” supplied by CanCallList.com.

There being no further business to come before the meeting, the meeting was adjourned.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Officer  
HomeFirst Mortgage Corp.

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