

**The Code of Ethics for
Certified Commercial Fi-
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While much is written on ethics a good rule to start with when faced with an ethical situation is the golden rule, which simply states,

“Do unto others as you would have them do unto you”.

INTRODUCTION

DFS Certified Commercial Finance Manager's Code of Ethics will not make you moral or ethical. The decision to do the right thing and the choice to be a professional CCFM with integrity is yours. To do the right thing requires from you both "KNOWING" and "CHOOSING" what is right. The code and the associated rules are designed to help you know what is right and why it is right.

The DFS Certified Commercial Finance Managers Association has adopted a uniform Code of Ethics and Rules on Professional Conduct. The Code of Ethics provides uniform rules and principles of professional conduct and ethics by which Members will conduct themselves in discharging their professional duties and responsibilities.

The Certified Commercial Finance Managers Association has established additional rules in accordance with the Association's By-Laws. These rules apply to Members and Students of The Certified Commercial Finance Managers Association. Any Member or Student who contravenes any of these rules and/or principles shall be accountable to the Ethics Committee and the Board of Governors of the Association.

Certified Commercial Finance Managers shall always be mindful of their responsibilities as Members of the commercial financing profession, and shall carry on their work with fidelity to the dealers and their clients, and with loyalty to the Association, in a manner worthy of a Commercial Finance Manager.

Why Do We Need a Code of Ethics?

First, the Code is directed at ensuring and safeguarding the quality of services provided by Certified Commercial Finance Managers; second, it is directed at maintaining ordered and dignified relationships among Members in the conduct of their profession.

Why should the Association be concerned with safeguarding the standards of performance of its Members?

1. The commercial financing profession as a whole has an important role to play in a commercial dealership. The dealerships, manufacturers, commercial lenders, and the public rely on the profession for fair financing practices.
2. Many users of our financing services do not share our expertise, and rely on our advice and opinions.
3. The very nature of the commercial finance manager's work involves dealing with confidential personal and business matters.

For all these reasons it is essential that the profession should enjoy the confidence of the dealer, their clients, and commercial lenders. This necessary confidence can only be won and maintained if the profession itself takes steps to ensure the competence and integrity of its Members and the standards of performance which they deliver.

A code of professional ethics alone is not sufficient to support public confidence. It is buttressed in practice by other mechanisms addressed to creating and maintaining professional standards including:

- The certification and the continuing educational requirements of the profession.
- The periodic F&I service audits
- The performance benchmarks standards.

The second aim of the Code is maintaining ordered and dignified relationships among Members in the conduct of their profession. Ensuring that at all times, professional courtesy, and co-operation are expected and honest dealing is demanded.

How Does The Code Work?

There are three mechanisms.

First, the Code provides a set of standards which Members can regard as a minimum level of acceptable conduct.

Second, it provides to the dealers, manufacturers, commercial lenders and clients an assurance that the profession is imposing on itself high standards by which it is willing to be judged. It provides a measuring rod against which a Commercial Finance Manager's performance can be assessed.

Third, the Code forms the basis of a disciplinary procedure through which allegations of professional misconduct are addressed.

In becoming a Member of the DFS Certified Commercial Finance Managers Association, one is obliged to be governed by the Association's ethical code. New members voluntarily assume obligations which are over and above the requirements of the law. Indeed most, if not all, of the precepts in the Code are unknown in the general law, and breach of them would constitute neither crime nor tort. But such a breach can be a very serious professional matter.

Even though it is recognized that the first duty and loyalty of Certified Commercial Finance Managers must be to the dealership, on rare occasions, however, there may arise conflicts between the requirements of employment and professional ethics. While such conflicts are inevitable, in most cases they will be resolved by good sense and goodwill on both sides and will not become fundamental issues of conscience.

But if the Member encounters an irreconcilable conflict with a dealer on a matter of professional ethics, a very difficult situation emerges. If the Member is satisfied that the dealer's view is not tenable and that the issue is sufficiently grave, resignation may be the Member's only option. In reaching a decision on such very difficult questions, so long as there is no breach of confidentiality, the member should seek legal advice or advice from the Association.

Conclusion

It would be wrong to overemphasize the punitive or prohibitive aspect of the Code of Ethics. Instead the code requires high standards, and that the dealer, their clients, the manufacturer, and commercial lenders should be aware of this, making the code a source of pride for the profession. Thus the Code plays an important part in assuring that CCFMs practice their profession with competence and integrity.

E100. DEFINITIONS

In this Code, unless otherwise specifically stated, the following terms mean:

The phrase "Professional Commercial Financing Standards" refers to the following:

- The DFS Courses of Studies,
- The DFS Seminars,
- The DFS Finance Manual,
- The DFS Professional Standards & Performance Benchmarks

"Association" - The DFS Certified Commercial Finance Managers Association

"Client" - A customer of the dealership for whom the dealer has employed the Member to provide professional services in order to secure financing for the purchase of the dealer's equipment.

"Commercial Lender" - is a financing organization approved by the dealer to finance its sales.

"Dealer" - The dealership that employs or engages a Member to provide commercial sales finance expertise.

"Member" - an individual who holds a Certified Commercial Finance Managers certificate of membership and is in good standing.

"Profession" - the profession of commercial sales financing.

"Remote Practitioner" - a member who arranges financing for clients from a location other than the dealership.

"Student" - is an individual who is enrolled in the Association's course of studies and is in good standing.

DUTIES of a Member:

E201. Best Interest

A member shall safeguard the interest of the dealership.

E202. Breach of Trust

A member shall not breach the trust of the dealer, their clients, or commercial lenders.

E203. Financing Proposals - communications

- (a) A member shall not issue a communication on any finance proposal when the information is prepared in a manner which is misleading.
- (b) A member shall not sign or be associated with any letter, report, statement, or representation which the Member knows or should know is false.
- (c) It is recognized that under exceptional circumstances this rule may place such a Member in a difficult position vis-à-vis the Member's employment; however, professional duty is failed if the Member becomes associated with a financing proposal which the Member knows, or should know, are false.

E204. Known Omission

A member shall disclose in the communication any material facts known to the Member which if not disclosed, that omission could make that information misleading.

E205. Material Discrepancy

A member shall immediately disclose any material discrepancy that becomes known to the Member concerning any financial information previously submitted to a commercial lender.

E206. Independence and Objectivity

- (a) A member shall not make a financing proposal or issue any communication relating to financial information associated with any business or organization unless the Member is fully independent of that organization.
- (b) A member shall, not prepare or present a financing proposal unless the member is free of any influence, interest or relationship, in respect of the client's affairs, for which Member's professional judgment or objectivity may be impaired.

E207. Sufficient Information

A member shall not permit the dealership or the Member's name to be used with any communication or recommendation unless the Member has received all the information required to support such communication and/or recommendation.

E208. Disclosure of Projections/Forecast

A member shall make full disclosure that the Member does not vouch for the achievability of forecasts contingent upon future transactions. Financial projections should only be prepared from information supplied by the client.

E209. Acknowledged Principles and Standards

- (a) A member shall adhere to DFS principles in financial reporting unless departure from those principles is fully disclosed.
- (b) A member shall adhere to administrative standards as outlined in the DFS Manual.

PROTECTION OF CONFIDENTIAL INFORMATION

E301. Confidentiality

A member shall not disclose or use any confidential information concerning the affairs of the dealer, their clients, or commercial lenders except:

- (a) Where disclosure is compelled by process of law;
- (b) Where a Member becomes aware of an apparent or suspected criminal activity and decides to report it to the authorities or forthwith obtain advice from any Member of the local state or provincial Law Society as to the Member's duties and obligations as a citizen in the context of the Member's professional activities;

E302. Information Used for Personal Advantage

A Member shall not make use of confidential information relating to the business of the dealer or their clients to directly or indirectly obtain a personal advantage without the dealer's or client's consent.

DUTIES TO THE PROFESSION:

E401. Conduct

- (a) A member shall always be mindful of the duties and responsibilities associated with being a member of the profession, and shall carry on work with fidelity to the dealer, and loyalty to the Association, in a manner which will enhance the image of the profession.
- (b) A member shall comply at all times with the principles, obligations and responsibilities in the Oath of Obligation, as follows:

I as a Member of THE DFS CERTIFIED COMMERCIAL FINANCE MANAGERS ASSOCIATION acknowledge that as such I have an obligation to the science and art of commercial sales finance.

I therefore do sincerely promise and solemnly swear to discharge actively this obligation and more specifically:

To uphold the standards of my profession.

To keep myself fully informed of developments in the field of commercial sales finance and to cooperate with other members in the use of our common knowledge.

To guard the interests of my dealer, whose trust I hold, and to advise them wisely and honestly.

To recognize my continuing obligation to my profession.

To conduct myself in accordance with the spirit and the letter of the law, regulations and Code of Ethics.

All this I do swear without any equivocation, mental evasion, or secret reservation.

E402. Unlawful Activity

A member shall not permit the dealership name or the Member's name, to be used with, participate in, or provide service to, any activity which the Member knows or which a reasonably prudent person would believe to be unlawful.

E403. Discredit

A member shall not permit the dealership name or the Member's name, to be used with, participate in, or knowingly provide services which would be of a nature to discredit the profession.

E404. Detrimental Situations

A member shall report to the Association any situation of which the Member has sufficient personal knowledge and which the Member thinks may be detrimental to the profession.

E405. Criticism of another CCFM

A member shall not criticize another professional colleague without first submitting any criticism to said colleague for explanation. Where the criticism may result in a complaint to be lodged with the Ethics Committee, the Member must first submit that criticism in writing to said colleague for explanation. The Member thereafter shall inform said colleague as to the action the Member has taken with regards to the criticism. The definition of the word colleague includes any Member. The lodging of an Ethics complaint against a colleague is considered a criticism under this Rule.

E408. Discrimination

A member shall not discriminate against a person because of race, color, sex, age, religion, national extraction, or social origin of such person.

E410. Specialization

Shall not use the title of specialist. Instead a Member may, in conjunction with the designation "Certified Commercial Finance Manager" or "C.C.F.M.:" use the titles, "Finance Manager" and/or "Business Manager" and/or "Finance Consultant" or "Financial Sales Assistant".

DUTIES TO THE ASSOCIATION

E501. Certificate Obtained Fraudulently

- (a) A member shall not obtain admission to membership by means of fraud or other irregularity.
- (b) A member shall notify the Association immediately when the Member is aware that a person has obtained membership by means of fraud or other irregularity.

E502. Admittance to Membership

- (a) A member shall, when applying to become a Member not sign or be associated with any related letter, report, statement or representation, which the applicant knew, or should have known, was false or misleading.
- (b) A member shall report to the Association any detrimental actions known to that Member that may affect the admittance of any person to the Association.

E503. Breach of Rules

A member shall, subject to Rules C301 and C401, notify the Association of any breach of the Code of Ethics and Rules on Professional Conduct by a Member or any other situation of which the Member has sufficient knowledge which appears to put in doubt the competence, or reputation or integrity of a Member

E504. Bankruptcy

A member shall immediately notify the Association if the Member makes an assignment in or is petitioned into bankruptcy.

E505. Representation or Request

A member shall not initiate any representation or formulate any request to a public body or to a Government relating to the Association or the profession without the consent of the Association.

E506. Public Statements

A member shall not make public statements or comments which may be interpreted as representing the Association or its views, without prior written consent of the Association. A Member shall not be in breach of this Rule when acting as an official spokesperson for the Association.

E507. Detrimental Actions

A member shall not participate in any action which is detrimental to the Association.

E508. Assistance to the Board

A member shall, when required, assist the association or its committees in the exercise of their duties in matters of the Regulations, By-Laws and the Code of Ethics and Rules on Professional Conduct, and shall produce any documents in the Member's possession, or custody or control which may be required from time to time, subject to Rules E301 and E401.

E509. Requirement to Reply in Writing

A member shall promptly reply in writing to any request from the Association in which a written reply is specifically required.

E510. Conviction of Criminal Offences: A Member who has been:

- (a) Convicted of an offence of fraud, theft, forgery or income tax evasion; or
- (b) found guilty of violating the provisions of any security legislation; or
- (c) Convicted of any criminal or similar offence for conduct in or relating to their professional capacity,

Shall promptly inform the Association of the conviction, finding of guilt or discharge as the case may be, when the right of appeal has been exhausted or expired.

E511-Use of CCFM Reference by Students

Students shall not make any reference to the Certified Commercial Finance Managers Association, its name or it, designation, on stationery, business cards, etc.

DUTIES to other MEMBERS

E601. Due Care

A member shall perform all professional services with objectivity, integrity, and due care.

E602. Reserved

E603. Public Statement

A member shall not make a public statement:

- (a) On the competence of another Member of the Association;
- (b) Detrimental to the reputation of another Member of the Association.

E604. Advancement

A member shall not seek professional advancement through unfair means or conduct detrimental to another Member of the Association.

E605. Solicitation

A member shall not knowingly solicit the position of another Member.

E606. Reserved

E607. Assistance to Students

A member shall encourage and assist Students in their professional development and in obtaining experience and proficiency required for membership.

E608. Compliance

A member shall comply with the Association's Regulations, By-Laws and Code of Ethics and Rules on Professional Conduct as amended from time to time and with any order or resolution of the Board or its committees.

E609. Competence

A member shall sustain professional competence by keeping informed of, and complying with, developments in the Acknowledged Standards of the Profession in all areas in which the Member is relied upon because of the Member's profession.

E610. Professional Development

A member shall maintain continuing education and professional development in accordance with the standards and policies established by the Association.

E611. Disclosure

- (a) A member shall inform a dealer of any business connections, affiliations, and interest of which the dealer might reasonably expect to be informed.
- (b) A member shall, subject to Rule E703, when providing financing services to a client, fully disclose the terms and conditions of the financing including interest rates, value added insurance or other products and relevant fees.

Compensation:

E701. A member shall not disclose remuneration or commission plans to third parties without the dealer's written consent.

E702. Reserved

E703. Benefits or gratuities

- (a) A member shall not bargain for or receive for the Member's own use any fee, remuneration or benefit from a third party without the dealer's knowledge and written consent.
- (b) A member shall not accept commission or other remuneration directly from lenders, insurance companies, and/or clients.

E704. Fee Sharing

A member shall not directly or indirectly share fees with salesmen, lenders, clients, intermediaries without the written permission of the dealer.

E705. Finance Incomes

- (a) A member shall not directly or indirectly accept a commission or other compensation for referring a client to others for products or services, other than in accordance with the dealer's policy.
- (b) A member shall not directly or indirectly pay to any person a commission or other compensation to obtain a client without the dealer's permission.

E706. Reserved

E707. Reserved

E708. Marketing of Goods and Services

A member shall only engage in the marketing of goods and services that have been authorized for sale by the dealer.

PUBLICITY

E801. Advertising and other Forms of Solicitation

- (a) A Member shall not permit the advertising of his/her professional services, or other forms of solicitation, that:
 - i. is false;
 - ii. includes the use of coercion;
 - iii. creates an unjustified expectation of favorable results;
- (b) A Member shall only permit the use of his/her professional designation in an objective, informative, tasteful, and professionally dignified manner.

Common Ethical Situations:

The following is a list of ethical situations that a Commercial Finance Manager may find themselves dealing with:

Saying things that you know are not true – “Lying”.

For example:

Telling a commercial lender that a customer gave you a \$15,000 cash deposit when there was no deposit is lying.

Telling a commercial lender that a customer has 20 years of driving experience when they only have 10 years of driving experience is lying.

Telling a client that the implicit rate on a commercial lease is 5% when it is 5.5% is lying.

Telling a client that they can pay out early, when the contract says otherwise is lying.

Telling a client that an insurance policy covers something that it does not is lying.

Taking things that do not belong to you (stealing).

For example:

Taking a commission or referral fee from a loan broker or finance company without the dealer’s permission is stealing.

Taking a gift or gratuity from a financing source, customer, or other third party without the dealer’s permission is stealing.

False Impressions (Fraud & Deceit).

For example:

Piggy Back Financing – allowing a lender to believe that the financing proposal is for your customer’s financing when the financing is being arranged for a broker’s customer is deceitful.

Allowing a customer to make an incorrect assumption; for example; allowing them to think they have a lower interest rate than they do is deceitful.

Presenting a misleading or false financing proposal in order to obtain preferable financing terms; for example, the customer plans to haul environmentally hazardous products and in order to secure lease financing, you allow the lender to believe they are transporting non-hazardous products, this is deceitful and very close to fraudulent behavior.

Altering loan documents without the knowledge and permission of all parties. For example, forging a customer’s signature or initial on a document.

Allowing a commercial lender to believe the product is something it is not; for example, allowing a lender to believe a unit is new when it is a used unit.

Accessory to Unethical Acts.

For example:

Knowing a customer is lying on his/her credit application and not disclosing that to the lender.

Knowing a salesman has inflated the purchase price in order to show a cash down payment when there wasn't one.

Knowing that the equipment being financed is not as described.

These situations are particularly difficult because you are not responsible for the actions of others and in rare cases the person committing the unethical act may be your supervisor.

However, if you know that something about a transaction is unethical you need to report the matter to the dealer principal and under no situation compromise your integrity by taking part in an unethical act.

Non-Disclosure or Hiding of Information.

For example:

Not disclosing to a client that the loan contract includes financing for loan insurance.

Not disclosing to a commercial lender that the customer has advised you that he/she has decided to declare their business insolvent and bankrupt.

Conflict of Interest and Influence Peddling. (Bribes, payoffs, kickbacks) Conflicts of interest normally arise out of non-arms length transactions. For example, arranging financing for a family member on preferential terms without the dealer's permission.

Influence peddling involves offering bribes or kickbacks to obtain a certain benefit. For example, offering a commercial lender's representative money for a favorable loan decision. Influence peddling should not be confused with leveraging, which is an acceptable lender management practice.

Rule & Regulatory Violations:

Releasing confidential information without the proper authority to do so.

Obtaining a credit bureau without proper authorization.

Failing to conduct a proper lien search.

While there are far too many rules and regulations to list, a member who willfully violates a dealership's policies and procedures and in so doing places the dealership at risk is demonstrating both unacceptable and unethical behavior for a member of the DFS Commercial Finance Managers Association.

“The Code”