

Zero Tolerance Loan Fraud Policy



All approved originators need to be aware that submission of a loan application containing false information is a crime.

Types of Loan Fraud

1. Submission of inaccurate information, including false statements on a loan application and falsification of documents purporting to substantiate credit, employment, deposit and asset information, personal information including identity, ownership/non-ownership of real property, etc.
2. Forgery of partially or predominantly accurate information, including forged signatures on any document in the loan file.
3. Incorrect statements regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security instrument.
4. Lack of due diligence by broker/loan officer/interviewer/processor, including failure to obtain all information required by the application and failure to request further information as dictated by Borrower's response to other questions.
5. Unquestioned acceptance of information or documentation which is known, should be known, or should be suspected to be inaccurate.
6. Simultaneous or consecutive processing of multiple owner-occupied loans from one applicant on multiple properties, or from one applicant supplying different information on each application.
7. Allowing an applicant or interested third-party to "assist" with the processing of the loan.
8. Nondisclosure of relevant information to anyone involved in the loan process.

Consequences

The effect of loan fraud is costly to all parties involved. America One Mortgage Group stands behind the quality of its loan production. Fraudulent loans damage our reputation with our investors and mortgage insurance providers. The price paid by those who participate in loan fraud is even more costly. Following are a few of the potential consequences that may be incurred:

Consequences to Broker/Salesperson/Employee

1. Criminal prosecution
2. Loss of Real Estate License
3. Loss of lender access to exchange information between lenders, and submission of information to investors (including FHLMC/FNMA), police agencies, and the Department of Real Estate.
4. Civil action by a lender
5. Civil action by applicant/borrower or other parties to the transaction
6. Loss of approval status with our lenders

Consequences to Borrower

1. Acceleration of debt.
FNMA/FHLMC Deed of Trust, revised 9/90, item #6 states: "Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information of statements to lender (or failed to provide lender with any material information) in connection with the loan evidenced by the note, including but not limited to, representations concerning Borrower's occupancy of the property as a principal residence." Note: Foreclosure under this section of the Deed of Trust does not require the borrower to be in "payment default." As such, the borrower will not have the benefit of reinstatement. In order to cure the default, the borrower must pay off the loan in full prior to the sale date of the property.
2. Criminal prosecution
3. Civil action by lender
4. Civil action by other parties to the transaction
5. Employment termination
6. Loss of professional license, if any.
7. Adverse effect on credit history.

I have read the foregoing and understand America One Mortgage Group's position on loan fraud and understand the consequences to myself if I am involved in loan fraud in any way whatsoever.

Salesperson

Date