



LOAN FRAUD STATEMENT

Mortgage Broker acknowledges and agrees that Mortgage Broker bears responsibility for all actions of Mortgage Broker's employees or licensees. The Mortgage Broker is responsible for the content and quality of each application and each loan request submitted to the Lender. The submission of a loan application, which contains false information, may constitute a crime.

TYPES OF LOAN MISREPRESENTATION & FRAUD

1. Submission of inaccurate or misleading information, including false statements on loan application(s) and falsifications of documents purporting to substantiate credit, employment, deposit and asset information, personal information including identity, ownership/non-ownership of real property, etc.
2. Forgery including partially or predominantly accurate information.
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/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 actually known, should be known, or should be suspected as inaccurate.
 - a. 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.
 - b. Allowing an applicant or interested third party to "assist" with the processing of the loan.
6. Correspondents' nondisclosure of relevant information.

The effect of "Loan Fraud" is costly to all parties involved. Lender 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.

CONSEQUENCES TO MORTGAGE BROKER

1. Criminal prosecution.
2. Loss or suspension of Real Estate Broker License
3. Loss of Lender access due to exchange of information between Lenders, mortgage insurance companies including submission of information to investors (FHLMC/FNMA), police agencies, and California Department of Real Estate.
4. Civil action commenced by Lender.
5. Civil action by applicant/borrower or other parties to the transaction.
6. Loss of approval status with Lender.



LOAN FRAUD STATEMENT 2

CONSEQUENCES TO BORROWER

1. Acceleration of debt (FHLMC/FNMA deed of trust) Item #6 states: "Borrowers shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or 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 representation concerning Borrower's occupancy of the property as a principal residence. 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 of property."
2. Criminal prosecution.
3. Civil action commenced by Lender.
4. Civil action by other parties to the transaction, such as seller or real Estate agent/broker.
5. Employment termination.
6. Loss of professional license, if any.
7. Adverse effect on credit history.

I have carefully read the foregoing and fully understand Lender's position on loan fraud.

COMPANY NAME: _____

Name: _____

Broker (Principal/Officer/Broker)

Signature

Date

Name: _____

Broker (Managing Officer or Broker)

Signature

Date