ZERO LOAN FRAUD AGREEMENT

*Instruction Page*

*NOTE: Using the REPLACE ALL function of your word processor, update the following item:*

Replace THIS with THIS

CompanyName Your Actual Company Name

*After making the above replacement, delete this instruction page, leaving just the form itself.*

*This form may be printed on letter-sized paper.*

**Zero Loan Fraud Agreement**

All employees and salespersons of CompanyName must be aware that both the licensed real estate broker and the loan officer/employee bear the responsibility for all instances of fraud in loan origination/closing. CompanyName is responsible for the content and quality of each application taken and each loan submitted to our lenders.

**The submission of a loan application containing false information is a crime! Evidence of loan fraud of any type will result in the immediate termination, for cause, of any CompanyName employee or salesperson.**

# 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 (i.e. lender, title company, etc.).

# CONSEQUENCES

The effect of loan fraud is costly to all parties involved. CompanyName stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by CompanyName. 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 due to exchange of information between lenders, and submission of information to investors (including FHLMC/FNMA), police agencies, and the Department of Real Estate.

4. Civil action by our 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 CompanyName’ position on loan fraud and understand the consequences to myself if I am involved in loan fraud in any way whatsoever.

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Broker Salesperson/Employee