

## **LOAN FRAUD “ZERO TOLERANCE” STATEMENT**

All approved (“Broker”) must be aware that the licensed real estate broker bears the responsibility for all actions of his or her employees or licensees. The Broker is responsible for the content and quality of each application taken and each loan submitted to **American Capital Funding (“ACF”)**.

**THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS A CRIME.**

### **TYPES OF LOAN FRAUD:**

1. Submissions of inaccurate information, including false statements on Loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information, personal information including identity, ownership of real property, etc.
2. Forgery of partially or predominantly accurate information.
3. Incorrect statements regarding current occupancy or intent to maintain continuing occupancy as stated in the security instrument.
4. Lack of due diligence by a 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 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 supplying different information on each application.
7. Allowing an applicant or interest third-party to assist with the processing of the loan.
8. Broker’s non-disclosure of relevant information.

### **CONSEQUENCES:**

The effects of “Loan Fraud” are costly to all parties involved. **ACF** stands behind the quality of its loan production. Fraudulent loan cannot be sold into the secondary market and, if sold, will required repurchased by **ACF**. Fraudulent loans damage our reputation. The price paid by those who participate in “Loan Fraud” is even more costly. The following is a list of the potential consequences:

#### **Consequences to Broker:**

1. Criminal Prosecution;
2. Loss of Real Estate Broker’s 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, Investigative Firms and the Department Of Real Estate;
4. Civil Action by ACF;

5. Civil Action by Applicant/Borrower, or Other Parties to the Transaction;
6. Loss of Approval Status with ACF.

**Consequence to Borrower:**

1. Acceleration of debt (FHLMC/FNMA 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 or statement to lender or failed to provide lender with any material information in connection with the loan evidenced by the Note, including m but not limited to, representation concerning Borrower’s occupancy of the property as principal resident.”

Foreclosure under 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 ACF and Broker;
4. Civil Action by Other Parties to Transaction, such as Seller Or Real Estate Agent or Broker;
5. Employment Termination;
6. Loss of Professional License, if any;
7. Adverse Effect on Credit History.

**I HAVE READ THE FOREGOING STATEMENT AND UNDERSTAND ITS CONTENTS AND ACF’S POSITON REGARDING “LOAN FRAUD”.**

DATE: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF “BROKER OF RECORD”

DATE: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF PRINCIPAL OFFICER