



Loan Fraud Zero Tolerance Policy

It is the policy and intent of USA Direct Funding to support the eradication of loan fraud within the residential lending marketplace. Wholesale loan Brokers should be advised that a licensed Broker bears responsibility for all actions, performed in the course of business, by his or her employees or licensees. THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE OR MISREPRESENTED INFORMATION IS A FEDERAL CRIME! Although loan fraud or negligent misrepresentation may be perpetrated in many ways, some of the most common examples are shown below:

- 🇺🇸 Submission of inaccurate information, including false statements on loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information or personal information including identity, ownership/non-ownership of real property, etc.
- 🇺🇸 Forgery or misrepresentation or partially or predominantly inaccurate information.
- 🇺🇸 Inaccurate representation of current occupancy or intent to maintain required occupancy as agreed in the security instrument.
- 🇺🇸 Lack of due diligence or concern by the broker, loan officer, interviewer or processor, inducing failure to obtain or divulge all information required by the application and failure to request further information as dictated by Borrowers response to other questions.
- 🇺🇸 Acceptance of information or documentation which is known or suspected to be inaccurate or acceptance of information, which should be known to be or suspected to be inaccurate. This includes;
 - Simultaneous or processing of multiple owner-occupied loans from a single applicant where information differs on each application.
 - Permitting an applicant or interested third party to assist with the processing of the loan. Failure of the broker to disclose any relevant or pertinent information.

CONSEQUENCES OF LOAN FRAUD

The consequences of residential loan fraud are far-reaching and expensive. USA Direct Funding warrants the quality of our loan production to our investors. Fraudulent loans may not be sold in the secondary market for home mortgages. If a loan is discovered to be fraudulent after its sale, USA Direct Funding may be required to repurchase an un-saleable loan, impacting our relationships with our investors and Mortgage Insurance Carriers.

The consequences to those who participate in loan fraud are even more severe. Following is a list of a few of the repercussions that may be experienced:

TO THE BROKER:

1. Criminal prosecution which may result in possible fines and imprisonment.
2. Revocation of brokers license.
3. Inability to access lenders caused by the exchange of legally permissible information between lender; mortgage insurance companies; FNMA;FHLMC; and other investors; police agencies; and state and federal regulatory agencies.
4. Civil action by USA Direct Funding.
5. Civil action by applicant (borrower) and / or parties to the transaction.
6. Loss of approved broker or correspondent status with USA Direct Funding.

TO THE BORROWER:

1. Acceleration of debt (FNMA; FHLMC Deed of Trust, revised 9/90). Item #6 states: Borrower shall 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, representations concerning Borrowers occupancy of the Property as a principal residence. (NOTE: Foreclosure under this section of the Deed of Trust does not require 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 the loan off in full prior to the sale date of the property).
2. Criminal prosecution which may result in possible fines and imprisonment.
3. Civil action by USA Direct Funding.
4. Civil action by other parties to the transaction, such as seller, real estate agent/broker.
5. Termination of employment.
6. forfeiture of any professional license.
7. adverse, long-term effect on credit history.

I have read the foregoing and I understand and accept USA Direct Funding's policy on loan fraud.

SIGNATURE OF BROKER OF RECORD

SIGNATURE OF PRINCIPAL OFFICER

By: _____

By: _____

Date: _____

Date: _____