

## Section 15. Loan Fraud Zero Tolerance

### THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS A CRIME!

#### Examples of Loan Fraud

- Submission of inaccurate information, including false statements on 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.
- Forgery of partially or predominantly inaccurate information.
- Incorrect statements regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security instrument.
- Lack of due diligence by Broker/Loan Officer/Interviewer/Processor, including failure to obtain all information required by the application and failure to request information as dictated by Borrower's response to other questions.
- Unquestioned acceptance of information or documentation, which is known, should be known or should be suspected to be inaccurate.
- Simultaneous or consecutive processing of multiple owner-occupied loans from one applicant supplying different information on each application.
- Allowing an applicant or interested third party to assist with the processing of the loan.
- Broker's non-disclosure of relevant information.

#### Consequences

The effect of "Loan Fraud" is costly to all parties involved. JMAC Lending stands behind the quality of its loan production and good reputation with the investors. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by Seller.

The price paid by those who participate in "Loan Fraud" is even more costly. The following is a list of a few potential consequences that may be incurred:

#### Penalties to Lender

- Criminal prosecution.
- Loss of real estate broker's license.
- Loss of lender access due to exchange of information between lenders, mortgage insurance companies, including submission of information to investors, police agencies and relevant regulatory agency.
- Civil action by JMAC Lending.
- Civil action by applicant/borrower or other parties to the transaction.
- Termination of your Repurchase Facility.

#### Significance to Borrower

- Acceleration of debt (Fannie Mae/FHLMC Deed of Trust, revised 9/90). Item #6 states: "Borrower shall also be in default. Borrower, during the loan application process, gave materially false information in connection with the loan evidenced by the Note, including but not limited to, representations concerning Borrower's occupancy of the property as principal residence." Note: If foreclosed, the borrower will not have the benefit of reinstatement in order to cure the default. The Borrower must pay-off the loan prior to the sale date of the property.
- Criminal prosecution.
- Civil action by JMAC Lending.
- Civil action by other parties to the transaction, such as the Seller or Real Estate Agent/Broker.
- Possible employment termination.
- Loss of professional license, if any.
- Adverse effect on credit history.

I have read the foregoing and understand JMAC Lending's position on "Loan Fraud".

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Signature

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Officer Title

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Date