



### LOAN FRAUD ZERO TOLERANCE

All approved Wholesale Loan Brokers and Correspondents must be aware that licensed real estate brokers bears the responsibility for all actions of the broker’s employees or licenses. The broker is responsible for the content and quality of each application taken and each loan submitted to First Guaranty Mortgage Corporation (FGMC).

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

##### Types of Loan Fraud

1. Submission 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/non-ownership of real property etc.
2. Forgery of 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/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 that is known, should be known, or should be suspected to be inaccurate.
  - A. Simultaneous or consecutive processing of multiple owner-occupied loans from one applicant supplying different information on each application.
  - B. Allowing applicant or interested third party to assist with the processing of the loan.
6. Broker’s non-disclosure of relevant information.
7. Other fraudulent acts or omissions not referred to above.

##### Impact of Loan Fraud

The effects of loan fraud are costly to all parties involved. FGMC stands behind the quality of its loan production. **Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by FGMC.** 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. The following is a list of a few of the potential consequences that may be incurred:

##### 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 (Freddie Mac/Fannie Mae), police agencies, and the State Licensing Agencies.
4. Civil action by FGMC and/or applicant/borrower and/or other parties to the transaction.
5. Loss of approval status with FGMC.

I have read the foregoing and understand and accept FGMC’s position on loan fraud.

\_\_\_\_\_  
Name:

Title:  
(Must be President or Vice President)

Date: \_\_\_\_\_