



A Division of Cliffco, Inc.

### ZERO LOAN FRAUD TOLERANCE

All approved Third Party Originators (TPOs) must be aware that the licensed TPO bears the responsibility for all actions of the TPO's employees or licensees. The TPO is responsible for the content and quality of each application taken and each loan submitted to CLOUT wmb.

#### **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 of documentation that is known, should be known, or should be suspected to be inaccurate such as
  - a. Simultaneous or consecutive processing of a multiple owner-occupied loans from one applicant and 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.

#### **IMPACT OF LOAN FRUAD**

The effect of loan fraud is costly to all parties involved. CLOUT wmb stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by CLOUT wmb. 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 including but not limited to:

1. Criminal prosecution.
2. Loss of Mortgage Broker or Real Estate Broker's Licenses
3. Loss of lender access due to exchange of information between lenders, mortgage insurance companies including submission of information to investors police agencies, and the State Licensing Agencies.
4. Civil action by CLOUT wmb.
5. Civil action by applicant/borrower or other parties to the transaction.
6. Loss of approval status with CLOUT wmb.

I have read the foregoing and understand CLOUT wmb's position on loan fraud.

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

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Name of Principal Officer

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Name of Principal Officer

\_\_\_\_\_  
Signature

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Signature