

## SAXE MORTGAGE COMPANY

950 John Daly Blvd., Suite 200, Daly City, CA 94015 (650) 466-0246 Fax (650) 755-7064

### LOAN FRAUD STATEMENT

All approved brokers must be aware that the licensed real Estate Broker of record bears responsibility of all actions of his or her employees or licensees. The broker is responsible for the content and quality of each application and each loan request submitted to Saxe Mortgage Company (hereinafter referred to as "Saxe") The submission of a loan application contains false information is a crime.

### TYPES OF LOAN MISREPRESENTATION & FRAUD

1. Submission of inaccurate or misleading information, including false statements on loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information including identity, ownership / nonownership of real property etc.
2. Forgery or 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 borrowers response to other questions.
5. Unquestioned acceptance of information or documentation which is known, should be known, or should be suspected as inaccurate
- A. Simultaneous or consecutive processing of multiple owner-occupied loans from one applicant on multiple properties, or from one applicant supplying different information on each application.
- B. Allowing an applicant or interested third party to "assist" with the processing of the loan.
6. Correspondents nondisclosure of relevant information.

The effect of "Loan Fraud " is costly to all parties involved. Saxe stands behind the quality of its loan production. 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.

### CONSEQUENCES TO CORRESPONDENT

1. Criminal prosecution
2. Loss or suspension of Real Estate Brokers 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, and the Department of Real Estate.
4. Civil action by Saxe
5. Civil action by applicant / borrower or other parties to the transaction.
6. Loss of approval status with Saxe

### CONSEQUENCES TO BORROWER

1. Acceleration of debt ( FHLMC / FNMA Deed of Trust ) item #6 states: " Borrower shall also be in default if Borrower during the loan application process, gave material false or inaccurate information or statements to lender ( or failed to provide lender with any material information ) in connection with the loan evidence by the Note, including but not limited to, representations concerning borrowers occupancy of property as principal residence. Foreclosure under this section of the Deed of Trust dose not require the 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 off the loan in full prior to the sale of the property.
2. Criminal prosecution.
3. Civil action by Saxe.
4. Civil action by other parties to the transaction, such as seller or Real estate Agent / Broker.
5. Employment Termination.
6. Loss of professional license, if any.
7. Adverse effect on credit history.

**I HAVE CAREFULLY READ THE FOREGOING AND FULLY UNDERSTAND TFC'S POSITION ON "LOAN FRAUD".**

\_\_\_\_\_  
Date: \_\_\_\_\_  
Signature of "Broker of Record"

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Signature of Principal Officer (if Different from Broker)