Loan Fraud Zero Tolerance Policy and Acknowledgement

All approved TPOs must be aware that the principal owner(s) of a licensed mortgage company bear the responsibility for all actions of the company's employees. The owner is responsible for the content and quality of each application taken and each loan submitted to MLS.

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 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 owner/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. Employee's non-disclosure of relevant information.

Impact of Loan Fraud

The effects of loan fraud are costly to all parties involved. MLS stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market, and if sold, will require repurchase by MLS. 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.

Potential Consequences to the TPO

1. Criminal prosecution
2. Loss of company'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 state licensing agencies
4. Civil action by MLS
5. Civil action by applicant/borrower or other parties to the transaction
6. Loss of approval status