



Victoria Funding Services

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BROKER LOAN FRAUD POLICY ACKNOWLEDGEMENT

All approved Wholesale Loan Brokers must be aware that the licensed real estate broker bears the responsibility for all actions of his or her employees or licensees. The broker is responsible for the content and quality of each application taken and each loan submitted to Victoria Funding Services.

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 predominately 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 an applicant or interested third-party to "assist" with the processing of the loan.
6. Broker's non-disclosure of relevant information.

Consequences

The effects of "Loan Fraud" are costly to all parties involved. Lender stands behind the quality of its production. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchases by Lender. 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 (FHLMC/FNMA), secondary market "whole loan sales," police agencies, and the Department of Real Estate
4. Civil action by Lender
5. Civil action by applicant/borrower or other parties to the transaction
6. Loss of approval status with Lender

Consequences to Borrower

1. Acceleration of debt (FNMA/FHLMC Deed of Trust, revised 9/90). Item #6 states: "Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to lender (or failed to provide lender with material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence."
Note: Foreclosure under 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 date of the property.
2. Criminal prosecution.
3. Civil action by Lender and Broker.
4. Civil action by other parties to transaction, such as seller or estate agent/broker.
5. Employment termination.
6. Loss of professional license, if any.
7. Adverse effect on credit history.

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

SIGNATURE OF "BROKER OF RECORD"

SIGNATURE OF PRINCIPAL OFFICER