

All blanks must be completed. Please insert N/A if a question is not applicable. All forms within this application must include your company's legal name and license, where requested. Do not use any AKAs or abbreviations when completing these documents.

VIII. Loan Fraud Zero Tolerance

All Loan Officers must be aware that the company/broker/principal(s) bear the responsibility for all actions of its employees or licensees. The Loan Officer is responsible for the content, quality and accuracy of each application taken and each loan submitted to Hometown Equity Mortgage, LLC dba theLender.

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 or 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 or occupancy affidavit.
4. Lack of due diligence by 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 which 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 processing the loan.
6. Loan Officer's non-disclosure of relevant information.

CONSEQUENCES

The effect of "Loan Fraud" is costly to all parties involved. Hometown Equity Mortgage, LLC dba theLender stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, could require repurchase by Hometown Equity Mortgage, LLC dba theLender. Fraudulent loans damage our reputation with our investors and mortgage insurance providers, and could cause Hometown Equity Mortgage, LLC dba theLender's selling privileges to be suspended and/or terminated by its investors.

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 Company

1. Criminal prosecution.
2. Loss of state licensing to perform mortgage loans.
3. Loss of lender/investor access due to exchange of information between lenders, mortgage insurance companies including submission of information to investors, police agencies, and state regulating agencies.
4. Civil Action by applicant/borrower or other parties to the transaction.
5. Agreement to indemnify and hold harmless Hometown Equity Mortgage, LLC dba theLender.
6. Loss of HUD approval.
7. Loss of funding facilities.

Consequences to Loan Officer

1. Criminal prosecution.
2. Civil action by Hometown Equity Mortgage, LLC dba theLender.
3. Civil action by other parties to a Transaction, such as borrower, seller or real estate agent/broker.
4. Agreement to indemnify and hold harmless Hometown Equity Mortgage, LLC dba theLender.
5. Employee termination.
6. Loss of professional license, if any.
7. Adverse effect on credit history.

The undersigned has read the foregoing and understands Hometown Equity Mortgage, LLC dba theLender's position on "Loan Fraud."

Initial: