

Loan Fraud—Zero Tolerance

All approved Correspondents must be aware that the licensed Correspondent bears the responsibility for all actions of the Correspondent's employees, agents or licenses. The Correspondent is fully responsible for the content and quality of each application taken and each loan submitted to NHSA.

THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS A CRIME!

Representative Examples of 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 continuing occupancy as stated in the security agreement.
4. Lack of due diligence by correspondent/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 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. Correspondent's non-disclosure of relevant information.

Impact of Loan Fraud

The effects of "Loan Fraud" are costly to all parties involved. NHSA stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by NHSA. Fraudulent loans damage NHSA's 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 Correspondent

1. Criminal prosecution.
2. Loss of 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 the State Licensing Agencies.
4. Civil action by NHSA.
5. Civil action by applicant/borrower or other parties to the transaction.
6. Loss of approval with NHSA.

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

Correspondent Lender Name: _____ Date: _____

Signature of Correspondent of Record

Signature of Principal Officer

Print Name

Print Name