



ZERO TOLERANCE LOAN FRAUD POLICY

All approved originators must be aware that submission of loan application containing false information is a crime.

TYPE OF LOAN MISREPRESENTATION AND FRAUD

1. Submission of inaccurate or misleading information including false statements on loan Application(s) and falsification of documents purport to substantiate credit, employment deposit and asset information including identity, ownership or non-ownership of real property.
2. Forgery or partially or predominantly inaccurate information.
3. Incorrect information regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security agreement.
4. Lack of due diligence by Broker, loan officer, interviewer, processor, including failure to obtain all information or documentation which is known, or should be suspect to be inaccurate.
5. Unquestioned acceptance of information or documentation which is known, or should be suspect to be inaccurate.
 - a) Simultaneous or consecutive processing of multiple owner-occupied loans from one application multiple properties, or from one applicant supplying different information on each application on multiple properties, or from one applicant supplying different information on each application.
 - b) Allowing an applicant or interested third party to “assist” with processing of the loan.
6. Broker’s non-disclosure of relevant information.

CONSEQUENCES

The effect of “Loan Fraud” is costly to all parties involved. Magna Capital Group, Inc. 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. Below is a list of some of the potential consequences that may incur.

Initials: _____



CONSEQUENCES TO LOAN ORIGINATOR

1. Criminal Prosecution
2. Loss or suspension of Real Estate Broker's License. Salesperson's license and/or other applicable licenses.
3. Loss of lender access due to exchange of information between lenders, mortgage insurance companies including the submission of information to investors, police agencies and the appropriate state agencies.
4. Civil action by Magna Capital Group, Inc.
5. Civil action by applicant/borrower or other parties to the transaction.
6. Loss of approval status with Magna Capital Group, Inc.
7. Adverse effect on credit history.

IMPORTANT NOTICE

All loans submitted to Magna Capital Group, Inc. will be subject to any and all services provided by the Internal Revenue Service under IRS code 4506 with regard to income verification. In the event that a borrower has misrepresented any income that is not in conformance with the income indicated on the borrower's tax return, borrower may be subject to one or all of the following:

- 1. IRS audit to reconcile the difference between the income on the loan application and the income on the tax return.**
- 2. Penalties and interest on any portion deemed by the IRS to be an underpayment of taxes as determined by audit.**
- 3. Criminal penalties for having provided misinformation either the tax return or the loan application.**

I hereby carefully read the foregoing and fully understand Magna Capital Group, Inc.'s position on Loan fraud.

Signature

Date

Print Name

