



ZERO FRAUD TOLERANCE POLICY

USA Funding Mortgage Group Inc. considers Loan Fraud an EXTREMELY serious matter. Fraud damages the mortgage industry, borrowers and the economy. Loan Fraud can lead to tremendous financial losses for lenders. Wholesale lenders will seek restitution from mortgage companies by asking them to indemnify losses and repurchase fraudulent loans. Such a request could render a mortgage company bankrupt on a single transaction repurchase.

USA Funding Mortgage Group Inc. management team has a responsibility to keep USA Funding Mortgage Group Inc. in good financial and reputable standing so that all of our originators can continue to be highly compensated on closed transactions. In order to achieve this goal, under no circumstances will USA Funding Mortgage Group Inc. tolerate any degree of loan fraud. USA Funding Mortgage Group Inc. maintains a ZERO TOLERANCE policy when it comes to loan fraud.

Examples of loan fraud include:

1. Forgery, whiteouts and altering client documents and manufacturing documents and loan data
2. Intentional or unintentional misrepresentation on the application and loan disclosures
3. Intentional or unintentional nondisclosure of pertinent loan data
4. Coaching of borrowers to make false statements
5. Accepting and using fraudulent identification
6. 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.”

All transactions must be processed by a company approved contract processor. Each contract processor is charged with the responsibility of completing quality control (as outlined in the Processor Agreement) and compliance review during all stages of processing a transaction. Processors are aware that they must notify USA Funding Mortgage Group Inc. management immediately in the event that quality control or compliance issues arise. Furthermore, processors must validate borrower identification and request, send and receive all loan verifications (originators are prohibited from requesting, sending and receiving verifications).



USA Funding Mortgage Group Inc. also implements quality control measures when a transaction has funded. While it is our top priority to compensate originators quickly, before doing so, we thoroughly perform quality control review and a compliance review on EVERY closed transaction. Compensation may be delayed where files are non-compliant or raise quality control concerns. When deemed appropriate and also on a random basis USA Funding Mortgage Group Inc. will go beyond the standard quality control process and complete a top to bottom file audit verifying income, assets, employment, and other data.

It makes no sense for anyone to work on a loan that is fraudulent. If the lender or investor doesn't catch it (which in most cases they will), our company approved contract processors or internal quality control measures are certain to identify such fraud. Compensation will NOT be paid on any transactions suspected of fraud.

USA Funding Mortgage Group Inc. will take the following measures where misrepresentation and fraud occur:

1. Criminal prosecution of all participants.
2. Civil action against all participants.
3. File a complaint and notify state and federal agencies: Office of Financial Regulation, local law enforcement, the FBI and the CFPB.
4. Notification of all lenders, exclusionary list providers and Mortgage Asset Research Institute, HUD, FNMA and FHLMC among others.
5. USA Funding Mortgage Group Inc. disaffiliation with loan originator.

I have read the foregoing and understand USA Funding Mortgage Group Inc. Zero Tolerance Fraud Policy.

Loan Originator Signature

Date

Print Name

NMLS Identifier