

## **Loan Fraud Zero Tolerance Policy – Boxwood Mortgage LLC Employee**

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#### **LOAN FRAUD ZERO TOLERANCE POLICY**

NOTICE: ANY SUBMISSION OR REPRESENTATION OF INFORMATION TO Boxwood Mortgage LLC, ITS WHOLESALE LENDERS AS WELL AS TO ITS LOAN INVESTORS IN CONNECTION WITH A RESIDENTIAL MORTGAGE LOAN TRANSACTION, KNOWINGLY CONTAINING FALSE AND/OR MATERIALLY MISLEADING INFORMATION IS A FEDERAL CRIME.

Mortgage fraud means a material misstatement, misrepresentation, or omission relied upon by Boxwood Mortgage LLC, its wholesale lenders and its loan investors, whether individually or collectively, to fund or purchase – or not to fund or purchase -- a residential mortgage loan. Mortgage fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.

Mortgage fraud includes, but is not limited to, false information contained in identification and employment documents, as well as in a 1003 loan application; falsifying personal identities and forging or “cut and pasting” signatures; altering information presented on bank statements and government forms; fraudulent appraisals; theft of custodial funds; non-remitted payoff funds; misrepresentation of borrower funds; and property flipping where designed to falsely inflate property value. Possible mortgage fraud means that Boxwood Mortgage LLC has a reasonable belief, based upon a review of information available, that mortgage fraud may be occurring or has occurred. It is the intent of Boxwood Mortgage LLC to support the industry’s and law enforcement’s efforts to eradicate residential mortgage loan fraud. Accordingly, by doing business with or accepting employment with Boxwood Mortgage LLC, you shall be directly responsible for your actions taken and not taken, services performed and not performed, and employment duties performed and not performed, in the course of your customer relationship, business dealings, and/or employment with Boxwood Mortgage LLC. The same applies to your employees, contractors, agents and representatives doing business with Boxwood Mortgage LLC and on your behalf. You shall also be directly responsible for your compliance with this Policy.

Some of the applicable Federal criminal statutes which may be charged in connection with Mortgage Fraud include:

18 U.S.C. § 1001 - Statements or entries generally

18 U.S.C. § 1010 - HUD and Federal Housing Administration Transactions

18 U.S.C. § 1014 - Loan and credit applications generally

18 U.S.C. § 1028 - Fraud and related activity in connection with identification documents

18 U.S.C. § 1341 - Frauds and swindles by Mail

18 U.S.C. § 1342 - Fictitious name or address

18 U.S.C. § 1343 - Fraud by wire 18 U.S.C. § 1344 - Bank Fraud 42 U.S.C. § 408(a) - False Social Security Number

While mortgage fraud may be perpetrated in many forms, some of the most common examples are shown below:

1. Identity theft; 2. Submission of inaccurate or misleading information, including any false statement on the loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information, or personal information including identity, ownership/nonownership of real property. 3. The alteration or forgery of otherwise predominantly accurate information. 4. Inaccurate representations of current occupancy or intent to maintain required occupancy as agreed in the security agreement. 5. Lack of due diligence or concern by borrower, broker, Boxwood Mortgage LLC employee (ie, loan officer, processor, interviewer), or realtor, including failure to obtain or divulge all information required by the application and failure to request further information as dictated by Borrower's response to other questions. This could include the following examples: (i) simultaneous or consecutive processing of multiple owner-occupied loans from a single applicant where information differs on each application; (ii) permitting an applicant or interested third party to assist with the processing of the loan; and (iii) failure to disclose any relevant or pertinent information known to the Broker which could negatively impact the lending decision.

Boxwood Mortgage LLC specifically represents the integrity of its loan production to its wholesale lenders and to its loan investors that include federal government agencies and enterprises. Consequently, residential mortgage loan files containing fraud or material misrepresentation can not only negatively impact the company's business reputation and severely strain its business and investor relationships, but it can also go so far as to expose the company to severe legal penalties such as is found in the laws listed above as well as in the federal False Claims Act to combat fraud perpetrated against the federal government.

#### EXAMPLES OF THE POSSIBLE CONSEQUENCES OF LOAN FRAUD AND/OR MISREPRESENTATION:

For Borrowers:

- (1) Acceleration of debt as authorized by the security instrument (Deed of Trust/Mortgage).
- (2) Criminal prosecution, which may result in possible fines, imprisonment or both.
- (3) Civil action by Boxwood Mortgage LLC for damages.
- (4) Civil action by other parties to the transaction, such as the seller or real estate agent/broker.
- (5) Forfeiture of any professional license.
- (6) Long term adverse effects on credit history.

For Boxwood Mortgage LLC Loan Production Staff, Brokers, Realtors:

- (1) Criminal prosecution which could result in fines, imprisonment or both.
- (2) Loss of professional license.
- (3) Loss of access privileges due to exchange of legally permissible information between lenders and mortgage insurance companies; loan investors (ie, Fannie Mae and Freddie Mac); policy agencies; and state and federal regulatory agencies including the Department of Justice and the FBI.

(4) Civil action by applicant/borrower, Boxwood Mortgage LLC and/or other parties involved in the transaction. (5) Loss of approval status with Boxwood Mortgage LLC

(6) Employment termination.

BY SIGNATURE AND DATE HEREON, THE PARTY HEREBY REPRESENTS AND WARRANTS TO Boxwood Mortgage LLC FULL COMPLIANCE WITH THIS LOAN FRAUD ZERO TOLERANCE POLICY AND AGREES TO IMMEDIATELY REPORT ANY AND ALL SUSPECTED LOAN FRAUD TO Boxwood Mortgage LLC.

Boxwood Mortgage LLC EMPLOYEE

Gerolding Patti Contrasto NMLS 294661

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