



SOUTH END CAPITAL

C O R P O R A T I O N

“LOAN FRAUD” ZERO TOLERANCE ACKNOWLEDGEMENT

All approved Brokers and Referral Partners must be aware that the principal broker, brokerage company owner and/or licensed finance/mortgage professional (“Principal Broker”) bears the responsibility for all actions of his or her employees or licensees. The Principal Broker is responsible for the content and quality of each application taken and each loan submitted to South End Capital Corporation (“SECC”). The submission of a loan application containing false information is a crime.

TYPES OF LOAN FRAUD (including but not limited to):

1. Submission of inaccurate information, including false statements on loan application(s) and falsification of documents purporting to substantiate credit, employment, income, deposit and asset information including identity, rent roll, tax returns, bank statements, ownership/non-ownership of real property, etc.
2. Forgery of any documents or signatures.
3. Lack of due diligence by Principal Broker/loan officer/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.
4. Unquestioned acceptance of information or documentation, which is known, should be known, or should be suspected to be inaccurate.
5. Principal Broker’s non-disclosure of relevant information.

CONSEQUENCES OF LOAN FRAUD

“Loan Fraud” is costly to all parties involved. SECC stands behind the quality of its loan production. Fraudulent loans damage our reputation with our investors and customers. The price paid by those who participate in “Loan Fraud” is even more costly. Following is a list of a few of the potential consequences that may be incurred:

CONSEQUENCES TO PRINCIPAL BROKER and EMPLOYEES

1. Criminal prosecution.
2. Loss of Real Estate/Mortgage Broker’s License, NMLS or other professional license.
3. Loss of lender access due to exchange of information between lenders, mortgage insurance companies, including submission of information to investors (FHLMC/FNMA/GNMA), Police Agencies, FBI and the Dept. of Real Estate or Finance.
4. Civil action by SECC.
5. Civil action by applicant/Borrower.
6. Loss of approval status with SECC.