LOAN FRAUD PREVENTION POLICY

It is the policy of PROVIDENT BANK ("BANK") to support the eradication of loan fraud within the residential lending marketplace. Loan Brokers should be advised that a licensed Broker bears the responsibility for all actions performed in the course of business, of his or her employees or licensees.

THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE OR MISREPRESENTED INFORMATION IS A FEDERAL CRIME

Although loan fraud or negligent misrepresentation may be perpetrated in many forms, some of the most common examples are shown below:

- Submission of inaccurate information, including false statements on loan applications and falsification of documents purporting to substantiate credit, employment, deposit and asset information or personal information including identity, ownership/non- ownership of real property, etc.
- Forgery or misrepresentation of partially or predominantly accurate information.
- Inaccurate misrepresentations of current occupancy or intent to maintain required occupancy as agreed in the security instrument.
- Lack of due diligence or concern of Broker, Loan Officer, Interviewer or Processor, 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.
- Failure of Broker to disclose any relevant or pertinent information.
- Acceptance of information or documentation which is known or suspected to be inaccurate or acceptance of information which should be known to be or suspected to be inaccurate. This includes:
  - * Simultaneous or consecutive processing of multiple owner-occupied loans from a single applicant where information differs on each application.
  - * Permitting an applicant or interested third party to assist with the processing of the loan.

CONSEQUENCES OF LOAN FRAUD

The consequences of residential loan fraud are far-reaching and expensive. BANK warrants the quality of our loan production to our investors. Fraudulent loans may not be sold in the secondary market for home mortgages. If a loan is discovered to be fraudulent after its sale, BANK could be obligated to repurchase the loan from our investor. Fraudulent loans harm our reputation and strain our relationships with our Investors and Mortgage Insurance Carriers.

The consequences to those who participate in loan fraud are even more severe. Following is a list of a few of the repercussions that may be experienced:

To the Broker:

1. Criminal prosecution which may result in possible fines and imprisonment.
2. Revocation of the Broker's license.
3. Inability to access Lenders caused by the exchange of legally permissible information between Lenders, Mortgage Insurance Companies, FHLMC, FNMA, HUD/VA and other Investors, Police Agencies and State and Federal Regulatory Agencies.
4. Civil action by BANK.
5. Civil action by applicant (Borrower) and/or other parties to the transaction.
6. Loss of approved Broker status with BANK.
7. Loss of any compensation owed on other transactions by BANK to Broker.

To the Borrower:

1. Acceleration of debt as mandated in the Security Instrument, Deed of Trust or Mortgage.
2. Criminal prosecution which may result in possible fines and imprisonment.
3. Civil action by BANK.
4. Civil action by other parties to the transaction such as Seller or Real Estate Agent/Broker.
5. Termination of employment.
6. Forfeiture of any professional license.
7. Adverse, long term effect on credit history.

I have read the foregoing. I understand and accept BANK'S policy on Loan Fraud.

Signature of Broker of Record / Principal

Signed_____

Print_____

Signature of Principal Officers

Signed _____

Print _____

Signed _____

Print _____

Signed _____

Print _____