

# ANTI-MONEY LAUNDERING POLICY MANUAL

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## ANTI-MONEY LAUNDERING PROGRAM

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### OVERVIEW

The Bank Secrecy Act (BSA) is designed to flag law enforcement about potentially illegal activity involving money laundering and other criminal or terrorist activity. The information is coordinated by the Financial Crimes Enforcement Network (FinCEN). Originally, banks were required to have an anti-money laundering policy and loan and finance companies were exempt from the Act; however, in August 2012, the law became effective for these companies as well.

Residential Mortgage Loan Originator (RMLO) companies are required to implement the Anti-Money Laundering (AML) and Suspicious Activity Report (SAR) section of BSA. THE COMPANY is considered an RMLO.

SAR filings are an important component of companywide efforts to stop mortgage fraud. Every employee is responsible for understanding the details of the AML/SAR policy to facilitate this effort.

### Compliance Officer Designation

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As part of a comprehensive AML/SAR policy, THE COMPANY has designated **(the owner) (the compliance officer) (other)** as the SAR compliance officer responsible for THE COMPANY's AML/SAR policy.

The designated SAR compliance officer is fully knowledgeable of the BSA regulations and SAR reporting requirements and understands THE COMPANY's products, services and customers, and its potential risk for money laundering.

The SAR compliance officer is responsible for:

- Supervising proper completion, collection, submission, and recordkeeping of notifications from the staff regarding filing Suspicious Activity Reports with FinCEN.
- Keeping senior management and the board of directors apprised of ongoing compliance with the regulations.
- Ensuring ongoing compliance with AML laws, including monitoring compliance by employees in adhering to the AML policy and procedures.
- Providing regular employee training in the AML policy and changes to the law or company policy/procedures as applicable.

## EXAMPLES OF SUSPICIOUS ACTIVITY IN MORTGAGE APPLICATIONS

The following list of examples is designed to illustrate suspicious activity that must be reported to the compliance officer. This is not a comprehensive list of all instances that can occur throughout the mortgage process. A suspicious activity notification form should be submitted to the designated SAR compliance officer at any time there is concern that illegal actions may have occurred or are occurring.

- A party to the transaction offers a bribe to a company employee in exchange for any act related to the mortgage transaction.
- Documentation in the loan file is fraudulent.
- False statements made by a party in the transaction in an attempt to induce THE COMPANY to close a loan.

Misrepresentation of information is considered an attempt to commit mortgage fraud and must be reported to the compliance officer using the suspicious activity notification form.

## Suspicious Activity Notification to Compliance Officer

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Employees who suspect suspicious activity may complete a suspicious activity notification form (Exhibit A). The form may be submitted via email to the SAR compliance officer, mailed to the main office, or hand delivered. Employees are encouraged to use the form as it helps coordinate all of the details. Employees are permitted to contact the SAR compliance officer via telephone or email or in person to schedule time to communicate the suspected suspicious activity information in person. The suspicious activity notification form or contact with the compliance officer must be made immediately upon detection of activity that is considered misrepresentation or fraudulent.

All loan applications of \$5,000 or greater are subject to this notification policy.

## Optional Resolution Process

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THE COMPANY has a zero tolerance for misrepresentation in loan files. Misrepresentation and fraud can cost THE COMPANY tremendous amounts of money. All employees have authority to file a suspicious activity notice at any time they believe misrepresentation by any individual has occurred in a loan application from any source.

In some cases where red flags indicate there may be misrepresentation in the loan file, the employee may choose to contact his/her department manager to determine if the red flag is an error or if misrepresentation exists. The department manager is then responsible for preliminary investigative work to determine if the red flag(s) can be resolved with additional documentation. The employee may assist with the investigative work. If documentation is provided to support that misrepresentation or fraud has not occurred, the event does not require filing a suspicious activity notification form.