

Compliance Manual

Cranbrook Loans Group, Inc.

NMLS # 1221113

41800 Hayes Road Clinton Township MI 48038

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Company Overview

Cranbrook Loans Group, Inc. is a mortgage broker company and as such, operates as the professional intermediary who brokers mortgage loans between the borrower/homeowner and the bank or mortgage lender. We, therefore, do not make credit decisions on our loans but rely on the expertise of our wholesale lenders. Cranbrook Loans Group, Inc. seeks to help its clients find the best home financing deal for their given scenario.

Cranbrook Loans Group, Inc.'s mission is to help its clients reaching their home financial goals by providing holistic advice based on each client particular scenario, founded on the principles of proactiveness, efficiency, availability, creativeness, and effectiveness.

Cranbrook Loans Group, Inc. will utilize Senior Management for any executive decision making. Currently, Senior Management shall be understood as comprised by:

Michael Davis

Customer Service

Cranbrook Loans Group, Inc. has a continuing commitment to provide our customers and our fellow employees with the highest quality customer service. Our view of customer service encompasses competence, courtesy, and respect, in addition to Cranbrook Loans Group, Inc. values of proactiveness, efficiency, availability, creativity, and effectiveness. It is demonstrated by exceeding expectations, anticipating needs, and approaching daily activities in a responsible and ethical manner.

When serving a customer, all employees are required to represent Cranbrook Loans Group, Inc. in the most favorable light. Our customers form impressions based on how they are served by our employees, so attitude, availability and behavior are of utmost importance.

It is extremely important that each customer is provided with exceptional service:

Employees are expected to:

- Smile, make eye contact and use a friendly tone of voice in person and on the phone.
- Greet customers, addressing them by name.
- Offer to help; take the initiative by asking how you may meet their needs. When a customer has a complaint or a problem that you are unable to remedy, the complaint is to be elevated to Senior Management. Customers should be advised that it is their right to submit a formal complaint in writing to Cranbrook Loans Group, Inc. Senior Management.

- Create a lasting impression. Thank customers for their business and invite them back.

When serving customers by telephone, employees should always observe proper telephone etiquette. Answering calls promptly, identifying themselves, and speaking clearly. Information should be requested tactfully and providing undivided attention to the caller. Any un-responded communication shall be responded within 24 business hours or earlier when possible and if time is of the essence, using the same communication channel or the best channel available. Co-workers are customers, too, and deserve the same respectful and courteous treatment as our external customers.

Cranbrook Loans Group, Inc.'s personnel operate timely, acknowledging that time management is a central element of Cranbrook Loans Group, Inc.'s customer service, as well as of the quality services provided by the company. Special attention shall be provided to cases in which time is of the essence, for example, when a there is new client, when a client wants to write an offer, when a reply is needed to a third party involved in a transaction once under contract, among others.

Diversity - Our Commitment

At Cranbrook Loans Group, Inc. diversity is an essential component of the way we do business. We know that valuing diversity makes good business sense and helps to ensure our future success. We believe building understanding, respect and appreciation for diversity contributes to the growth of our associates. We hold one another accountable to this commitment.

We demonstrate this commitment in the following ways:

For Our Associates

- We recruit and hire a diverse workforce to reflect the communities we serve.
- We leverage the unique capabilities and perspectives of individuals.
- We respect our team members by listening and responding to their diverse needs.

For Our Customers

- We welcome all guests.
- We respect our guests by listening and responding to their diverse needs.

For Our Business

- We retain loan products and services that reflect the diverse needs of the marketplace.

- We know that diverse teams produce better solutions and give us an innovative advantage.

Equal Employment Opportunity and Affirmative Action

Cranbrook Loans Group, Inc. is committed to respecting diversity and to providing a workplace that assures equal opportunity for all employees and is free of employment discrimination. It is the policy of Cranbrook Loans Group, Inc. to comply with all federal and state laws and regulations regarding employment.

Employment decisions, such as hiring, promotion, demotion, transfer, recruitment, separation, layoff, termination, salaries, benefits, or other forms of compensation will be made on the basis of individual merit, skill, qualification and without regard to race, color, age, national origin, religion, disability, veteran status, marital status, sexual orientation, gender, and other protected categories as defined by law. In making employment decisions, we may consider both objective and subjective factors, such as education, training, demonstrated skills, prior job experience, prior job performance, attitude, ability to work with others, leadership, and potential for growth in the job.

Cranbrook Loans Group, Inc. may develop, maintain, and enforce affirmative action plans tailored to our geographic areas and /or business functions to ensure opportunities for women, minorities, veterans and the disabled.

Supervisors are responsible for understanding, communicating, implementing, and maintaining the company's Equal Employment Opportunity and Affirmative Action procedures, and for creating a work environment that promotes fairness and diversity.

Employment

Offers of employment may only be extended by Senior Management of Cranbrook Loans Group, Inc. and are contingent upon successfully passing verification of previous employment history, educational credentials, and criminal record checks.

All employees of Cranbrook Loans Group, Inc. must complete an Employment Package in its entirety and forward all documentation to corporate.

Cranbrook Loans Group, Inc. will follow its written SAFE Act Policy for all Mortgage Loan Originators (MLOs).

All MLOs must be licensed and possess a Unique Identifier provided by the National Mortgage Licensing System (NMLS). Per SAFE Act requirements, the following requirements must be met:

- All MLOs are required to complete 20 hours of NMLS approved pre-licensure education. This education need only be completed or certified once, regardless of the number of states in which one is licensed. Each agency may require more than the designated 20 hours or require a certain number of hours with state content.
- SAFE Test - All MLOs must pass the National SAFE MLO test. The National Component passed once satisfies all state requirements.
- Criminal Background Check - SAFE requires all MLOs to submit fingerprints for a criminal background check.
- Credit Report - SAFE requires a credit report pulled through NMLS.
- Continuing Education (CE) - Eight (8) hours of continuing education must be completed each year prior to renewal. Individual state requirements may dictate state rules and regulations be a part of or in addition to the required eight (8) hours.
- Surety Bond (if required by State law).

MLO with existing NMLS record

- SAFE Act Director will confirm access to the individual's record through NMLS, confirm that employment history has been updated to reflect Cranbrook Loans Group, Inc. as current employer and confirm all other information in individual's record is up to date.
- SAFE Act Director will create or have the individual create a New Filing (MU4).
- SAFE Act Director will request sponsorship of the individual.

Originator Compensation

Cranbrook Loans Group, Inc. will maintain maximum compliance with the Truth in Lending Act (TILA) Originator Compensation requirements and restrictions.

Compliance with the Originator Compensation restrictions shall include but will not be limited to:

- A prohibition on payments to loan originators being based on any term of a closed-end consumer credit transactions secured by a dwelling, including payment based on a loan factor that is a proxy for a term of a transaction.
- Restrictions on dual compensation.
- Maintenance of records in accordance with regulatory requirements; and,
- Staff training.

Loan Originator compensation will be paid based upon the Compensation Agreement in effect at the time of the rate lock.

Cranbrook Loans Group, Inc. will maintain Compensation Agreements with all investors and will retain evidence of monies received from creditor and monies paid to loan originator for a minimum of three (3) years.

No Loan Originator will be compensated based on the terms or conditions of a transaction other than the amount of credit extended. No Loan Originator will be compensated by any person or entity other than the consumer in a transaction where the consumer pays the loan originator directly.

The only time Mortgage Loan Originators may decrease their compensation is to defray the cost of certain unforeseen increases in settlement costs. This exception is very narrow and does not permit Mortgage Loan Originators to reduce their compensation to bear the cost of a pricing concession to match a competitor's pricing or to avoid high-cost mortgage provisions.

Policy with Regards to Anti-Steering

Loan originators will not "steer" a borrower to a transaction based on the fact that the originator will receive greater compensation in that transaction than in other transactions offered or could have been offered to the borrower unless the transaction is in the consumer's interest.

To satisfy the Anti-Steering Rule, for each type of transaction in which a borrower expresses an interest in, we will present three options: These three options will represent the loan with:

- The lowest interest rate.
- The lowest dollar amount for origination/discount points or fees.
- The lowest interest rate with no risky features such as prepayment penalty.
- Interest only, negative amortization, or balloon payment within the first seven years.

MLO Termination

Upon termination of an MLO, the company SAFE Act Director will immediately end the relationship in the NMLS. Ending the relationship will automatically remove access and any active Sponsorship.

Employment Records

The employment records of the company's current and terminated employees are the property of Cranbrook Loans Group, Inc.. These records will be maintained by the Human Resources Department or Senior Management in accordance with all applicable

laws and statutes, and in strict confidentiality. An employee's personnel file may contain his or her employment application information, including application forms, reference checklists and test results, written performance appraisals, letters of recommendation or other recognitions of excellent performance, notices of suspension, disciplinary action or termination, necessary payroll documents, including tax withholding forms and salary change notices, salary and work history, including status change forms, benefit enrollment forms, as well as other information.

Employees are responsible for advising Senior Management about any change in name, marital or dependent status, address, insurance, tax exemptions or other information maintained in the personnel file.

Call Reports

The SAFE Act Director will submit to the NMLS quarterly Mortgage Call Reports (MCRs) for Cranbrook Loans Group, Inc. including individual MLO loan data, annual Financial Condition reports and/or any other documentation required by NMLS. SAFE Act Director will ensure that all filings are submitted in a timely manner (on or prior to the filing deadline). SAFE Act Director is aware that late filing of any NMLS report can result in fines to the company.

Employee Privacy

Cranbrook Loans Group, Inc. respects the rights and dignity of each employee and considers, as one of its goals, the protection and enhancement of the individual employee's right to privacy. To that end, Cranbrook Loans Group, Inc. adopts these policies:

- Personal information about our employees will be gathered only on a business "need to know" basis.
- Cranbrook Loans Group, Inc. will protect the confidentiality of all personal information in our records and files.
- Each employee has the right of reasonable access to his or her personal information in company records and files and to correct inaccurate information and express disagreement with information therein.
- Cranbrook Loans Group, Inc. will strictly limit the internal availability of personal information.
- Cranbrook Loans Group, Inc. will refuse, except in specific circumstances, to release information to outside sources without the employee's written approval. Exceptions are limited to simple employment verification and legal requirements.
- Cranbrook Loans Group, Inc. requires every employee to adhere strictly to these practices.

Remote Work Policy

Scope

This remote work policy applies to all sponsored Mortgage Loan Originators (remote employees) employed by Cranbrook Loans Group, Inc. who have worked at the company for at least three months. It does not apply to part-time or temporary employees.

Eligibility requirements

Mortgage Loan Originators have the option of working remotely or may work from the corporate office. Working remotely must be approved in advance by the company.

Work expectations and schedule

Employees who work remotely are expected to:

- Be fully accessible during core work hours and respond to critical emails within 1-2 hours.
- Be accessible to all client phone calls, emails, and texts.
- Be available to Senior Management and processing staff.

Equipment and supplies

- Remote employees may be provided a laptop computer. All equipment supplied by Cranbrook Loans Group, Inc. is to be used for business purposes only.
- Cranbrook Loans Group, Inc. is not responsible for expenses associated with working at home, including heat, electricity, internet or phone service.

Technical support

Cranbrook Loans Group, Inc. will provide technical support during business hours. Remote employees experiencing technical difficulties should contact Senior Management immediately.

Workspace Guidelines

Remote employees are expected to keep their workspace free of safety hazards. To ensure employee health and safety, we advise our remote employees to:

- Dedicate a private work location that is designated for business purposes only
- Use surge protectors
- Install sufficient lighting
- Chair and desk are ergonomically suitable

- Space is free from electrical hazards
- Space is free of fall hazards

In the event of a work-related illness or injury, remote employees should follow normal incident reporting procedures.

Security and confidentiality

Remote employees are expected to take proper measures to ensure the protection of company data, proprietary information and assets.

- Remote employees must adhere to all company policies and procedures, including, but not limited to, the company's Information Security Policy.
- All equipment must be password protected and must follow the company policy regarding updating passwords.
- Remote employees will not retain customer documentation in paper form and will not keep any non-public information on their laptop. Information will be uploaded to the company Loan Origination System or cloud service.
- Remote employees are prohibited from using any public Wi-Fi.
- Remote employee will not download any non-approved applications on their laptop.
- If remote employee suspects any suspicious activity on their laptop, they will immediately log out of their computer, unplug the computer, and contact Senior Management.

Compensation

No changes will be made to an employee's base compensation if they work remotely, regardless of their location.

Consequences

Failure to fulfill work requirements or adhere to policies and procedures while working remotely may result in termination.

Specific Policies Related to Managing Remote Employees

The individual will only represent the business located at 41800 Hayes Road Clinton Township MI 48038, which is on file with the State and by which he/she is employed and under supervision.

The supervisor(s) have regular contact with the MLOs. Additionally, our loan origination software is web based. Activity is monitored on a regular basis.

The individual will only engage in business under the name of Cranbrook Loans Group, Inc..

Cranbrook Loans Group, Inc. has requirements for the way MLOs presents themselves to the public: The individual will only provide letterhead, phone numbers, electronic e-mail addresses or other forms of communication that are in the name of, under control of, and provided by Cranbrook Loans Group, Inc..

The individual will only engage in activities and transactions related to the making of loans subject to the supervision and oversight of Cranbrook Loans Group, Inc..

Cranbrook Loans Group, Inc. maintains records of each MLO transaction.

Cranbrook Loans Group, Inc. prohibits client meetings at the mortgage loan originator's home.

Cranbrook Loans Group, Inc. will visit each branch that is licensed in Oregon annually to verify compliance with these policies.

Grievance Policy

Cranbrook Loans Group, Inc. will provide a fair, equitable and productive work environment for all employees. This policy seeks to support the achievement of this goal by providing a transparent and consistent process for resolving grievances.

Open communication and feedback are regarded as essential elements of a satisfying and productive work environment.

Cranbrook Loans Group, Inc. encourages its employees to resolve any issues or concerns that they may have at the earliest opportunity with each other or, failing that, their immediate supervisor.

The preferred process involves employees resolving issues to their satisfaction internally, without feeling they must refer to external organizations or to authorities for assistance.

Purpose

The purpose of this document is to provide an avenue through which employees and their managers, can resolve work-related complaints as they arise. Every manager and employee have a responsibility to comply with this policy and to treat everyone who works here with dignity and respect.

Policy

Cranbrook Loans Group, Inc. will establish mechanisms to promote fast and efficient resolution of workplace issues. Employees should feel comfortable discussing issues with their manager or supervisor in accordance with the procedures outlined below. All formal avenues for handling of grievances will be fully documented and the employee's wishes will be taken into account in determining the appropriate steps and actions. Negotiated solutions will aim to address the key issues and be acceptable to all individuals or parties involved without placing blame, victimization, or discrimination. Complainants will not suffer any disadvantage, victimization, or discrimination as a result of raising a grievance, with minimum stress and maximum protection for all concerned. No employee will be intimidated or unfairly treated in any respect if they utilize this Policy to resolve an issue.

This Policy applies to permanent and part-time paid employees.

Procedure

This is a four-level procedure.

Level 1.

The employee attempts to resolve the complaint as close to the source as possible, generally by discussing the issue with the person involved. This level is quite informal and verbal. Should the employee not feel confident in discussing the matter, they should proceed immediately to Level 2.

If the matter is not resolved, proceed to Level 2.

Level 2.

The employee notifies their manager (in writing or otherwise) as to the substance of the grievance and states the outcome sought. Discussion should be held between the employee and any other relevant party. This level will usually be informal but either party may request written statements and agreements.

Should the person who is the subject of the complaint be the employee's manager, the employee should notify another manager, or another member of the company at an appropriate level. This level should not exceed one week.

If the matter is not resolved, proceed to Level 3.

Level 3.

The manager must refer the matter to the business manager or owner. A grievance taken to this level must be in writing from the employee. The manager will forward any additional information thought relevant. The business manager or owner will provide a written response to the employee. The business manager or owner also communicates with any other parties involved or deemed relevant. This level should not exceed one week.

If the matter is not resolved, proceed to Level 4.

Level 4.

The employee will be advised of his/her rights to pursue the matter with external authorities if they so wish.

Secure and Fair Enforcement for Mortgage Licensing Act (SAFE)

Policy/Procedures

In order to increase uniformity, reduce regulatory burden, enhance consumer protection, and reduce fraud, the States, through the Conference of State Bank Supervisors and

the American Association of Residential Mortgage Regulators, have established a Nationwide Mortgage Licensing System and Registry for the residential mortgage industry that accomplishes all of the following objectives:

Objectives

- Provide uniform license applications and reporting requirements for State-licensed loan originators.
- Provide a comprehensive licensing and supervisory database.
- Improve the flow of information to and between regulators.
- Provide increased accountability and tracking of loan originators.
- Streamline the licensing process and reduce the regulatory burden.
- Enhance consumer protection and support anti-fraud measures.
- Provide consumers with easily accessible information.
- Establish means by which residential mortgage originators would be required to act in the best interests of the consumer.
- Facilitate responsible behavior in the subprime mortgage market and provide comprehensive training and examination requirements for subprime mortgage lending.
- Facilitate the collection and disbursement of consumer complaints on behalf of State and Federal regulators.

It is the policy of Cranbrook Loans Group, Inc. to comply with the interagency rules implementing the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E Act).

Loans Covered by the Act

All loans secured by a mortgage, deed of trust, or other equivalent security interest on a dwelling are subject to the SAFE Act. This includes purchase, refinance, reverse, home equity lines of credit, junior liens, and loan modifications in which the employee carries out mortgage loan originator activities. This does not include commercial loans.

SAFE Act Director Responsibilities

Cranbrook Loans Group, Inc. has appointed Michael Ayoub , as its SAFE Act Director. It will be the responsibility of the SAFE Act Director to ensure that all employees required to be registered as Mortgage Loan Originators (MLO's) are properly registered and consistently renewed based upon the requirements of the Act.

The SAFE Act Director will register the company and all required employees on the National Mortgage Licensing System and Registry (NMLS) according to procedures established by the Registry. The SAFE Act Director will make certain that all required

employees have met all licensing requirements including registration, background checks, fingerprinting, bonding, education, examination, and personal data.

- The SAFE Act Director will submit MLO fingerprints to the Registry when required.
- Maintain records of all MLO Identification numbers.
- Assist MLO's in updating and renewing information on the Registry.
- Train MLO's regarding their responsibilities under the law.
- Immediately update the Registry regarding name changes, MLO terminations, or any inaccurate, incomplete, or out-of-date information.

Mortgage Loan Originator Responsibilities

The MLO will provide the following to the SAFE Act Director:

Information:

MLO will provide current name and any other names used, home address and contact information, social security number, gender, date and place of birth, employment history for the 10 years prior to the date of registration or renewal, convictions of any criminal offense involving dishonesty, breach of trust, or money laundering against the MLO or organizations controlled by the MLO, any civil judicial actions against the MLO in connection with financial services-related activities, actions or orders by state or federal regulatory agencies or foreign financial regulatory authorities that found the MLO to have made a false statement or omission or been dishonest, unfair or unethical; to have been involved in a violation of a financial services related regulation or statute; or to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked, or restricted.

Fingerprints

MLO's will be directed by the SAFE Director to obtain fingerprints.

Authorization

- MLO will provide SAFE Director with authorization to obtain information relating to sanctions or findings in any administrative, civil, or criminal action to which the employee is a party, made by any governmental jurisdiction.
- MLO will attest to the correctness of all required information submitted on behalf of the employee by our institution.
- MLO will renew the registration during the annual renewal period.
- MLO will confirm that the information originally sent remains accurate and complete.

NMLS Unique Identifier

MLO's will receive a unique identifier number that they will use for all loan origination activities, email correspondence, and all advertising. Their Unique Identifier number is required on all written communication with the consumer. Identification numbers will also be made available to the consumer, upon request, by the SAFE Director.

Mortgage Loan Originator Duties and Responsibilities

A "Mortgage Loan Originator" is defined as any person who either receives compensation for or represents to the public that they will take a residential loan application, assist a consumer in obtaining a loan, or negotiate terms and/or rates for a loan.

Mortgage Loan Originators (MLO) will use their knowledge of products and services, their desire to help people, and the technology available to them to satisfy customer needs and wants.

The Mortgage Loan Originator (MLO) will work primarily at the corporate location or a designated branch location. The MLO will meet with customers to procure new mortgage loan packages. The MLO is responsible for originating their own sales by contacting prospective clients and by developing and maintaining referral sources.

The MLO may meet with prospective clients at locations other than a corporate or branch location, such as a client's home or other locations as may be necessary. The MLO will meet with clients in person to procure mortgage loan packages; contact with clients may also be made via telephone, mail, and email. The MLO will contact real estate agents, financial advisors, and other potential referral sources to develop borrower leads. The MLO may also engage in marketing and promotional activities in support of their own sales, at their own expense, unless otherwise determined by Cranbrook Loans Group, Inc. Senior Management.

Responsibilities include:

- Prequalify mortgage loan applicant based upon income, assets, and collateral.
- Counsel loan applicant on programs, products, and interest rates available.
- Obtain credit information and other necessary documentation for the loan application process.
- Enter data into the loan origination system to create the new loan.

- If a face-to-face loan application, obtain applicant signature(s) on loan application and all applicable early disclosures.
- Collect appropriate documentation from each applicant.
- Deliver loan package in the time frames set by management.
- Manage pipeline for all originated loans through closing.
- Communicate with applicants and provide timely updates and progress reports.
- Maintain high levels of customer service while managing each applicant and support staff expectations.
- Attend and participate in meetings as required by management.
- Develop referral contacts (Real estate agents, builders, professional, and personal contacts).
- Maintain knowledge of and follow company's policies and procedures.
- Maintain knowledge of available loan products, processing procedures, underwriting and general departmental guidelines.

Mortgage Loan Processor Duties and Responsibilities

A Mortgage Loan Processor is an employee who performs clerical or support duties at the direction of and subject to the supervision and instruction of company management and company's licensed Mortgage Loan Originators.

Mortgage Loan Processors will provide professional and personalized service to our customers by being courteous and respectful in all dealings. They will always provide internal and external customers with consistent quality service, which meets or exceeds company's established standards for customer satisfaction. The Loan Processor must have the ability to function in a high pressure, quick paced environment. They must possess the ability to multi-task and utilize multiple systems effectively. They must have knowledge of residential real estate mortgage processing and/or closing. The loan processor is expected to have a thorough knowledge of all mortgage guidelines, loan policies, and procedures. The primary function of the Loan Processor is to ensure the timely and accurate packaging of all loans originated by our Mortgage Loan Originators.

Responsibilities include:

- Receive signed loan documents and verify all information.
- The processor may generate the Loan Estimate (company policy dictates) and provide said Loan Estimate to applicant(s) within 3 days of initial application.
- Verify all information contained in the loan application and credit report.
- Verify all information supported by the borrower's documents.

- Verification of all loan documents including income, credit, appraisal, mortgage insurance (if applicable), and title insurance.
- Ensure that all loan documentation is complete, accurate, verified and complies with company policy.
- Review underwriting condition form to ensure all items needed are requested.
- Communicate with the borrower throughout the loan process up to and including funding and disbursement of the loan proceeds.
- Order and coordinate loan documents meet crucial deadlines and perform any additional duties/activities assigned by management.
- Request supporting documentation from borrower.
- Prepare verifications when necessary.
- Request third-party services and review all documents for accuracy.
- Receive and review supporting documentation to ensure accuracy and completeness.
- Calculate Private Mortgage Insurance premiums, pro-rate taxes and insurance for escrow accounts.
- Prepare final loan file for underwriting with updated and accurate transmittal.
- Contact borrower with decision and schedule closing.
- Maintain good relationships with customers, vendors, and referral sources.
- Prepare and/or order necessary closing documents.
- Submit closing documents and instructions to the settlement agent.

Note: Loan Processors are prohibited from discussing products, programs, or interest rates with the loan applicant, unless they are licensed in the particular State the subject property is located in.

Advertising, Sponsorship and Marketing

Overview

Cranbrook Loans Group, Inc. complies with both federal mortgage lending advertising requirements and specific laws and a regulation regarding advertising in the states where Cranbrook Loans Group, Inc. does business. Advertising and marketing materials include any materials distributed, published, or displayed by any means including print (such as

mail, email, fax, newspapers, magazines, or flyers), telephone scripts, television, radio, the Internet, and/or billboards. Liability for non-compliance exists under these laws. It is mandatory that any advertising done by Cranbrook Loans Group, Inc. branch offices and/or loan originators comply with this policy.

Regulatory Requirements and Policy

It is Cranbrook Loans Group, Inc.'s policy that all advertising materials be truthful and non-deceptive, reasonable, nondiscriminatory, and fair, and must include all appropriate required disclosures. Employees responsible for the creation and distribution of any advertising and marketing materials are required to comply with federal consumer protection laws, such as the Federal Mortgage Acts and Practices Advertising Rules (Regulation N), the Truth in Lending Act and Regulation Z, and fair lending laws and regulations, as well as agency regulations and state specific laws.

General Advertising Requirements

It is a violation of this policy, and the aforementioned federal regulations, for any person to make any material misrepresentation regarding any term of any mortgage credit product, but not limited to, the following:

1. The interest charged for the mortgage product, including misrepresentations about the amount of interest owed each month that is included in the payment, loan amount or total amount due; or the interest owed each month that is not included in the payments but is instead added to the total amount due.
2. The variability of interest, payments, or other terms of the mortgage product.
3. Any comparison between any actual or hypothetical rate or payment.
4. The annual percentage rate, simple annual rate, periodic rate, or any other rate.
5. The amount of fees to the consumer associated with the mortgage product, including misrepresentation that no fees are charged.
6. Loans with specified terms when no loan products with those terms are available.
7. The terms, amounts, payments, or other requirements relating to taxes or insurance associated with the mortgage product.
8. The existence or amount of any penalty for making prepayments on the mortgage.
9. The existence, number, amount, or timing of any minimum or required payment.
10. The lack of closing costs.
11. The effectiveness of the mortgage product in helping the consumer resolve difficulties in paying debts.
12. Savings available by refinancing.
13. The consumer's ability to obtain any mortgage product or term whether the consumer has been preapproved or guaranteed for any such product; or
14. The consumer's ability to obtain a refinance of any mortgage product whether, the consumer has been preapproved or guaranteed for any such refinance.

Advertisements may not contain any of the following:

1. Oral or written statements that would discourage on a prohibited basis a reasonable person from making or pursuing an application.
2. Words, symbols, models, or other forms of communication that express, imply, or suggest a discriminatory preference or a policy of exclusion in violation of the ECOA.
3. The FHA logo or HUD seal, however you may use the FHA Approved Lending Institution seal followed by the statement 'Lender is not acting on the behalf of or at the discretion of the HUD/FHA or Federal Government'; or
4. The words "federal", "government", "national", "US Department of Housing and Urban Development", "Federal Housing Administration" and/or the letters "HUD" or "FHA", unless advertising an FHA product.
5. Any advertisement that states the licensee can arrange "low doc/no doc, no income/no asset, stated income, stated asset, no ratio", or similar loan products must contain a statement that these products may have a higher interest rate, more points or more fees than other products that require documentation.


State Advertising Requirements

Below are general advertising requirements applicable in most states:

1. A licensee may not advertise, print, display, publish, distribute, broadcast, or televise, in any manner, a statement or representation with regard to rates, terms or conditions for a mortgage loan that is false, misleading, or deceptive.
2. A licensee may not, in connection with a mortgage loan transaction solicit, advertise, or enter into a contract for specific interest rates, points, or other financing terms unless the terms are actually available at the time of soliciting, advertising, or contracting from a lender with whom the mortgage loan originator maintains a written correspondent or loan agreement.
3. A licensee shall not advertise any rate of interest without conspicuously disclosing the annual percentage rate implied by such rate of interest.
4. Whenever a specific interest rate is advertised, the licensee must retain a copy of supporting rate information and the APR calculation for the advertised interest rate.
5. Advertising that a specific interest rate, points or financial terms are available when the rates, points or financial terms are not actually available is a misleading or deceptive communication.
6. A licensee shall not use or cause to be published any advertisement that contains false, misleading, or deceptive statement or representation, or identifies the licensee by any name other than the name listed on the license issued.
7. The individual Unique Identifier number of the Mortgage Loan Originator and the company Unique Identifier shall be clearly shown on all residential mortgage loan application forms and in any printed, published, e-mailed or internet solicitations or advertisements, including business cards and internet websites. The Unique

Identifier shall not be smaller than 8-point bold font.

All advertising must be approved in advance by Cranbrook Loans Group, Inc. Senior Management. Any unauthorized advertising may be cause for dismissal. This includes any and all forms of print, radio, television, or billboards. A copy of all advertising must be forwarded to Senior Management for prior approval. Cranbrook Loans Group, Inc. Unique Identifier will accompany all written or audio advertising.

- If an interest rate is being quoted, the APR must also be quoted in the same size font as the interest rate.
- Ads must read Cranbrook Loans Group, Inc..
- All phone greetings and voicemails are to feature Cranbrook Loans Group, Inc..
- Use of Equal Housing Lender Symbol  will be used on all advertising.

Document Retention

Cranbrook Loans Group, Inc.'s policy is to retain all closed loan applications for a minimum of 5 years.

Cranbrook Loans Group, Inc.'s policy is to retain all denied and withdrawn loans for a minimum of 25 months from the date of denial or withdraw.

Cranbrook Loans Group, Inc.'s policy is to retain all advertising for a minimum of 5 years.

Geographic Lending Area

The current geographical lending areas are the State(s) of Michigan, Ohio, Florida, Georgia, Virginia, Colorado, Pennsylvania and Alabama. Licensed MLOs may only originate mortgage loans on properties within the state(s) where company and MLO hold a valid license.

Confidential Information

Cranbrook Loans Group, Inc. employees are entrusted with information regarding our customers personal financial affairs. This information is strictly confidential, as is every transaction between Cranbrook Loans Group, Inc. and our customers. Company records, communications and proprietary information must also be treated in a confidential manner.

Confidential information must not be discussed or disclosed beyond the necessary requirements of your job. It is paramount that we protect every aspect of our business from access by unauthorized persons. Confidential information includes information about Cranbrook Loans Group, Inc. including without limitation:

- Financial and other operating data except as published or released by Cranbrook Loans Group, Inc.;
- Marketing strategy.
- Names of actual or potential customers or suppliers and transactions with them.
- Any information on Cranbrook Loans Group, Inc. Intranet.
- Plans for future conduct of all phases of Cranbrook Loans Group, Inc. business.
- Any information relating to Cranbrook Loans Group, Inc. employees.

Confidential information also includes information about Cranbrook Loans Group, Inc.'s intellectual property, including unpublished inventions and trade secrets, including but not limited to, the following areas:

- Process and operation procedures.
- Research and development plans and results.
- Formula, properties, and designs of Cranbrook Loans Group, Inc. products.
- Software in various stages of development.

Personal Gain

Employees of Cranbrook Loans Group, Inc. may not use their employment directly or indirectly for private gain, advancement of personal interest or to obtain benefits for themselves, their customers, or suppliers. Employees must avoid dealing, on behalf of Cranbrook Loans Group, Inc., with any person or firm with whom they have any financial interest. Buying, selling, making loans or commitments, acceptance of any business or employment activity at any time that would conflict with Cranbrook Loans Group, Inc. interests or diminish one's ability to render full, loyal, and undivided service to the corporation is prohibited.

Application Date

Cranbrook Loans Group, Inc. has adopted the Consumer Financial Protection Bureau's (CFPB) definition of an application. Specifically, "An application means the submission of a consumer's financial information for purposes of obtaining an extension of credit. For transactions subject to §1026.19 (e), (f), or (g), an application consists of the submission of the following six pieces of information:

- The full name
- The property address.
- The consumer's income.
- The consumer's social security number to obtain a credit report.
- An estimate of the value of the property.

- The mortgage loan amount sought.

An application may be submitted in written or electronic format and includes a written record of an oral application. (Comment 2(s)(3)-1).

When Cranbrook Loans Group, Inc. receives the above information, the transaction will be considered an application and all disclosure requirements will be triggered. The loan will be moved from a 'pre-qualification' status to an 'in process' status and the borrower is moved from 'prospect' to 'borrower' status.

Lending Criteria

If making underwriting decisions, Cranbrook Loans Group, Inc. will follow Fannie Mae (FNMA), Freddie Mac (FHLMC), FHA, VA, USDA, and investor specific variances.

The maximum loan amount for all mortgage loans will be determined by FNMA, FHLMC, FHA, VA, USDA, investor, and secondary market requirements.

No employee of Cranbrook Loans Group, Inc. will, in any manner, discourage a consumer from applying for credit. Cranbrook Loans Group, Inc. will accept and consider an application from a consumer who wishes to submit a request for credit. Such request must be in writing.

No credit will be extended to any person who does not comply with all requirements and qualifications of the USA Patriot Act and the Office of Foreign Assets Control.

At no time shall a Mortgage Loan Originator or processor of Cranbrook Loans Group, Inc. make a credit decision or give the consumer the impression that a loan has been approved and/or denied.

All credit decisions will be made by the Underwriting Department, Senior Management, or by the investor purchasing the mortgage loan (as applicable). The Equal Credit Opportunity Act (ECOA) the Fair Housing Act (FHA), the Ability to Repay and Qualified Mortgage Standards will be strictly adhered to when making any credit decision.

Inquiries

Cranbrook Loans Group, Inc. employees are encouraged to provide information about loan products to potential customers, but he/she must not offer an opinion as to whether someone is likely to receive loan approval on a loan request. If an opinion is given, either verbally or in writing, under ECOA, an application has been made and full disclosure is

required. Cranbrook Loans Group, Inc.'s employees can provide basic information on types of loan products, but they must be careful not to decide based upon the inquiry. Instead, employee should encourage the individual to make application. We will allow any interested inquirer to make application.

Address Discrepancies

Cranbrook Loans Group, Inc. has developed policies and procedures designed to enable us to form a reasonable belief that a credit report relates to the consumer for whom it was requested. If Cranbrook Loans Group, Inc. receives notice of an address discrepancy from a nationwide consumer reporting agency indicating the address given by the consumer differs from the address contained in the consumer report, Cranbrook Loans Group, Inc. will:

- Verify the address with the consumer.
- Verify the address provided on all documentation is consistent.
- Verify the address through third-party sources (i.e., peoplefinders.com, whitepages.com, 411locate, google, etc.); or
- Any other reasonable means.

If an accurate address is confirmed, Cranbrook Loans Group, Inc. shall furnish the consumer's address to the consumer credit reporting agency from which it received the notice of address discrepancy.

Complaint Resolution

It is the policy of Cranbrook Loans Group, Inc. to respond promptly and accurately to any complaint by a customer about any aspect of the company's products or services or the manner in which the customer perceives that he/she has been treated by the company, provided that the person making the complaint identifies himself or herself. All complaints will be immediately directed to the company Compliance Officer for investigation. If the complaint was received orally, the employee receiving the complaint shall make a written memorandum of the person making the complaint, and the details of the complaint. The company Compliance Officer shall forward the complaint to the proper department in the company for investigation and response. The Department must respond to the company Compliance Officer within seven (7) business days. If the complaint involves actions of an employee or employees of the company, those persons shall not be involved in the investigation of the complaint. The company Compliance Officer shall retain a copy of each complaint and any supporting documentation and responses. All written complaints shall be responded to in writing, oral complaints may be responded to orally, but a written confirmation of the response

shall be sent to the customer. In the event that the response admits liability to the customer by the company, the response shall be approved by a member of Senior Management of the company in advance of it being communicated to the customer.

A preliminary response will be provided to complainant within fifteen (15) calendar days. Cranbrook Loans Group, Inc. will attempt to satisfactorily resolve complaint within sixty (60) calendar days of initial complaint. All correspondence regarding formal complaints will be retained for a minimum of 5 years.

Policy with Regards to Loan Approval/Denial

Cranbrook Loans Group, Inc. will operate in the capacity of a licensed mortgage broker.

At no time shall an employee of Cranbrook Loans Group, Inc. (without approval from senior management) make a credit decision or give the consumer the impression that a loan has been approved and/or denied. Adverse Action Notices will only be issued on mortgage loans that have no activity or communication with the consumer for 30 calendar days (with Senior Management approval) and when a loan has been denied. In the event that a file is denied by an investor or partner, such investor or partner will issue the Adverse Action Notice.

Disclosure Requirements

The most important aspect of the mortgage application process is to ensure that all compliance requirements have been met. In order to comply with Federal and State Law, the following must be followed at all times:

In conjunction with completing the Uniform Residential Loan Application (URLA/1003), the following disclosures must also be generated (and executed where indicated) by the borrower within three (3) days of initial application:

- **1003** - Must be generated the day of initial application for a face-to-face interview. If other than a face-to-face interview, 1003 must be provided to the borrower within three (3) days of initial application. An application will not be taken unless the MLO has obtained a property address, borrower social security number, monthly income, estimate of property value and the loan amount that the borrower is seeking.
- **Initial Loan Estimate (TRID)** - Must be provided to the applicant within three (3) days of application. Once delivered, no fees, except credit report, may be collected until three (3) business days have lapsed and/or the applicant has indicated an intent to proceed with the transaction. (*Exceptions: Home Equity*

Lines of Credit, Mobile Homes, Dwellings not permanently affixed to land, and Business/Commercial/Agricultural properties).

- Written List of Providers - Generated at initial application. Lists other third-party fees that the borrower may be responsible for that they may be able to shop for.
- ECOA Notice - Must be generated the day of initial application for a face-to-face interview or within three (3) days of initial application if other than a face-to-face application. If disclosure is mailed, a fully executed disclosure must be received prior to loan submission.
- Borrowers Authorization/Credit Authorization - Must be generated the day of initial application for a face-to-face interview or within three (3) days of initial application if other than a face-to-face application. This authorization must be executed by applicant(s) prior to requesting information from an outside third party.
- Privacy Notice (Privacy Act) - Must be generated the day of initial application for a face-to-face interview or within three (3) days of initial application if other than a face-to-face application. If disclosure is mailed, a fully executed disclosure must be received prior to loan submission.
- Loan Origination Agreement – not mandated but recommended.
- Patriot Act - Must be generated the day of initial application for a face-to-face interview or within 3 days of initial application if other than a face-to-face application. If a face-to-face application, the interviewer must complete the Patriot Act identity form in its entirety. If a non-face to face application, a copy of applicant(s) photo identification is required.
- FACT Act Notice to Applicants – (FCRA) Intention is to educate borrowers about their credit history in general and their credit score in particular. Must be provided to all consumers who apply for credit and contains their credit score. Commonly referred to as 'Notice to Home Loan Applicant'.
- Risk Based Pricing Notice – (FCRA) must be provided when the credit score of the consumer is used in setting the material terms of credit. The use of the credit score does not have to be the sole or primary factor in setting the terms of credit. If a lender relied on a credit report in making a lending decision about the consumer, a Risk Based Pricing Notice is required. In a transaction involving more than one consumer, a risk-based pricing notice must be provided to each borrower. Note: If a Risk Based Pricing Notice is provided to the consumer, the FACT Act Notice to Applicants is not required.
- eSign/eConsent Disclosure – applicable if application/disclosures are sent electronically.
- List of HUD Approved Home Ownership Counselors - located within close proximity to the applicant's current residence.
- "Home Loan Toolkit" - Provided at application on all one-to-four family residential properties. (purchase transaction). Note: State law may require this document be provided on ALL transactions.

- “CHARM” Booklet - required on ALL Adjustable-Rate Mortgages (TILA/REG.Z) within three (3) days of initial application.
- ARM Disclosure - required on ALL Adjustable-Rate Mortgages (TILA/REG.Z) within three (3) days of initial application.
- “When Your Home Is on The Line” - required on all Home Equity Lines of Credit (TILA) within three (3) days of initial application.
- Section 32 Disclosure (TILA/REG.Z) if applicable
- Fair Lending Notice – Required by the State of California.

ECOA also requires that notice be given to borrower within 30 days of the application date as to the status of their loan. If no activity or borrower contact, an Adverse Action notice must be provided to borrower.

State Specific Disclosures

All employees must adhere to state specific disclosures. Contact Senior Management for an updated list.

Important: Please note that the processing stage will not begin until all disclosures are properly executed and in the file.

Regulations

Equal Credit Opportunity Act (ECOA)

- Prohibits discrimination in a credit transaction on the basis of sex, marital status, race, color, religion, national origin, age, receipt of public assistance benefits, and/or the borrower’s good faith exercise under the Consumer Credit Protection Act.
- Establishes rules for requesting information and using information during the loan application process.
- Prohibits questions regarding birth control practices or childbearing intentions.
- Specifies how to evaluate the credit history of accounts on which both spouses are contractually liable.
- Permits applicants to apply for individual or joint credit.
- Regulates consideration of alimony and child support payments and discounting of part-time or spouse’s income.
- Allows the applicant to use his or her surname at birth, or that of the spouse, or a combination thereof.
- Limits inquiries as to marital status.
- Requires all terms in the loan application forms to be neutral as to sex.
- Requires credit history information to be reported in the names of both spouses when both are contractually liable.

- Like HMDA, ECOA requires lenders to maintain monitoring information (race, sex, marital status, age).
- When a lender (or anyone making the credit decision) denies an application for a mortgage loan, the applicant must receive a written notice of denial. If a loan is denied by Cranbrook Loans Group, Inc., an Adverse Action Notice must be sent to the applicant within three (3) business days of the credit decision.
- All loan applicants must be made aware of the status of their loan application in writing within thirty (30) days of application. Evidence must be retained in the file.
- If there is no activity on a loan application for a thirty (30) day period, the loan will be withdrawn.

Fair Housing Act

Fair Housing Act is similar to ECOA, but it applies only to housing-related loans. Prohibits discrimination based upon race, color, sex, religion, national origin, familial status, or handicap.

Effects advertising of mortgage loans-written advertising/logo must appear. Oral advertising/verbal statement (equal housing lender) must be heard. (Must be consistent).

****Fair Housing deals with “property/location”.** A mortgage loan originator can be in violation of Fair Housing by redlining (refusing to take applications in a particular neighborhood).

Fair Lending Act

Discrimination in mortgage lending is prohibited by the Federal Fair Housing Act.

The Fair Housing Act makes it unlawful to engage in the following practices based on race, color, national origin, religion, sex, familial status, or handicap (disability):

- Refuse to make a mortgage loan.
- Refuse to provide information regarding loans.
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees.
- Discriminate in appraising property.
- Refuse to purchase a loan or set different terms or conditions for purchasing a loan.

Cranbrook Loans Group, Inc. employees will not deny anyone the ability to apply for a mortgage loan irrespective of any known credit, asset, or employment issues.

Cranbrook Loans Group, Inc. employees are encouraged to provide information about loan products to potential customers, but he/she must not offer an opinion as to whether someone is likely to receive loan approval on a loan request. If an opinion is given, either verbally or in writing, under ECOA, an application has been made and full disclosure is required. Cranbrook Loans Group, Inc.'s employees can provide basic information on types of loan products, but they must be careful not to decide based upon the inquiry. Instead, employee should encourage the individual to make application. We will allow any interested inquirer to make application.

Fair Lending Policy

Generally

Cranbrook Loans Group, Inc. is an equal opportunity financial institution and believes in consistent, fair lending. Cranbrook Loans Group, Inc. does not permit discrimination of any kind with respect to a borrower's race, color, religious creed, national origin, sex, marital or familial status, sexual orientation, age (provided that applicant had the capacity to enter into a binding contract), genetic information, ancestry, children, veteran status, physical condition, developmental disability, handicap or because all or a part of the applicant's income derives from any public assistance program. Cranbrook Loans Group, Inc. does not discourage the completion or submission of an application for credit by any applicant on any of the prohibited bases and does not discriminate against any borrower on any of the prohibited bases.

Cranbrook Loans Group, Inc. requires its employees and others representing Cranbrook Loans Group, Inc. to conduct business with the highest degree of integrity, quality service and fair dealings. It is the policy of Cranbrook Loans Group, Inc. that all employees adhere completely to all applicable state and federal laws and regulations as well as any direct orders issued by the appropriate supervisory authorities. These regulations include, but are not limited to, the Civil Rights Act of 1968, the Consumer Credit Protection Act of 1968 Truth-in-Lending-Act (Regulation Z), the Real Estate Settlement Procedures Act (Regulation X), Flood Disaster Protection Act, Right to Financial Privacy Act, Equal Credit Opportunity Act (Regulation B), Fair Housing Act and the Fair Credit Reporting Act.

It is the policy of Cranbrook Loans Group, Inc. to comply with the letter, spirit, and intent of all Federal and State Regulations in all of Cranbrook Loans Group, Inc.'s lending activities. In any area where this Policy may conflict with any regulatory policy, the Federal and/or State Regulations shall supersede this Policy.

Compliance Officer

Cranbrook Loans Group, Inc. is hereby designating Michael Ayoub as its Compliance Officer. Cranbrook Loans Group, Inc.'s Compliance Office is responsible for implementing this policy and training employees concerning this policy. The Compliance Officer is also

responsible for reviewing Company's marketing and advertising materials and campaigns and any major new policy or practice, to determine whether those materials, campaigns, policies and/or practices will be consistent with Company's commitment to fair lending practices. Periodically, Cranbrook Loans Group, Inc. will review its underwriting standards, when performing underwriting within Cranbrook Loans Group, Inc., and its implementation of those standards to determine whether they are compliant with its commitment to Fair Lending. The Compliance Officer is also responsible for periodically reviewing its loan applications and portfolio to ensure that Cranbrook Loans Group, Inc. is complying with this Policy and extending credit on a nondiscriminatory basis.

Cranbrook Loans Group, Inc.'s Compliance Officer is also responsible for reporting findings and any issues with respect to its implementation of this Policy to Cranbrook Loans Group, Inc.'s Senior Management on a quarterly basis or whenever fair lending or pricing issues arise that, in his or her determination, need to be addressed. Loan officers should realize that the Company monitors pricing and that loan officers who are found to have violated this policy by considering improper criteria, not acting in the Company's best interests, or not acting in the best interests of the borrower will be subject to disciplinary measures and/or termination as determined in the Company's discretion.

Truth-in-Lending Act (TILA) and Reg. Z

The Truth in Lending Act (TILA) is a federal law designed to promote the informed use of consumer credit, by requiring disclosures about its terms and cost to standardize the manner in which costs associated with borrowing are calculated and disclosed. (Does not apply to commercial loans).

Documents/Disclosures required under TILA/Reg. Z that the origination staff is responsible for:

- Consumer Handbook on Adjustable-Rate Mortgages (CHARM Booklet) (if applicable).
- Variable Rate Disclosure (if applicable).
- HELOC Disclosure (if applicable).

Advertising Requirements - If an advertisement states a rate or finance charge, it shall state the rate as an "Annual Percentage Rate", using that term.

If an advertisement contains any of a number of terms specified in the Truth in Lending Act, then that advertisement must also include certain prescribed disclosures. The following terms are "trigger terms" that when used in an advertisement require the use of additional information within the advertisement:

- The amount or percentage of any down payment.
- The number of payments or period of repayment.
- The amount of any payment.

- The amount of any finance charge.

When any of the trigger terms are used in an advertisement, the following must also be included: An example of one or more typical extensions of credit with a statement of all the terms applicable to each, or as applicable:

- The amount or percentage of the down payment.
- The terms of repayment.
- The annual percentage rate, using that term.
- If the rate may be increased after consummation.

Advertising cannot include “catch words” such as private, integrated, etc. All advertising must include the Fair Housing Logo. (HUD Advertising Regulation)

TILA states that oral disclosure of interest rates must be in the form of APRs and not interest rates or interest rates 'plus points'. Cranbrook Loans Group, Inc. discourages employees from quoting interest rates over the phone. If rates must be quoted, the employee must provide an example at the same time that uses the rates and points and translates them into an APR.

If an applicant chooses to rescind a refinance transaction within the allowable three (3) business days, they shall receive a refund of all monies paid in advance including appraisal and credit report.

Real Estate Settlement Procedures Act (RESPA)

Requires that borrowers receive disclosures at various times throughout the lending process. Some disclosures spell out the costs associated with the loan, outline servicing and escrow account practices, and describe business relationships between settlement service providers. RESPA also makes it a criminal offense to give or to receive a referral fee in exchange for a mortgage loan.

All one-to-four family residential properties used as primary residence are covered under RESPA.

Documents/Disclosures required under RESPA that origination staff are responsible for:

- Affiliated Business Arrangement Disclosure (if applicable).
- When Your Home is on the Line (HELOC) (if applicable).
- List of approved HUD Counselors based upon the current address of the applicant (purchase transactions).
- Home Loan Toolkit on purchase transactions. (Note: State law may require Home Loan Toolkit on both purchase and refinance transactions).

RESPA Section 8

Section 8 of RESPA prohibits a person from giving or accepting anything of value for referrals of settlement service business related to a federally related mortgage loan. It also prohibits a person from giving or accepting any part of a charge for services that are not performed. These are also known as kickbacks, fee-splitting and unearned fees. If found in violation of RESPA, Section 8, both the person giving and the person receiving the referral fee can be charged up to \$10,000 per violation as well as additional civil penalties.

“No person shall give, and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally-related mortgage loan shall be referred to any person.”

What is allowed under RESPA?

- Normal promotional and educational activities that are ‘referral neutral’.
- Does not involve defraying of expenses normally paid by the referring party.
- Cannot reflect the value of a referral.
- Cannot vary based upon the amount of the business given.
- Payment made or accepted must be for services actually performed and consistent with reasonable value.
- Must be justified.
- Cannot be determined on a loan-by-loan basis.
- Must be more than for merely taking an application.

Examples of Allowable Fees

- Flowers on Mother’s Day.
- Sending gift to everyone in an office.
- Giving a gift to a client for their ‘own’ business.
- Donuts.
- Providing leads.

Section 8-Business Referral

RESPA makes it a criminal offense to give or accept a fee for a service if that service is not actually performed.

Section 8-Fee Splitting

Section 8 of RESPA was enacted to prevent the charging of unearned fees and use of kickbacks in a mortgage transaction, as well as prohibit the practice of fee splitting.

A. According to HUD, fees charged to borrowers must be equal to the actual fees for the services provided and must not include any upcharge by the lender.

Example: If you invoice your borrower \$50.00 for a credit report and you are billed only \$15.00, you must refund the borrower the \$35.00 no later than at the time of closing. (Please note that this also applies for actual credit report fees being charged for Automated Underwriting).

B. Fees that are paid to third parties by the lender on behalf of the borrower need to be clearly noted on the Closing Disclosure with the name of the service provider disclosed.

C. Disclosure of a Reduction to Fees: If an investor provides any type of reduction in fees, i.e., Underwriting Credit, Technology Fee, the credit must be passed on to the borrower and not taken as additional revenue to the MLO.

Affiliated Relationships

Cranbrook Loans Group, Inc.'s Senior Management must approve, in advance, any Affiliated Business Relationships that an employee has with any company that is in a position to refer business to him/her. Examples of this would be:

- A loan officer that is also a real estate agent, financial planner, etc.
- Any Cranbrook Loans Group, Inc. employee that has ownership interest in any real estate/mortgage related company.
- An employee that has a familial relationship with anyone that is in a position to refer business to him/her.

If Cranbrook Loans Group, Inc. approves the relationship, the borrower must sign an Affiliated Business Relationship Disclosure at the time the referral is provided (this will usually be at the time of application).

TILA/RESPA Integrated Disclosure Rule (TRID)

Applies to most closed-end consumer mortgage loans (including construction only, 25+ acres, second homes, lot loans).

Loan Estimate

Replaces the Good Faith Estimate and the Truth in Lending Disclosure. Also includes RESPA's Servicing Disclosure and the ECOA Right to an Appraisal.

Requirements of Loan Estimate (LE)

- Provide the initial LE within three business (3) days of application.
- Provide the initial LE seven business (7) days prior to consummation.
- Borrower receives LE within three business (3) days of being sent.
- Provide revised LE within three business (3) days of Change of Circumstance.
- Provide revised LE for float to lock within three (3) business days.
- Borrower must receive revised LE four (4) days prior to Consummation.
- LE may not be issued once the Closing Disclosure (CD) has been issued.

Loan Estimate Procedures

Initial Loan Estimate:

Once the sixth piece of required data is received from the borrower(s), the file is uploaded to a Lender and the disclosure process is initiated to ensure that disclosures are delivered to the borrower(s) within the regulatory timeline. Although lenders may have slightly different processes for generating and delivering the disclosures to the borrower, our process remains largely the same. Loan and borrower specific data is uploaded to the lender's website, along with the fees and property related expenses. Once this process is complete, the lender delivers the Loan Estimate and the other required early disclosure to the borrower(s).

If Cranbrook Loans Group, Inc. is concerned that the Lender may not meet the regulatory timeline for delivery, Cranbrook Loans Group, Inc. will develop and deliver the Loan Estimate to the borrower directly to ensure compliance.

Redisclosure:

When a Changed Circumstance occurs, Cranbrook Loans Group, Inc. notifies the lender of the changed and/or new information and requests new disclosures be delivered to the borrower(s) within the regulatory timeframe. Like the initial disclosure process, the revised disclosure process requires notifying the lender of the specifics of the change, as well as any fees, charges or other loan terms that are affected by the change. Upon review and concurrence, the Lender delivers the redisclosed Loan Estimate to the borrower(s).

Requirements of the Closing Disclosure (CD)

- Borrower must receive CD three (3) business days prior to Consummation.
- A revised CD requiring a new 3 day waiting occurs if the APR exceeds the tolerance threshold, the loan program changes, or a pre-payment penalty is added to the loan.
- Post-consummation changes due to numeric errors must be re-disclosed no later than thirty (30) days after consummation.
- Post Consummation changes due to non-numeric clerical errors must be re-disclosed no later than 60 days after consummation.
- Refunds due to the consumer must be refunded (and corrected disclosures provided) no later than 60 days after consummation.

Lock Confirmation Policy

It Is the policy of Cranbrook Loans Group, Inc. to deliver a Rate Lock Confirmation to the borrower(s) on each transaction.

Cranbrook Loans Group, Inc. will deliver to the client a Rate Lock Confirmation detailing the interest rate and the expiration date of that lock within 3 business days of the lock-in date. Cranbrook Loans Group, Inc. will retain a copy of the Rate Lock Confirmation in the client file

Gramm-Leach-Bliley Safeguards Rule

Cranbrook Loans Group, Inc. collects personal information from our customers, including names, addresses, and phone numbers; bank and credit card account numbers; income and credit histories; and Social Security numbers. The Gramm-Leach-Bliley (GLB) Act requires that we ensure the security and confidentiality of this type of information. As part of its implementation of the GLB Act, the Federal Trade Commission (FTC) issued the Safeguards Rule, which requires us to have measures in place to keep customer information secure.

The Safeguards Rule required us to develop a written Information Security Plan that describes our program to protect customer information. As part of its plan, we have:

- Designated one or more employees to coordinate our information security program.
- Identified and assessed the risks to customer information in each relevant area of our operation and evaluated the effectiveness of the current safeguards for controlling these risks.
- Designed and implemented a safeguards program, and regularly monitor and test it.
- Select service providers that can maintain appropriate safeguards.

As part of our information security plan, all employees are required to sign our Employee Confidentiality Pledge.

USA Patriot Act

Section 326 of the USA Patriot Act requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account or changes an existing account. This federal requirement applies to all new customers and current customers. This information is used to assist the United States Government in the fight against the funding of terrorism and money-laundering activities. In compliance with the USA Patriot Act, all borrowers must also execute a USA Patriot Act Disclosure. The loan officer will be responsible for obtaining valid identification from all borrowers as well as completing the appropriate Patriot Act Disclosure detailing the information that was obtained.

Fair Credit Reporting Act

The Fair Credit Reporting Act (FCRA) is enforced by the Consumer Financial Protection Bureau (CFPB) and designed to insure accuracy and privacy of the information used in consumer credit reports. Recent amendments expand the consumer's rights and place additional requirements on consumer information and how it is used. Any company that supplies information about a consumer to credit reporting agencies and those that use consumer reports must abide by specific rules.

Fair and Accurate Credit Transactions Act-FACT ACT

The Fair and Accurate Credit Transactions Act of 2003:

1) Ensures that lenders make decisions on loans based on full and fair credit histories, and not on discriminatory stereotypes. In 1996, uniform national standards were established to set clear rules on what credit agencies were entitled to include in individual credit reports. This legislation makes those national standards permanent.

2) Improve the quality of credit information and protecting consumers against identity theft.

- Giving every consumer the right to their credit report free of charge every year.
- Helping prevent identity theft before it occurs by requiring merchants to leave all but the last five digits of a credit card number off store receipts.
- Create a national system of fraud detection to make identity thieves more likely to be caught. Previously, victims would have to make phone calls to all of their credit card companies and three major credit rating agencies to alert them to the crime. Now consumers will only need to make one call to receive advice, set off a nationwide fraud alert, and protect their credit standing.
- Establish a nationwide system of fraud alerts for consumers to place on their credit files. Credit reporting agencies that receive such alerts from customers will

now be obliged to follow procedures to ensure that any future requests are by the true consumer, not an identity thief posing as the consumer. The law also will enable active-duty military personnel to place special alerts on their files when they are deployed overseas.

- Requires regulators to devise a list of red flag indicators of identity theft, drawn from the patterns and practices of identity thieves. Regulators will be required to evaluate the use of these red flag indicators in their compliance examination and impose fines where disregard of red flags has resulted in losses to customers.
- Requires lenders and credit agencies to take pre-emptive action. With oversight by bank regulators, credit agencies will establish a set of guidelines to identify patterns common to identity theft and develop methods to stop identity theft before it can cause major damage.

Do Not Call/Do Not Fax/Do Not Email

Do Not Call

The Telemarketing Sales Rule (TSR) applies to any plan, program, or campaign to sell goods or services through interstate phone calls. This includes telemarketers who solicit consumers on behalf of third-party sellers. It also includes sellers who provide, offer to provide, or arrange to provide goods or services to consumers in exchange for payment.

Telemarketers and sellers are required to search the registry at least quarterly and drop from their call lists the phone numbers of consumers who have registered.

Telemarketers and sellers must access the national “do not call” registry to “scrub” their call lists. <http://www.ftc.gov/donotcall/>

When a telemarketer or seller accesses the system for the first time, they will have to provide some identifying information, such as company name and address, company contact person, and the contact person’s telephone number and email address. If a telemarketer is accessing the registry on behalf of a client seller, the telemarketer will need to identify the client (or clients).

On subsequent visits to the website, telemarketers and sellers will be able to download either a complete updated list of numbers from their selected area codes or a more limited list that shows additions or deletions since the company’s last download.

A consumer’s number will stay on the registry for five (5) years, until the consumer asks for the number to be removed from the registry, or until the consumer changes phone numbers. Consumers will be able to renew their registration every five (5) years.

Cranbrook Loans Group, Inc. Senior Management must approve, in advance, any MLO wishing to use a lead generating service to ensure that vendor is compliant with Do Not Call provisions.

Established Business Relationship:

- A telemarketer or seller may call a consumer with whom it has an established business relationship:
 - For up to eighteen (18) months after the consumer's last purchase, delivery, or payment – even if the consumer's number is on the national "do not call" registry.
- A company may call a consumer for up to three (3) months after the consumer makes an inquiry or submits an application to the company.
- If a consumer has given a company written permission, the company may call the consumer even if the consumer's number is on the national "do not call" registry.

Exception: If a consumer asks a company not to call, text, or email, the company may not call, text, or email even if there is an established business relationship. A company may not call a consumer regardless of whether the consumer's number is on the registry – if the consumer has asked to be put on the company's "do not call" list.

Telemarketers are also required to transmit their telephone number, and if possible, their name, to consumers' caller ID services.

General telemarketing guidelines:

- Telemarketers and sellers may call consumers only between 8:00 a.m. and 9:00 p.m.
- Telemarketers still promptly identify themselves as a seller and explain that they are making a sales call before discussing a product or service.
- Telemarketers must disclose all material information about the goods or services they are offering and the terms of the sale. Misrepresenting any terms or conditions of the sale is still prohibited.

Do Not Fax

Junk Fax Prevention Act of 2005:

Prohibits anyone from sending unsolicited advertising to an individual or company fax machine unless there is an established business relationship, and the fax number was given willingly by the recipient or the recipient makes their fax number available for public distribution. (No specific permission is required if the business relationship was formed prior to July 9, 2005).

If the recipient indicates that they do not accept unsolicited faxes, you are prohibited from doing so.

- There has been no time limit established for the continuance of the faxes.
- A notice must be placed on the first page of the fax advising the recipient of their opt-out options and must be conspicuous to the recipient. Must include sender's phone number and fax number.
- Must provide at least one cost free way to opt-out. A local number would be considered cost free if the recipient did not incur additional charges.

Do Not Email Registry

There is no 'Do Not Email Registry' but there is spam rules, Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM or the Act).

What the Law Requires:

- It bans false or misleading header information. Your email's "From," "To," and routing information – including the originating domain name and email address must be accurate and identify the person who initiated the email.
- It prohibits deceptive subject lines. The subject line cannot mislead the recipient about the contents or subject matter of the message.
- It requires that your email give recipients an opt-out method. You must provide a return email address or another internet-based response mechanism that allows a recipient to ask you not to send future email messages to that email address, and you must honor the requests.
- Any opt-out mechanism you offer must be able to process opt-out requests for at least thirty (30) days after you send your commercial email.
- When you receive an opt-out request, the law gives you ten (10) business days to stop sending email to the requestor's email address. (You cannot help another entity send email to that address, or have another entity send email on your behalf to that address).
- It is illegal for you to sell or transfer the email addresses of people who choose not to receive your email, even in the form of a mailing list, unless you transfer the addresses, so another entity can comply with the law.
- It requires that commercial email be identified as an advertisement and include the sender's valid physical postal address. Your message must contain clear and conspicuous notice that the message is an advertisement or solicitation and that the recipient can opt out of receiving more commercial email from you. It also must include your valid physical postal address.

Penalties

Each violation of the above provisions is subject to fines of up to \$11,000. Deceptive commercial email is also subject to laws banning false or misleading advertising.

Additional fines are provided for commercial emailers who not only violate the rules described above, but also:

- "Harvest" email addresses from websites or web services that have published a notice prohibiting the transfer of email addresses for the purpose of sending email.
- Generate email addresses using a "dictionary attack" – combining names, letters, or numbers into multiple permutations.
- Use scripts or other automated ways to register for multiple email or user accounts to send commercial email.
- Relay emails through a computer or network without permission – for example, by taking advantage of open relays or open proxies without authorization.
- The law allows the Dept. of Justice to seek criminal penalties, including imprisonment, for commercial emailers who do, or conspire to:
 - Use another computer without authorization and send commercial email from or through it.
 - Use a computer to relay or re-transmit multiple commercial email messages to deceive or mislead recipients or an internet access service about the origin of the message.
 - Falsify header information in multiple email messages and initiate the transmission of such messages.
 - Register for multiple email accounts or domain names using information that falsifies the identity of the actual registrant.
 - Falsely represent themselves as owners of multiple Internet Protocol addresses that are used to send commercial email messages.

Additional Company Requirements

MLOs may, on occasion, offer a zero-cost refinance. LE's must be completed showing all costs that the borrower would be paying if it were not a zero-cost loan. (APR calculation would also reflect these fees).

Cranbrook Loans Group, Inc. may allow the MLO to negotiate lower origination charges for family or friends. Approval must be granted by Senior Management in advance and adhere to company policy.

All employee loans must be approved in advance by Cranbrook Loans Group, Inc. and will follow standard employee pricing guidelines.

Appraisals: Employees will adhere to Cranbrook Loans Group, Inc.'s Policy regarding Appraiser Independence.

Title work: Cranbrook Loans Group, Inc. has no preference regarding the utilization of title companies and has no affiliated business relationship with any title entity. Employees should at all times choose vendors that they are confident will provide the highest service levels and the most affordable price for the consumer.

Home Mortgage Disclosure Act

The Home Mortgage Disclosure Act of 1975 (“HMDA”), and the implementing regulations known as Regulation C, require financial institutions to collect, report and disclose information about their mortgage applications, originations, and purchases.

HMDA is designed to:

- Provide the public with loan data that can be used to assess how financial institutions are serving the housing needs of their communities.
- Aid public officials in distributing public sector investments so as to attract private investment to areas in which such investments are needed; and
- Identify possible discriminatory lending patterns and to enforce anti-discrimination statutes.

Financial institutions covered by HMDA include banks and mortgage lenders, but do not generally include mortgage brokers.

Covered institutions must meet certain reporting criteria before they are required to complete a HMDA Loan Application Register (“LAR”). HMDA is solely a disclosure law. It does not prohibit any specific activity of lenders. It does not establish a quota system for mortgage loans.

HMDA Compliance Policy. Company employees are advised of the Act and required to adhere to its mandates. See Cranbrook Loans Group, Inc. HMDA Compliance Management Plan.

HMDA Compliance Management Plan

Overview

HMDA covers all residential loans, including multi-family dwellings and requires lenders to collect certain information on all applications for home purchase, home improvement, and refinancing.

The purpose of HMDA is to make lending patterns public, thus encouraging lenders to provide adequate home financing to all qualified applicants throughout the lender’s region.

Examples of information required: type of loan, purpose, application date, loan amount, action taken, race or national origin, sex, income of the borrower, etc.

*The MLO must make a visual observation and complete the Demographic Information on every loan application regardless of if borrower chooses to answer the questions. Our investors must comply with HMDA requirements and must, therefore, require the loans they purchase from us clearly indicate all demographic criteria.

Regulatory Requirements

HMDA data is reported on the HMDA Loan Application Register (“LAR”). Financial institutions must meet certain reporting criteria before they are required to complete a LAR. Non-depository mortgage lenders with an office in a Metropolitan Statistical Area (“MSA”) are covered if they originated at least 25 closed-end mortgage loans in each of the two preceding calendar years.

HMDA requires covered institutions to collect, report and disclose information about their mortgage applications, originations, purchases, and pre-approvals. An application or loan is reported if it falls into one or more of the following categories:

- Home Purchase
- Home Improvement
- Refinance
- Cash-out Refinance
- Other (to be used for consumer purpose transactions with a purpose other than home purchase, home improvement, refinancing, or cash-out refinancing)

Covered institutions must submit the LARs for their institution to the FFEIC in a consolidated report annually by March 1st following the calendar year of the data. Regulation C requires a covered institution to record a transaction on the LAR within thirty calendar days after the end of the calendar quarter in which final action on the transaction is taken. Regulators may require covered institutions to record the data more frequently than Regulation C requires.

Institutions must make their LAR data – modified to protect privacy interest of applicants and borrowers – available to the public upon request in electronic or printed form. A modified register must be available no later than March 31 for requests made on or before March 1st following the year to which the data relate, and within 30 days for requests made after March 1st. The modified register must continue to be made available to the public for three years.

Using data from each institution’s LAR, the Federal Financial Institutions Examination Council (“FFIEC”) will prepare and post to the Internet a series of tables that will comprise

the institution's disclosure statement. A covered institution must make the statement available to the public for inspection and copying at its home office in printed or electronic form within three business days of the disclosure statement's posting to the Internet. In addition, if an institution has branch offices in other MSAs, it must make available an MSA-specific disclosure in one of two ways: by make the statement available in at least one branch office in every MSA other than the MSA of the home office, within ten business days of receipt from the FFIEC; or by posting an address for requesting copies in the lobby of every branch office in an MSA (other than branches in the MSA of the home office) and responding to written requests within fifteen calendar days.

The disclosure statement must remain available to the public for five years, and an institution must post a notice about its availability in the lobby of its home office and each branch office located in an MSA.

Policies and Procedures

Cranbrook Loans Group, Inc. will maintain a HMDA/Reg.C Policies and Procedures, which will detail our HMDA reporting guidelines. Cranbrook Loans Group, Inc. will maintain a reporting system which is commensurate with our size and volume.

The Policies and Procedures will be reviewed annually by the HMDA Compliance Officer to ensure continuing compliance with the regulatory framework.

HMDA Compliance Officer

Cranbrook Loans Group, Inc. designates Michael Ayoub as the HMDA Compliance Officer. The HMDA Compliance Officer will be responsible for implementing the Company's Policies and Procedures. The HMDA Compliance Officer(s) will also be responsible for overseeing the data entry and updates for Cranbrook Loans Group, Inc.'s HMDA reporting (if applicable).

The HMDA Compliance Officer(s) and Senior Management will further remain abreast and informed of regulatory changes that may have occurred since prior examinations and/or prior data collection and reporting cycles. The HMDA Compliance Officer(s) will provide Senior Management with updates on the HMDA regulatory framework.

Internal Audits

Cranbrook Loans Group, Inc. will implement internal, pre-submission HMDA audits quarterly to test for and evaluate reported data accuracy. These audits will include transactional analysis of the data to be reported, written reports reflecting the findings of the audit and recommendations for corrective actions, if needed. The HMDA Compliance Officer(s) will be responsible for overseeing the internal audits.

Corrective Action

Cranbrook Loans Group, Inc. will undertake prompt corrective action in response to previously identified deficiencies in its HMDA and Regulation C compliance procedures.

Corrective actions include, but are not limited to:

1. Providing personnel with more HMDA Regulation C training.
2. Improving internal controls over the reporting process.
3. Increasing the frequency of pre-submission internal data audits; and/or
4. Appointing additional Compliance Officer(s) to assist in ensuring accurate reporting.

Employee Training

Cranbrook Loans Group, Inc. will provide, at a minimum, annual training to its employees on HMDA and Regulation C reporting requirements. Employees will be required to sign and date a Certificate of Completion for Company HMDA training.

Resubmission

If, upon external audit or examination by a regulatory authority, Cranbrook Loans Group, Inc.'s sample LAR is found to contain a certain number of errors exceeding the CFPB's Resubmission Thresholds, the Company will correct and resubmit its data.

The applicable Resubmission Thresholds are:

1. If Cranbrook Loans Group, Inc. reports fewer than 100,000 HMDA LAR entries, then Cranbrook Loans Group, Inc. will resubmit data if 10% or more of the Company's sample set contain errors.
2. If Cranbrook Loans Group, Inc. reports more than 100,000 HMDA LAR entries, then Cranbrook Loans Group, Inc. will resubmit data if 4% or more of the Company's sample set contains errors; or
3. If Cranbrook Loans Group, Inc. reports more than 100,000 HMDA LAR entries, then Cranbrook Loans Group, Inc. will resubmit data if 2% - 4% of the Company's sample set in any individual data field contains errors (must resubmit only that field).

AML/BSA Policy

The Senior Management Team of Cranbrook Loans Group, Inc. is committed to combating money laundering and actively preventing money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by

complying with all applicable requirements under the Bank Secrecy Act (BSA) and its implementing regulations.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origin of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

Definitions

Financial Crimes Enforcement Network (“FinCEN”) – A Bureau of the United States Treasury Department charged with implementing and enforcing AML and SAR Rules.

Suspicious Activity Report (“SAR”) – A report to be filed electronically with FinCEN when company detects suspicious activity.

AML Compliance Officer Designation and Duties

Cranbrook Loans Group, Inc. designates Michael Ayoub as the Anti-Money Laundering Program Compliance Officer (AML Compliance Officer), with full responsibility for the company's Anti-Money Laundering (AML) Program. The AML Compliance Officer is qualified through experience, knowledge, and training. The duties of the AML Compliance Officer will include ensuring that an AML Audit is performed, at minimum, on an annual basis by an independent outside party and to ensure that all employees receive AML training. New employees will receive AML training within 10 days and annually every year thereafter. The AML Compliance Officer will also ensure that proper AML records are kept.

Monitoring Accounts for Suspicious Activity

The AML Compliance Officer will regularly monitor a sufficient amount of financial transactions to permit identification of patterns of unusual size, volume, pattern or type of transactions, geographic factors such as whether jurisdictions designated as “non-cooperative” are involved, or any of the “red flags” are identified. The AML Compliance Officer will be responsible for ensuring this monitoring, will document when and how it is carried out, and will report suspicious activities to the company Senior Management. Independent testing will be performed, at minimum, on an annual basis.

AML Audit – Independent Testing

The AML Compliance Officer will ensure that the annual AML audit conducted by the independent party reviews, at minimum, the following:

- A full review of the company's AML compliance program manual
- Testing of the company's AML Policy and Procedures
- Customer Identification Procedure (CIP) review
- Transactional testing and evaluation
- OFAC checks
- FinCEN related filings review
- Evaluation of AML training
- Evaluation of automated monitoring systems and management information system
- Review of past audit reports to assess the efficacy of recommended implemented changes

The AML testing may be conducted by an independent party or by an internal employee (who is not the AML Compliance Officer).

An Agreement has been executed with MSource Training & Consulting, Inc. to perform our annual AML/BSA audit.

MSource Training & Consulting, Inc.
32406 Franklin Rd. #250158
Franklin, MI 48025

Circumstances for Filing a SAR Filing a Suspicious Activity Report

Among the information we will use to determine whether to file a SAR are exception reports that include transaction size, location, type, number, and nature of the activity. When warranted, the AML Compliance Officer will ensure Suspicious Activity Reports (SARs) are filed electronically with the Financial Crimes Enforcement Network (FinCEN) or the company's designated self-regulatory agency. Cranbrook Loans Group, Inc. will obtain a FinCEN filing ID at: <https://bsaefiling1.fincen.treas.gov/AddUser>

We will electronically file a SAR for any activity where we know, suspect, or have reason to suspect. The report will be filed electronically through the FinCEN BSA E-Filing System.

We will not base our decision on whether to file a SAR solely on whether the transaction falls above a set threshold. We will file a SAR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities. In high-risk situations, we will notify the appropriate government agency immediately and will file a SAR with FinCEN.

If a SAR is filed, we will collect and maintain supporting documentation as required by the BSA regulations. We will file a SAR no later than 30 calendar days after the date of the initial detection of the facts that constitute a basis for filing a SAR. If no suspect is identified on the date of initial detection, we may delay filing the SAR for an additional 30 calendar days pending identification of a suspect, but in no case, will the reporting be delayed more than 60 calendar days after the date of initial detection. All supporting documentation used in making the decision to file a SAR Report will be retained for a minimum of five (5) years.

Sharing of Information/Confidentiality

Suspect Notification

Notifying a suspect of a SAR is prohibited by Federal Law. Under no circumstances shall any officer, employee or appointed agent disclose or discuss an AML concern, investigation, notice or SAR filing with the person or persons subject of such, or any other person, including members of the officer's, employee's, or appointed agent's family. All staff are made aware that a reported transaction is confidential and investigation results will not be disclosed or discussed with anyone now or at any time in the future.

Other Requests

Cranbrook Loans Group, Inc. directors, officers, and employees, if subpoenaed or otherwise requested to disclose a SAR or any information that would reveal the existence of a SAR will decline to produce the SAR or any information relating to the subject SAR. If such request is made, Cranbrook Loans Group, Inc. will notify FinCEN of any such request. Cranbrook Loans Group, Inc. will segregate SAR filings and copies of supporting documentation from other company books and records to avoid disclosing SAR filings. Our AML Compliance Officer will handle all subpoenas or other requests for SARs.

SAR Filing

As part of our AML program, Cranbrook Loans Group, Inc. will create and maintain SARs, and other relevant documentation for a minimum of five (5) years.

Customer Identification Program

Identifying information collected from the customer (name, address, taxpayer identification number, date of birth) will be maintained for five (5) years after the account is closed. Verification information will be maintained for five (5) years after the record is created. This will be achieved by maintaining copies of all documents used in the verification process, which will at a minimum contain the identification number, the state of country of issuance, the date of issue (if available) and the expiration date of the document. In addition, documentation of any non-documentary methods used to verify identity and a description of how any discrepancies were resolved will be maintained. This information will be maintained electronically and bear the customer's name. All documentation will be reviewed for accuracy and completeness.

Record Retention

Any records related to customers listed on OFAC will be retained for a minimum of five (5) years.

Office of Foreign Assets Control (OFAC) Lists

The Office of Foreign Assets Control (OFAC) of the Department of the Treasury administers and oversees a series of laws that impose economic sanctions against hostile targets to further U.S. foreign policy and national security objectives.

At the time an account is opened, Cranbrook Loans Group, Inc. will check to ensure that no customer appears on the Treasury's OFAC "Specifically Designated Nationals and Blocked Persons" List, SDN List, and is not from, or engaging in transactions with people or entities from embargoed countries and regions listed on the OFAC website. Because the OFAC website is updated frequently, we will consult the list on a regular basis and subscribe to receive updates when they occur. We may, if necessary, access these lists through various software programs or service providers to ensure speed and accuracy. We will also review existing accounts against these lists when they are updated, and we will document our review. <https://sanctionssearch.ofac.treas.gov/>

In the event that we determine a customer, or someone with or for whom the customer is transacting, is on the SDN List or is engaging in transactions with a person or entity located in an embargoed country or region, we will perform additional due diligence to determine an actual or false positive match to the name on the OFAC list. If the name is determined to be a true match, appropriate actions will be taken to block (or reject) the transaction and file the appropriate report with OFAC. We may also call the OFAC Hotline at **1-800-540-6322**.

Customer Identification and Verification

We will collect certain minimum customer identification information from each customer; utilize risk-based measures to verify the identity of each customer; record customer identification information and the verification methods and results; provide notice to customers that we will seek identification information and compare customer identification information with government-provided lists of suspected terrorists as mentioned above.

Spotting Red Flags-Identification

It is the policy of Cranbrook Loans Group, Inc. to verify the identity of every customer at the time of application and prior to opening the account. Cranbrook Loans Group, Inc. shall adopt procedures for verifying the identity of its customers that are sufficient to enable Cranbrook Loans Group, Inc. to form a reasonable belief that we know the true identity of the customer. The procedures shall be based on the risk presented by the various products and services that Cranbrook Loans Group, Inc. offers, the nature of the customer whose identity is being verified and the business relationship with Cranbrook Loans Group, Inc. that the customer is seeking.

The following information will be collected from the consumer prior to opening the account. Cranbrook Loans Group, Inc. may collect additional information as it deems necessary to aid in account administration (e.g., phone number, mailing address, etc.):

1. Name
2. Date of Birth
3. Residence and Business Street Address (individuals only). For individuals not having a physical address, an Army Post Office (APO) box, or Fleet Post Office (FPO) box may be used. However, these instances will be rare.
4. Taxpayer Identification Number. For US individuals, this shall include a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN). For Non-US individuals, this shall include one or more of a taxpayer identification number, passport number and issuing country, alien identification card number, or number and issuing country of any government issued identification, which evidences residence or nationality and bears a photo or similar safeguard.

Information Verification

Verification of the information provided by the customer will be conducted prior to opening the account as well as throughout the loan process.

Each customer will be asked to provide, at a minimum, two documents that will assist Cranbrook Loans Group, Inc. with verifying the information provided.

The non-documentary methods that we may employ are:

1. Contacting the customer (via a thank you letter, telephone call, etc.).
2. Verification of information provided through public databases, property tax bill, utilities bills, financial references, obtaining a financial statement, etc.
3. Verifying employment.
4. Referencing a phone book or internet search for address confirmation.

Instances may arise where Cranbrook Loans Group, Inc. is not satisfied after reviewing an acceptable document that we know the true identity of the customer. At the discretion of the AML Compliance Officer and the company Senior Management, Cranbrook Loans Group, Inc. may choose not to open the account or employ non-documentary methods for further verification as to the customer's identity.

In instances where an account is not opened face to face, Cranbrook Loans Group, Inc. will employ non-documentary methods to complete verification. If Cranbrook Loans Group, Inc. cannot verify the information provided using non-documentary methods, Cranbrook Loans Group, Inc. may choose at that time not to open the account or may request that the customer come into the institution to provide an acceptable document.

Loan originators, loan processors, and loan underwriters (if applicable) have been trained in the detection of Red Flags. Mortgage Loan Originators (MLO) will request identifying information to complete the loan application. MLO will review all information provided at time of application and compare this information with the application. The processing staff will review all documents received and compare these documents to previously received documentation to ensure information is consistent. The application package will also include the consumer's consent to verify social security. MLOs and processors will compare the credit report to the application. Underwriting staff will review the entire file for inconsistencies and will utilize fraud detection software. If discrepancies are noted between the information provided by the customer and the verification methods (documentary or non-documentary), Cranbrook Loans Group, Inc. will resolve all substantial discrepancies prior to opening the account.

If at any time Cranbrook Loans Group, Inc. suspects fraud, identity theft, potential terrorism, money laundering or any other suspicious activity, Cranbrook Loans Group, Inc. will notify the proper government authorities or if deemed necessary, a Suspicious Activity Report will be filed.

Cranbrook Loans Group, Inc. may at any point in collection or verification processes refuse to open the account.

Existing customers will not be exempt from these rules.

Customer Notification

To ensure adequate notice of these rules is given to the customer prior to opening an account, Cranbrook Loans Group, Inc. requires that all loan origination packages contain a fully executed Patriot Act Disclosure for all applicants.

Customers Who Refuse to Provide Information

If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, Cranbrook Loans Group, Inc. will not establish an account relationship until the required information about the individual is obtained or additional due diligence satisfied. In either case, our AML Compliance Officer will be notified so that we can determine whether the situation is reportable to FinCEN.

Reliance on another Financial Institution for Identity Verification

Under the following circumstances we may rely on the performance by another financial institution of some or all of the elements of our customer identification program with respect to any customer that is engaging in a financial transaction with the other financial institution:

- When such reliance is reasonable under the circumstances.
- When the other financial institution is subject to a rule implementing the anti-money laundering compliance program requirements of 31 USC 5318(h), and is regulated by a Federal functional regulator.

Risk Assessment Matrix for Accounts

Minimal Risk	Average Risk	Moderate Risk	High Risk	Very High Risk
1	2	3	4	5

Risk Categories

Products Offered	Level of Risk
Fixed Rate	1
Variable Rate	2

Govt. Insured or Guaranteed	1
Geographic Location	Level of Risk
Primary Company Location	1
Branch Locations	2
No brick & mortar location	3
Verified funds held in US financial institutions	1
Funds coming from outside the US	3
Customer Profile	Level of Risk
Prior Customer	1
New Customer	3
Business Line	Level of Risk
Broker	1
Non-delegated	2
Delegated Correspondent	3
Application Type	Level of Risk
Face to Face Interview	2
US Postal	3
Internet	3
Telephone	3
Residency Type	Level of Risk
US Citizenship	2
Non-US Citizen lawfully residing in the US as a permanent resident alien	3
Non-US Citizen lawfully residing in the US as a non-permanent resident alien	4
Identification Type	Level of Risk
Identification Verified	1
Company is unable to verify customer information	5

Final Analysis

Customers who have a risk assessment of 20+ will be reviewed by the AML Compliance Officer prior to final approval.

Detecting Red Flags

Red flags that signal possible money laundering or terrorist financing include, but are not limited to:

Customers who Provide Insufficient or Suspicious Information

- The customer uses unusual or suspicious identification documents that cannot be readily verified.
- The customer provides an individual taxpayer identification number after having previously used a Social Security Number.
- The customer exhibits unusual concern about the company's compliance with government reporting requirements and the firm's AML policies (particularly concerning his/her identity, type of business), or is reluctant or refuses to reveal any information concerning business activities or furnishes unusual or suspicious identification or documents.
- The customer wishes to engage in a transaction that lacks business sense or is inconsistent with the customer's stated business.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his/her funds and other assets.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer exhibits a lack of concern regarding transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer deposits funds into several accounts, usually in amounts of less than \$3,000, which are subsequently consolidated into a master account and transferred outside of the country, particularly to or through a location of specific concern (e.g., countries designated by national authorities and FATFG as non-cooperate countries and territories. The customer has difficulty describing the nature of his/her business.
- The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the FATF. The customer has financial activity with no apparent business purpose to or from a country identified as a money-laundering risk or a bank secrecy haven.
- The customer uses multiple accounts or maintains accounts in the names of family members or corporate entities, with no apparent purpose.
- The customer has inflows of funds or other assets well beyond the known income or resources of the customer.

Funds Transfers

- The customer has unexplained or sudden extensive money service activity, especially when they had little or no previous activity.
- The customer has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose.

- Many funds transfers are sent in large, round dollar, hundred, or thousand-dollar amounts.
- Many small, incoming transfers of funds are received, or deposits are made using checks or money orders. Almost immediately, all or most of the transfers or deposits are wired city or country in a manner inconsistent with the customer's business or history.
- Funds transfer activity is unexplained, repetitive, or show unusual patterns.
- Funds transfers are sent or received from the same person to or from different accounts.
- Funds transfers contain limited content and lack related party information.

Activity Inconsistent with the Customer's Business (if customer holds ownership in a business entity and documentation is required to open the account)

- The currency transaction patterns of a business show a sudden change inconsistent with normal activities.
- A large volume of cashier's checks, money orders, or funds transfers is deposited into or purchased through, an account when the nature of the account holder's business would not appear to justify such activity.
- A retail business has dramatically different patterns of currency deposits from similar businesses in the same general location.
- Unusual transfers of funds occur among related accounts or among accounts that involve the same or related principals.
- Goods and services purchased by the business do not match the customer's stated line of business.
- Payments for goods or services are made by checks, money orders, or bank drafts not drawn from the account of the entity that made the purchase.

Employees

- Employee exhibits a lavish lifestyle that cannot be supported by his or her salary.
- Employee fails to conform to recognized policies, procedures, and processes.
- Employee is reluctant to take a vacation.
- Employee does not appear to be addressing red flags found in files.

Every organization, including those with the most stringent rules, are at risk for fraud. To prevent fraud from happening, organizations must first acknowledge that fraud exists and create awareness among the stakeholders. Organizations should start by training their employees on

how to detect fraud at work. They should also implement policies and procedures that will help them seal the loopholes used by fraudsters to conduct their activities.

Responding to Red Flags and Suspicious Activity

When an employee of Cranbrook Loans Group, Inc. detects any red flag he/she will investigate further under the direction of the AML Compliance Officer. This may include gathering additional information internally or from third-party sources, contacting the government, or filing a SAR.

Training Programs

Company has created employee guidelines with examples of suspicious money laundering activity and lists of high-risk clients whose accounts may warrant further scrutiny.

We have developed ongoing employee training under the leadership of the AML Compliance Officer. Based on our firm's size, our customer base, and our resources, we have determined that training will be administered in person or by electronic means.

The training will consist of:

- Guidelines with examples of suspicious money laundering activity.
- Lists of high-risk clients whose accounts may warrant further scrutiny.
- Identification of red flags and signs of money laundering that arise during the course of the employee/customers duties.
- Steps required when risk is identified.
- Employee and customers' roles in Cranbrook Loans Group, Inc. compliance efforts.
- Record Retention Policy.
- Disciplinary consequences for non-compliance.
- Training may also include educational pamphlets, videos, intranet systems, in-person discussions/lectures, and explanatory memos, as necessary.

Training will be performed at minimum, on an annual basis for current employees. New hires will receive AML training as soon as possible in the hiring process but no later than 10 days after date of employment.

Employee Suspicious Activity Notification

Loan Information:

Loan

Number:

Borrower (s)

Name:

Subject Property

Address: Current

status:

____ Application ____ Processing ____ Submittal ____ Approved/Suspense/Denial
____ Resubmittal

Suspects or Individual Involved:

Names of all suspects and individual involved: (i.e., employee, real estate agent, attorney, appraiser, title agent, client, etc.)

_____	ID in file: Yes/No	_____
_____	ID in file: Yes/No	_____
_____	ID in file: Yes/No	_____
_____	ID in file: Yes/No	_____

Suspicious Activity:

Select the category (or categories) that best describe the suspicious activity:

____ Appears to involve funds derived from illegal activity or funds may be intended or conducted to hide or disguise funds or assets derived from illegal activity

____ Appears a part, or all, of the transaction is deigned, whether through structuring or other means, to evade the requirements of the Bank Secrecy Act

____ There does not appear to be a lawful purpose, and the is no reasonable explanation for the transaction after examining the available facts

Describe what occurred and list supporting documentation:

Attestation and Meeting Request:

Do you request a face-to-face meeting with the Compliance Officer? Yes | No

Additional Comments:

By signing below, you attest that the statements on this notification are true and correct to the best of your knowledge.

Print your name: _____

Signature: _____

Date Submitted: _____

Submit this form to the BSA/AML Compliance Officer

*******FOR COMPLIANCE OFFICER USE ONLY*******

SAR Report Case # _____

List all staff members and individuals involved:

Description of follow up action taken:

Disposition of case:

☐ **SAR filed** **Date Filed:** _____

☐ **SAR not filed**

☐ activity determined to be normal

☐ transaction below \$5,000

☐ other, explain:

Signature of SAR Compliance Officer

Date

Internal Controls:

☐ Recorded on SAR Log

☐ Appropriate staff notified (never disclose a SAR was filed/content)

☐ Appropriate other interested parties notified (never disclose a SAR was filed/content)

☐ Added to training, if applicable

☐ Policy and Procedures updated, if applicable

Loan Fraud Prevention Policy

It is the policy and intent of Cranbrook Loans Group, Inc. to support the eradication of loan fraud within the residential lending marketplace.

It is our belief that branch managers and MLOs are responsible for all actions performed in the course of their business.

The submission of a loan application containing false or misrepresented information is a Federal crime.

Types of Mortgage Loan Fraud Identified by Law Enforcement

The following list identifies types of mortgage loan fraud, which are primarily based upon schemes and scams frequently reported or described in SARs or identified by law enforcement and regulatory partners. This information is intended to assist Cranbrook Loans Group, Inc. in identifying when illicit activities occur in connection with mortgage loan transactions.

Occupancy fraud: Occurs when borrowers, to obtain favorable loan terms, claim that subject properties will be their primary residences instead of vacation homes or investment properties. It also occurs when subjects apply for loans for properties that others, such as family members, will actually occupy.

Income fraud: Includes both overstating income to qualify for larger mortgages and understating income to qualify for hardship concessions and modifications.

Appraisal fraud: Includes both overstating home value to obtain more money from a sale of property or cash-out refinancing, and understating home value in connection with a plan to purchase a property at a discount to market value.

Employment fraud: Includes misrepresenting whether, where, and for how long borrowers have been employed; whether borrowers are unemployed or collecting unemployment benefits; and whether borrowers are independent contractors or business owners.

Liability fraud: Occurs when borrowers fail to list significant financial liabilities, such as other mortgages, car loans, or student loans, on mortgage loan applications. Without complete liability information, lenders cannot accurately assess borrowers' ability to repay debts.

Debt elimination schemes: Involves the use of fake legal documents and alternative payment methods to argue that existing mortgage obligations are invalid or illegal, or to purport to extinguish mortgage balances. Individuals orchestrating debt elimination schemes typically charge borrowers a fee for these debt elimination "services."

Foreclosure rescue scams: Targets financially distressed homeowners with fraudulent offers of services or advice aimed at stopping or delaying the foreclosure process. Some of these scams require homeowners to transfer title - or make monthly mortgage

payments - to the purported "rescuer," rather than the real holder of the mortgage. Some foreclosure rescue scams require homeowners to pay fees before receiving "services," and are known as "advance fee" schemes.

Social Security Number (SSN) Fraud and other Identify Theft: Includes the use of an SSN or other government identification card or number that belongs to someone other than the applicant in a loan application. Identity Theft includes broader use of another's identity or identifiers (beyond an SSN) to obtain a mortgage or perpetrate a "fraud for profit" scheme.

Home Equity Conversion Mortgage (HECM): Financial institutions need be aware of illegal "reverse mortgage" schemes, which targets seniors who own a home or who are coerced into taking title to a home, for the purpose of stealing or otherwise acquiring some or all of the funds the senior receives from a government HECM program. HECM fraud may involve other frauds, including appraisal fraud (to increase the stated value of the home), investment fraud to acquire the HECM funds from the senior under the guise of future profits for the senior, and identify theft to acquire HECM funds without the knowledge of the senior who owns the property.

Possible Red Flag Indicators of Mortgage Loan Fraud

The following highlights potential red flag indicators of illicit activity related to mortgage fraud. These only indicate possible signs of fraudulent activity; they do not constitute an exhaustive list of common fraud schemes. No single red flag will be definitive proof of such activity and many apply to multiple fraud schemes. Instead, it is important to view any red flag(s) in the context of other indicators and facts, such as the specific role of the financial institution within mortgage loan-related transaction(s), as well as the institution's knowledge of any associated fraud schemes. The presence of any of these red flags in a given transaction or business arrangement may indicate a need for further due diligence and a decision whether to file a SAR.

- Borrower/buyer submits invalid documents in order to cancel his or her mortgage obligations or to pay off his or her loan balance(s).
- Same notary public and/or other "authorized representative" preparing, signing, and sending packages of nearly identical debt elimination documents for multiple borrowers with outstanding mortgage balances.
- Same notary public and/or other "authorized representative" working with and/or receiving payments from unusually large numbers of borrowers.
- Falsification of certified checks, cashier's checks or "non-cash item checks" drawn against a borrower/buyer's account, rather than from the account of a financial institution.
- Borrower/buyer applies for a loan for a "primary residence " but does not reside in the new primary residence as indicated on the loan application; other individuals occupy the borrower/buyer's new primary residence indicating the property is being used as a secondary residence or income-generating property.

- Borrower/buyer of a younger age purchases his or her "primary residence" in a senior citizen residential development.
- Borrower/buyer requests refinancing for "primary residence" when public and personal documents indicate that the borrower/buyer resides somewhere other than the address on the loan application.
- Language included in a short sale contract indicates the property could be resold promptly. This possibly illegal "flipping" may occur regardless of whether the Federal Housing Administration (FHA) has re-enacted or waived its arms-length resale regulations to FHA buyers.
- Low appraisal values, non-arm's length relationships between short sale buyers and sellers, or previous fraudulent sale attempts in short-sale transactions,.
- Agent of the buyer and/or seller in mortgage transaction is unlicensed.
- Past misrepresentations made by borrower/buyer in attempts to secure funding, property, refinance, and/or shorts sales.
- Improper/incomplete file documentation, including borrower/buyer reluctance to provide more information and/or unfulfilled promises to provide more information.
- Apparent resubmission of rejected loan application with key borrower/buyer details changed or modified from individual borrower to company/corporation. This activity may identify the same person attempting to secure a loan fraudulently through a straw-borrower or non-existent person.
- Borrower/buyer attempts to structure currency deposits/withdrawals, or otherwise to hide or disguise the true value of assets, in order to qualify for loan modification programs intended for those homeowners in financial distress.
- Request from third party affiliates on behalf of distressed homeowners to pay fees in advance of the homeowner receiving mortgage counseling, foreclosure avoidance, a loan modification, or other related services.
- Third party solicitation of distressed homeowners for purported mortgage counseling, foreclosure avoidance, loan modification, or other related services. These third parties may also claim to be associated with legitimate mortgage lenders, the U.S. government, or a U.S. government program.

Mortgage Fraud is usually committed on two distinct levels:

1. Applicant level – the person applying for the mortgage initiates and commits the fraud. Such fraud is perpetrated through falsified information that the applicant alters. The most common kind of falsified information consists of changing facts on a tax return. Cranbrook Loans Group, Inc. will require tax transcripts be obtained on agency mortgage loans when required.
2. Lending Level – the fraud at this level is committed by persons directly involved in the mortgage lending process.

The top 5 documents that most commonly contain falsified information are:

1. Application – application may contain false information about income, debt, employment, and other items.
2. Tax returns – information may be altered to give the impression of higher income.
3. Employment verification – changes may be made to employment dates, hourly or salaried earnings, job position, or other work-related information.
4. Bank deposit information – actions taken mostly to inflate an individual's available cash. Some people will make large cash deposits from outside sources such as a credit card, friend, or relative in order to increase the current balance, which leaves the impression of having more cash.
5. Appraised value – this fraud can be committed by the homeowner, the appraiser, the originator, the real estate agent, or all of the above. The appraiser could inflate the home's value on his/her own or be coerced to do so from another party to the transaction. (Cranbrook Loans Group, Inc. has specific rules regarding Appraiser Independence).

Prevention

Cranbrook Loans Group, Inc. is proactive in preventing and detecting fraud using several methods:

Vendor Relationships

Agreements with vendors clearly state Cranbrook Loans Group, Inc.'s requirements to report any fraudulent activity if detected.

Income

- W-2's are reviewed for inconsistency and for any evidence of inaccuracy.
- Federal ID or W2 numbers are reviewed for accuracy as to the number of digits and geographic location.

Verifications

- Addresses will be reviewed for consistency on the loan application, title report, credit report, appraisal, and all other submitted documentation.

Collateral

- Appraisals will be reviewed for consistency.
- The subject photographs are compared to determine if the house number matches the address on the appraisal, loan application, and other submitted documentation.

- If the loan purpose is a refinance, determination is made whether the borrower is the owner and the occupant.

Assets

- Asset statements will be reviewed for accuracy and consistency.

Consequences of Loan Fraud

The consequences of loan fraud are far reaching and expensive. Cranbrook Loans Group, Inc. warrants the quality of our loan production to our investors. Fraudulent loans may not be sold in the secondary market. If a loan is discovered to be fraudulent, Cranbrook Loans Group, Inc. could be contractually obligated to repurchase the loan. Fraudulent loans harm our reputation and strain our relationship with our investors. The consequences to those who participate in loan fraud are even more severe.

To the Employee:

- Criminal prosecution which may result in possible fines and imprisonment.
- Inability to access lenders caused by the exchange of legally permissible information between lenders, mortgage insurance companies; FNMA, FHLMC, and other investors; police agencies, and state and federal regulatory agencies including the Department of Housing and Urban Development (HUD).
- Civil action by Cranbrook Loans Group, Inc.;
- Civil action by applicant (borrower) and/or other parties to the transaction.
- Immediate termination of employment from Cranbrook Loans Group, Inc.;
- Reporting violation and filing with the state regulatory agency.

To the Borrower:

- Acceleration of debt as mandated in the security instrument.
a/k/a foreclosure of mortgage.
- Criminal prosecution which may result in possible fines or imprisonment.
- Civil action by Cranbrook Loans Group, Inc. to recoup costs.
- Civil action by other parties involved in the transaction.
- Forfeiture of any professional license.
- Adverse, long term effect on the individuals' credit history.

Combating Mortgage Fraud

This section has been designed to help you proactively address the growing trends in mortgage fraud and to have a better understanding of mortgage fraud. The more you

know and understand about mortgage fraud, the better equipped you are to do something about it and the more valuable you are to our industry.

Our goal is to help reduce the impact of mortgage fraud. This section has been prepared to inform you of the possibility of fraud, learn how to identify clues on loan applications and appraisals, and how to handle potential fraud situations.

Everyone plays a significant role in the fraud prevention process. Cranbrook Loans Group, Inc. expects every employee handling loan file to thoroughly review each loan file, exercise good judgment, and support the company's efforts to identify suspicious loan files.

If a lender detects misrepresentation, federal law provides for those convicted of loan fraud could receive as much as a ten (10) year sentence and up to \$1 million in fines.

Cranbrook Loans Group, Inc. HAS A ZERO TOLERANCE LEVEL FOR ANY TYPE OF FRAUD. ANY EMPLOYEE INVOLVED IN FRAUDULENT ACTIVITY WILL BE IMMEDIATELY TERMINATED AND ANY ADDITIONAL REMEDIES CAN AND WILL BE SOUGHT AGAINST THEM.

Red Flag / Safeguards / Identity Theft

Purpose and Scope

This Identity Theft Prevention Program was developed pursuant to the Federal Trade Commission's Red Flag Rules promulgated as part of the Fair and Accurate Credit Transactions Act of 2003. Cranbrook Loans Group, Inc.'s Program is designed to detect, prevent, and mitigate identity theft in connection with the opening of a covered

account or any existing covered accounts. The Program has been designed to be appropriate to the size and complexity of Cranbrook Loans Group, Inc. as a creditor and the nature and scope of our activities.

The "Red Flag Rules" Overview

The Red Flag Rules, found at 16 CFR § Part 681, require users of consumer credit reports, certain creditors, and certain card issuers to take various steps to protect consumers from identity theft. Users of credit reports must respond to notices of address discrepancies and take reasonable steps to confirm the accuracy of the address it may have. A creditor must periodically determine, by conducting a risk assessment, whether it offers or maintains covered accounts. Upon identifying any covered account(s), the creditor is required to develop and implement a written Identity Theft Prevention Policy designed to identify:

- a. Relevant Red Flags for new and existing covered accounts and incorporate those Red Flags into the Program.
- b. Detect Red Flags.
- c. Respond appropriately to any Red Flags that are detected to prevent and mitigate Identity Theft; and
- d. Periodically update the program to reflect changes in risks to the account holders or to the safety and soundness of the creditor from Identity Theft.

Oversight and administration of the Program shall be performed by the Information Security Officer in consultation with Cranbrook Loans Group, Inc.'s Senior Management team.

Definitions

"Account" means a continuing relationship established by a person with a creditor to obtain a product or service for personal, family, household, or business purposes. It includes (i) an extension of credit, such as the purchase of property or services involving a deferred payment, and (ii) a deposit account.

"Covered Account" means (i) an account that a creditor offers or maintains, primarily for personal, family, or household purposes, that involves or is designed to permit multiple payments or transactions and (ii) any other account that the creditor offers to maintain for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the creditor from identity theft, including financial, operational, compliance, reputation, or litigation risks.

“Credit” means the right granted by a creditor to a debtor to defer payment of a debt or to incur debts and defer its payment or to purchase property or services and defer payment therefor.

“Creditor” means any person who regularly extends, renews, or continues credit; any person who regularly arranges for the extension, renewal, or continuation of credit; or any assignee of an original creditor who participates in the decision to extend, renew, or continue credit.

“Identifying Information” is any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including name, address, telephone number, Social Security number, date of birth, government issued driver’s license or identification number, alien registration number, government passport number, and employer or taxpayer identification number.

“Identity Theft” means a fraud committed or attempted using the identifying information of another person without authority.

“Red Flag” means a pattern, practice, or specific activity that indicates the possible existence of identity theft.

“Service Provider” means a person that provides a service directly to the financial institution or creditor.

Covered Accounts Maintained by Cranbrook Loans Group, Inc.

In the normal course of business Cranbrook Loans Group, Inc. will originate and process mortgage loans. Mortgage loan application packages are considered ‘Covered Accounts’. Cranbrook Loans Group, Inc. will require complete mortgage loan application packages including, but not limited to, consumer credit reporting information, social security, name and address, date of birth, employment, and housing information. Cranbrook Loans Group, Inc. will verify the customer’s identity by means of photo identification and at least one additional primary or secondary form of identification. Cranbrook Loans Group, Inc. will review all information provided for consistency.

Identification of Red Flags

In identifying specific Red Flags unique to these covered accounts and the applicable business procedures of Cranbrook Loans Group, Inc., the following risk factors were considered: the types of covered accounts offered and maintained, the methods provided for opening and accessing each of those accounts, prior experiences with Identity Theft, and the size, complexity, nature and scope of our institution and its activities. Each of the Red Flags mentioned below may only be applicable to certain of the covered accounts administered by Cranbrook Loans Group, Inc..

1. Notifications and Warnings from Credit Reporting Agencies

- Address discrepancy.
- Report of fraud accompanying a credit report.
- Notice or report from a credit agency of a credit freeze on a customer or applicant.
- Notice or report from a credit agency of an active-duty alert for an applicant.
- Indication from a credit report of activity that is inconsistent with a customer's usual pattern or activity.

2. Suspicious Documents

- Documents presented in an application or for the purpose of personal identification are incomplete or appear to have been altered, forged, or do not appear authentic.
- Documents presented for identification are inconsistent with the appearance of the individual presenting the document.
- Documents are inconsistent with readily accessible information on file with Cranbrook Loans Group, Inc.;
- Challenge questions used by Cranbrook Loans Group, Inc. to allow individuals to access their covered accounts, are answered incorrectly.
- Cranbrook Loans Group, Inc. is notified of special problems in connection with an individual's covered account such as unauthorized charges or transactions, documents, a fraud alert, or the account holder is a victim of identity theft.
- Other red flag indicators that may be identified.

3. Suspicious identifying information, such as a suspicious address or social security number.

4. Unusual use of or suspicious activity relating to a covered account, such as identification of use of an account in a manner inconsistent with established patterns of activity on the account.

5. Notices from customers, victims of identity theft, law enforcement authorities, or other businesses about possible identity theft in connection with covered accounts.

Examples of Identifying Red Flags

1. Inconsistent birth dates.
2. Inconsistent address on documents presented.
3. Identical information appearing on unrelated file.
4. Invalid phone number or fictitious billing address.
5. Social Security number presented that is identical to that appearing on unrelated file.

6. Social Security number prefixes not in circulation.
7. Person fails to provide personal identifying information when asked to do so.

Detection of Red Flags

All staff are adequately trained to detect Identity Theft Red Flags throughout the loan origination process.

- **Mortgage Loan Originators:** Loan Originators will request identifying information in order to complete the loan application. Loan Originators will review all information provided at the time of application and compare this information with the loan application. Loan Originators will compare the credit report to the loan application for consistency.
- **Loan Processing:** The processing staff will review all documents received and compare these documents to previously received documentation to ensure information is consistent. The application package will also include the consumer's consent to verify Social Security. Loan Processors will compare the credit report to the loan application. The processing staff will also attempt to verify information through internet searches and verification through other third-party services.
- **Underwriting staff** will review the entire file for inconsistencies and will utilize fraud detection software.

If discrepancies are noted between the information provided by the customer and the verification methods (documentary or non-documentary), Simple Mortgage will resolve all substantial discrepancies prior to opening the account.

Response to Red Flags

After detection of a Red Flag identified above, the following actions will be taken by Cranbrook Loans Group, Inc., when appropriate, given the particular covered account at issue and under the particular circumstances, to confirm the identity of individuals when they open and/or access their covered accounts:

- Monitoring a covered account for evidence of identity theft
- Obtain appropriate personal identifying information (e.g., photo identification, date of birth, address, etc.) from the individual account holder, prior to opening a covered account, or allowing access to a covered account.
- Not opening a new account
- Verify suspicious changes made to covered accounts that relate to an account holder's identity or account information.
- Independently contact the customer.

- Notify appropriate Cranbrook Loans Group, Inc. personnel accessing records related to the affected account holder that a Red Flag has been detected.
- Verify the identification of customers if they request information, whether in person, via telephone, via facsimile or via email.
- Closing an existing account
- Notifying law enforcement
- Determining that no response is warranted under the particular circumstances

The facts of a particular case may warrant using one of these options, several of them, or another response altogether. We will consider whether any aggravating factors raise the risk of identity theft. For example, a recent breach that resulted in unauthorized access to a customer's account records would call for a stepped-up response because the risk of identity theft rises, too.

Prevention and Mitigation of Identity Theft

In addition to the efforts noted above to detect Identity Theft, Cranbrook Loans Group, Inc. personnel involved in the administration of the covered accounts will take the following steps, where appropriate, and based upon the particular circumstances, to prevent and mitigate occurrences of Identity Theft when a Red Flag is detected:

- Monitor a covered account for evidence of Identity Theft.
- Contact individual account holder(s).
- Request additional documentation from the individual account holder to verify identity.
- Change passwords, security codes and other security devices permitting access to the covered account, if applicable.
- Decline to open a new covered account.
- Close an existing covered account.
- Notify law enforcement.
- Determine that no response is warranted under the particular circumstances.
- Attempt to identify the cause and source of the Red Flag; and
- Take appropriate steps to modify the applicable process to prevent similar activity in the future.

Program Administration

Administration and Oversight: Authority to implement and administer the Program and to approve future revisions to the Program shall be delegated to the Information Security Officer and Senior Management of Cranbrook Loans Group, Inc.. Company is hereby designating Michael Ayoub as its Information Security Officer.

Staff Training: All employees of Cranbrook Loans Group, Inc. that maintain covered accounts will be trained in the identification, detection, prevention, and mitigation of the Red Flags identified above that are unique to their specific covered accounts. Staff training will be conducted at, minimum, on an annual basis and more often, if necessary, under the circumstances related to the administration of the particular covered account. New employees will receive training as part of the onboarding process.

Oversight of service providers: If and when Cranbrook Loans Group, Inc. engages a service provider to perform an activity in connection with a covered account, Cranbrook Loans Group, Inc. will require, at minimum, contractual confirmation to ensure that the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft.

Reporting: At least annually, Cranbrook Loans Group, Inc. will review compliance with this program. Cranbrook Loans Group, Inc. will address the following elements:

- The identification of covered accounts is accurate and up to date, the policies, and procedures for addressing the Red Flags associated with the related covered accounts are current.
- That Cranbrook Loans Group, Inc. has conducted the appropriate training for all staff as necessary and has taken the appropriate steps to ensure any service provider activity is conducted appropriately.
- Cranbrook Loans Group, Inc. has reported significant Red Flag occurrences as appropriate.
- Suggest program updates or changes as applicable.

Program Assessment and Update: The Information Security Officer will periodically review and if necessary, update the program following a risk assessment of the following factors: prior experiences with identity theft; changes in the methods of identity theft; changes in the method of detection, prevention, and mitigation of identity theft; the covered accounts offered and administered by Cranbrook Loans Group, Inc.; and the potential Red Flags that may arise with respect to the covered accounts. This periodic assessment will consider any changes in risks to individual account holders of identity theft.

Risk Assessment Levels

Cranbrook Loans Group, Inc. has assessed its risk levels based upon the following:

Minimal Risk	Average Risk	Moderate Risk	High Risk	Very High Risk
1	2	3	4	5

Customer Categories	Level of Risk
New Customer	2
Existing Customer-Retail	1
Loan Purpose	Level of Risk
Purchase	1
Refinance	2
Cash-out Refinance	3
Loan Type	Level of Risk
Owner Occupied	1
Non-owner Occupied	3
Taxpayer ID#	Level of Risk
W2 Wage Earner	2
Self-Employed	3
Identification Type	Level of Risk
Unable to verify	5
Application Type	Level of Risk
Face to Face Interview	2
US Postal	3
Internet	3
Phone	3
Residency Type	Level of Risk
US Citizenship	2
Non-US Citizen lawfully residing in US as perm. Resident Alien	3
Non-US Citizen lawfully residing in US as non- perm. Resident Alien	3
Delegated Correspondent	3

Final Analysis

Customers who have a risk assessment of 20+ will be reviewed by the AML Compliance Officer prior to final approval.

Documentation Risk

1. Borrower Name, Address, Date of Birth, Social Security – Potential for Moderate to High Risk Level for fraud and identity theft. Cranbrook Loans Group, Inc. will require photo identification on all applicants. Cranbrook Loans Group, Inc. will compare all documentation in the file for consistency. Any address discrepancy notice of credit freeze, active-duty alert, or inconsistent information will be

thoroughly researched using all methods available. Any fraudulent activity found will be reported to the local authorities.

2. Credit Report – Low risk as credit reports are ordered through an approved credit bureau with established Red Flag Policies.
3. Borrower employment documentation:
 - Standard Verification of Employment – Medium Risk. Verifications will be mailed directly to employer via US Postal Service or electronically. Cranbrook Loans Group, Inc. employee will utilize the internet to confirm employer is an active entity operating at the address indicated on loan application, W2's and paystubs.
 - W2's – Medium Risk. W2's will be reviewed by Cranbrook Loans Group, Inc. employees to determine if W2's have been altered. W2's will be compared to paystub, VOE (if applicable), tax returns, and tax transcripts.
 - Paystub – Medium Risk. Paystub will be compared to all other employment documentation in file for consistency.
 - Tax Returns – a 4506T will be executed when required.
4. Verifications of Mortgage – Low Risk if mortgage history is appearing on credit report. Medium risk if manual verification of mortgage is required. Verifications will be mailed directly to mortgagee via US Postal Service or electronically. Cranbrook Loans Group, Inc. employee will utilize the internet to confirm location of financial institution.
5. Verification of Rent - Medium risk if manual verification of rent is required. Verifications will be mailed directly to landlord via US Postal Service or electronically. Cranbrook Loans Group, Inc. employee will utilize the internet to confirm location of landlord.
6. Verification of Assets:
 - Bank Statements – Low Risk. Statements will be compared with another asset documentation.
 - Standard Verification of Deposit – Medium Risk. Verifications will be mailed directly to financial institution via US Postal Service or electronically and compared with another asset documentation.
7. Appraisal – Low Risk. All appraisals are ordered through an independent AMC or approved appraiser/appraisal company.
8. Title work – Low risk as title is ordered through an approved title agency with established Red Flag Policies.
9. Pay-off statements – Low Risk. Pay-off statements will be mailed directly to mortgagee via US Postal Service or electronically. Cranbrook Loans Group, Inc. employee will utilize the internet to confirm location of financial institution.
10. Loan Closing: Low Risk. All loan closings are conducted by title company notaries. Cranbrook Loans Group, Inc. requires settlement agent to include photo identification in the closing package and/or complete a Patriot Act Disclosure, and a Closing Protection Letter.

Information Security Policy

This Information Security Policy is implemented pursuant to FTC regulations at 16 CFR Part 314, to protect the confidentiality of consumer non-public information. This Policy applies to all consumer non-public information obtained by company in the course of servicing consumers and customers of company.

Non-public Personal Information is any data or information considered to be personal in nature and not subject to public availability.

Personal information includes, but is not limited to:

- Individual names
- Social Security Numbers
- Credit or debit card numbers
- State identification card numbers
- Driver's license numbers
- Asset information
- Credit/liability information
- Income information

Personal information does **not** include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

Designation of Information Security Officer

Cranbrook Loans Group, Inc. designates Michael Ayoub to be its Information Security Officer to coordinate the implementation and maintenance of this policy, and any programs implemented pursuant to this policy.

Identification of Information Security Risks

Cranbrook Loans Group, Inc. has identified the following principal areas of risk regarding the security of non-public information that company collects, retains, and disposes of. These risks include:

- Fraudulent activities by employees that result in an unauthorized release of consumer non-public information.
- Inadvertent release of consumer non-public information due to employee misconceptions and inadequate training to deter fraud.
- Improper third-party access to information through fraudulent activities.

- Inadvertent release of information by persons who have unnecessary access to consumer non-public information.
- Inadvertent release of information to persons who may have physical access to corporate offices.
- Improper interception of consumer information transmitted electronically.
- Improper access to information that is being disposed of by company.
- Unauthorized use or release of information by vendors and other service providers.

The Information Security Officer shall be responsible for identifying additional risks, and for removing previously identified risks from this policy as experience dictates. Protection of consumer non-public information and prevention of unauthorized use or access to such information is addressed below.

Employee Management and Training

All employees hired by Cranbrook Loans Group, Inc. shall undergo a thorough background review before beginning work. This background review shall include obtaining a consumer credit report (with the potential employee's written consent and knowledge), confirmation and verification of degrees and education, requesting verification of employment history and employment evaluations, and review of the potential employee's criminal history, if any. Company may also rely on information as obtained by NMLS or state regulating authority. Any material omission of information or misrepresentation of information shall disqualify the individual for employment with company. Any material breach of the information security policies of company shall subject the employee to disciplinary action up to and including dismissal from employment with company.

All employees shall receive adequate training to recognize the safeguards necessary to secure information from inadvertent release and from external risks to the security, confidentiality, and integrity of non-public information that could result in unauthorized disclosure, misuse, alteration, destruction, or other compromise of information. All employees hired by company (as part of our onboarding process) shall undergo training in the methods of securing non-public consumer information maintained by company. Training of all employees will be conducted, at minimum, on an annual basis. All employees shall be required to acknowledge and execute a confidentiality pledge to keep consumer information secure and confidential.

Per our SAFE Act Policy, no employee of Cranbrook Loans Group, Inc. may appear on FHA's System for Award Management (SAM) or Limited Denial of Participation (LDP). Current employees are checked against these lists on a semi-annual basis. As part of our New Hire Policy, all potential employees are checked prior to the hiring of a new employee. All Mortgage Loan Originators (MLOs) must be active with the National Mortgage Licensing System (NMLS) unless excluded from NMLS by law or regulation).

LDP: https://www5.hud.gov/Ecpcis/main/ECPCIS_List/main/ECPCIS_List.jsp
OFAC: <https://sanctionssearch.ofac.treas.gov/>
FhFA-SCP: <https://www.fhfa.gov/SupervisionRegulation/LegalDocuments/Pages/SuspendedCounterpartyProgram.aspx>

Information Systems Security

Network Software and Design

Computers that maintain consumer information will be protected from external intrusion by Internet firewalls and from internal intrusion by identification codes and individual passwords assigned to each employee. Employees will not be permitted to borrow computer equipment from company, or to remove computer equipment from a branch or corporate office (unless assigned a laptop). All employees shall log in and log out of the office each day. No employee shall log in or log out for any other employee. All employees shall log out of their computer whenever they leave their workstation. All computers will automatically log off if silent for more than ten (10) minutes.

External access to company computers and databases shall be permitted only to the information technology personnel authorized to maintain the systems, the Information Security Officer. No other persons will have authorization to access company computers from an external computer terminal. Any unauthorized access to a company computer shall be reported immediately to the Information Security Officer and to company Senior Management. Upon learning of any unauthorized access to a company computer, the Information Security Officer and information technology personnel shall consult with each other to determine how the access was granted and to develop procedures to avoid any such access in the future.

Passwords distributed to employees shall be reset at least every sixty (60) days, and passwords will be reset as needed. Employees will not be permitted to share passwords. Passwords should not be posted in the office. Whenever an employee terminates their employment with company, access will be terminated immediately.

Downloading and copying of information from company will be prohibited, except with the express written authorization of the Information Security Officer or company Senior Management. When authorization is given to download or copy consumer information, the information will be copied or downloaded in a manner approved by company. All copies of information given to an employee shall be returned to company immediately upon completion of the employee's responsibilities regarding that information.

Mobile Device Security

Every employee of Cranbrook Loans Group, Inc. who utilizes a laptop computer or mobile electronic data device (e.g., laptop, blackberry, flash drive, smart phone, handheld PC, etc.) is responsible for the security of the confidential data stored, processed, and/or transmitted via that computer or device, and for following the security requirements set forth in this Policy.

Every user of laptop computers or other electronic data mobile devices must use reasonable care, as outlined in the Information Security Policy, to protect Confidential Data.

Protection of Confidential Data against physical theft or loss, electronic invasion, or unintentional exposure is provided through a variety of means, which include user care and a combination of technical protections such as authentication, and encryption that work together to secure mobile devices against unauthorized access. Prior to use or display of Confidential Data via laptop computer or other electronic data mobile device, the following security measures must be in place.

A laptop or other electronic data mobile device must authenticate the user before access to services on or by the device shall be permitted. Mobile devices must be configured to timeout after five (5) minutes of inactivity and require re-authentication before access to services on or by the device will be permitted. The authentication mechanism(s) must not be disabled.

An approved data encryption option must be enabled on laptop computers that transmit or store confidential information. Laptops shall be protected with antivirus software and updated daily if supported by the device. NOTE: Cranbrook Loans Group, Inc. email is protected with centralized anti-virus and anti-spam software. This protection may not apply to email systems outside of Cranbrook Loans Group, Inc..

The use of unprotected mobile devices to access or store Confidential Data is prohibited regardless of whether the equipment is owned or managed by Cranbrook Loans Group, Inc..

Reporting Loss/Theft of Equipment or Data

Cranbrook Loans Group, Inc. employees who use laptop computers and other portable electronic devices are expected to secure them whenever they are left unattended. In the event a laptop or other device is lost or stolen that may contain Confidential Data, the theft or loss must be reported immediately to the Information Security Officer or Cranbrook Loans Group, Inc. Senior Management.

Information Processing

Employees shall only be allowed to access information pertaining to loan files that they have originated or are processing and closing. Branch Managers shall only be allowed access to information pertaining to loan files in process from their branch (if applicable). Employees shall not share files or information from files with other employees, unless an employee suspects that a loan applicant or another employee is engaging in unauthorized, improper, or illegal activities. Any suspected unauthorized, improper, or illegal activities shall be reported immediately to the Information Security Officer and to Senior Management of the company. Any allegations shall be immediately investigated.

Information Storage

All non-public data collection shall reside only in the internal company data base system or housed on a secure server supported by our origination software provider. The Mortgage Loan Originator whose roll it is in the standard course of origination to collect, prepare, or otherwise have possession of consumer non-public documents shall create and label a file folder (paper or electronic) in which to store all documents created or obtained in the course of the origination. Said file folder shall be stored in centralized file cabinets or electronic means under the direction and control of the Information Security Officer. Centralized file cabinets are to remain locked at all times except when specifically, in use. Keys and access to centralized file cabinets are to be controlled by designees of the Information Security Officer and limited to only those personnel with a need to utilize the file for a period of time in the course of the origination and to be immediately returned and re-secured upon completion of the temporary use of the physical file. All non-public information will be placed under lock and key when employee steps away from his or her desk.

With evening, weekend, or otherwise off-hour appointments, it may often be impractical to secure documents or folders in the centralized location immediately upon gaining possession of them. Should the situation arise that an MLO has possession of non-public information or documents, until the information or documents can be securely stored in the centralized location at the first opportunity in normal business hours, MLO's are to retain the non-public information or documents in the labeled file folder with any documents securely fastened within the folder. The folder itself shall never be carried unprotected and must be secured in a briefcase or other reasonable temporary storage device. All precautions shall be taken to temporarily safeguard the non-public information or documents until they can be stored in the centralized location as dictated.

Backup tapes, if utilized, shall be reused no more than once each week, and backup tapes shall be replaced at the end of their expected life cycle. Hard drive storage shall be arranged in a raid 5 array to maximize the security and integrity of data storage.

Information Transmission

Requests for information from third parties received over the telephone, over the Internet, or by facsimile transmission, shall not be honored until the identity of the individuals seeking the information is verified. Only employees who have been trained in security procedures for responding to information requests shall respond to such requests. Information transmitted over the Internet shall be encrypted utilizing strong (Secure Socket Layer) encryption software. Any attempt to obtain information through pretext calling or similar fraudulent efforts shall immediately be reported to the Information Security Officer and company Senior Management.

Information Disposal

All records of consumer non-public information shall be disposed of after shredding or similar destruction methods are utilized to make the records unreadable. Any computer equipment containing corporate databases shall be erased magnetically and reformatted prior to disposal or transfer of the equipment to a third party.

Detecting/Preventing and Responding to Attacks/Intrusions/Other System Failures

No employee shall download executable files from the Internet or copy or install executable files from storage media without prior review of the files and approval by the Information Technology personnel. Computer virus detection and removal software will be installed on each computer and preset to update computer virus definitions and run full system scans at least once per week. All incoming and outgoing electronic mail will be scanned for computer virus contamination. Any individual computer that has access to the Internet shall utilize a software firewall. A hardware firewall shall be installed on the network system to prevent unwarranted intrusion. Employees who disable or circumvent security measures will be disciplined up to and including dismissal from employment.

Company shall maintain sufficient backup computer systems to continue operating on an emergency basis in the event that the computer systems at any remote branch office are disabled. All files from originated loans shall be archived and access shall be restricted to persons who are authorized by company to view this information.

Any attempt to obtain information from company through illicit, illegal, or unethical means shall be reported to the Security Compliance Officer and to Senior Management. The Security Compliance Officer and Senior Management shall investigate each report of an intrusion or attempt to improperly obtain secure information and take appropriate action, including but not limited to reporting the incident to local law enforcement authorities.

Oversight of Service Providers

Each service provider must demonstrate, and contractually confirm to company that it is capable of maintaining appropriate safeguards for the customer information provided to the service provider or collected by the service provider on behalf of company, its customers, and consumers who contact company. Service providers that receive consumer non-public information from company must demonstrate the ability to maintain the security of such information to the same extent that company keeps such information secure.

Information Security Audits

The Information Security Officer shall develop and implement audit procedures to assure compliance with this policy. These procedures shall include at a minimum, checking the hardware and software utilized by company to determine that security procedures are being followed and that no employee is attempting to circumvent these security measures. To accomplish this goal, and at the Information Security Officer's discretion, (1) an audit of each employee's systems, workstation, and files will be completed and reported to the Information Security Officer, and (2) an audit of each branch's systems, workstation, and files will be completed by the Information Security Officer and reported to Senior Management of company.

Security Breach Notification Policy

Overview

Cranbrook Loans Group, Inc. will provide notification to applicants in the event of a security breach where the applicants' personal information was, or is reasonably believed to have been, compromised. Notification will be made as soon as possible but no later than five (5) days after a security breach is detected.

Regulatory Requirements and Policy

Definition

For the purposes of this policy, 'Breach of the security of the system means the unauthorized access and acquisition of computerized data that materially compromises the security or confidentiality of personal information maintained by the entity as part of a database of personal information regarding multiple individuals and that causes, or the entity reasonably believes has caused or will cause loss or injury to any resident of states in which Cranbrook Loans Group, Inc. operates in. Good faith acquisition of personal information by an employee or agent of the entity for the purposes of the entity is not a breach of the security of the system if the personal information is not used for a purpose other than the lawful purpose of the entity and is not subject to further unauthorized disclosure.

Non-public Personal Information is any data or information considered to be personal in nature and not subject to public availability.

Personal information includes, but is not limited to:

- Individual names
- Social Security Numbers
- Credit or debit card numbers
- State identification card numbers
- Driver's license numbers

- Asset information
- Credit/liability information
- Income information

Personal information does **not** include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

Notification

When Notice must be provided

Cranbrook Loans Group, Inc. must provide notice of the breach if (1) encrypted information is accessed and acquired in an unencrypted form; (2) the security breach is linked to a breach of the security of the encryption; or (3) the security breach involves a person with access to the encryption key.

Method of Notification

Cranbrook Loans Group, Inc. will provide notification by any of the following methods:

1. *Written notice* to the last known home address for the individual.
2. *Telephonic notice*, if the customer can be reasonably expected to receive it and the notice is given in a clear and conspicuous manner, describes the incident in general terms and verifies personal information but does not require the customer to provide personal information and the customer is provided with a telephone number to call or internet website to visit for further information and assistance.
3. *Email notice*, if a prior business relationship exists and Company has a valid email address for the individual.
4. *Substitute notice* if Company demonstrates 1 of the following:
 - a. The cost of providing notice would exceed \$100,000.
 - b. The affected class of subject persons to be notified exceeds 175,000; or
 - c. Company does not have sufficient contact information.

If *substitute notice* is provided by Company, the notice must consist of **all** of the following:

1. *Email notice* when Company has an email address for the subject persons.
2. *Conspicuous posting* of the notice on Company's website; and
3. *Notification* to major statewide media.

If Cranbrook Loans Group, Inc. provides notification to more than 1,000 persons at one time, the Company must also notify, without unreasonable delay, all consumer reporting agencies that compile and maintain files on consumers on a nationwide basis of the timing, distribution, and number of notices.

Notification Content

The contents of a breach notification will contain the following elements:

- A general description of the incident and the information that was subject of unauthorized access;
- A telephone number for further information and assistance;
- A reminder ‘to remain vigilant’ over the next 12 to 24 months;
- A recommendation that incidents of suspected identity theft be reported promptly, and;
- A general description of the steps taken by the financial institution to protect the information from further unauthorized access or use.

Delay of notification.

The required notification may be delayed if a law enforcement agency determines and advises the Company in writing that the notification will impede a criminal or civil investigation. The notification must be made after the law enforcement agency determines that it will not compromise the investigation or national or homeland security.

Financial Institutions

Cranbrook Loans Group, Inc. complies with the notification requirements or procedures pursuant to the rules, regulations, procedures, or guidelines established by the Gramm-Leach-Bliley Act.

INFORMATION SECURITY CHECKLIST

☐ Data Backup

- ☐ Perform regular backups of all data files.
 - ☐ Test restoration of data files to ensure the backup files work.
 - ☐ Make sure at least one copy of the data is stored in a secure, off-site location.
 - ☐ Periodically review your backup requirements.
-

☐ Physical Security

- ☐ Make sure computers are located in areas that are not easily accessible to outsiders.
 - ☐ Make sure staff take responsibility for locking doors and windows.
 - ☐ Ensure desktop and laptop computers are equipped with anti-theft devices.
 - ☐ Ensure that network servers are physically secure in a separate area.
 - ☐ Provide accurate inventory of all computing equipment and software.
-

☐ Virus Protection

- ☐ ISO or outside computer consultant to ensure anti-virus software is installed on all computers.
 - ☐ ISO or outside computer consultant to ensure anti-virus software has been configured to check all mediums (email, web sites, downloaded files) for viruses.
 - ☐ ISO or outside computer consultant to ensure a procedure for automatically updating the anti-virus software is in place.
 - ☐ ISO or outside computer consultant to ensure all users know what to do when infected with a computer virus.
 - ☐ Ensure that staff open only attachments they are expecting.
-

ISO: Information Security Officer

☐ Disaster Recovery

- ☐ Have written continuity plan in place in the case of a major disaster.
 - ☐ Ensure that all software used for mortgage originations can be accessed from a remote location if necessary, during a disaster.
 - ☐ Keep up to date a current inventory of all computer equipment, software, and critical client files.
-

☐ Firewall

- ☐ ISO or outside computer consultant to check if all computers have firewall software installed.
 - ☐ ISO or outside computer consultant to ensure the firewall software has been configured to protect the required information on our computers.
 - ☐ ISO or outside computer consultant to check that our network has a hardware firewall installed.
 - ☐ ISO or outside computer consultant to check that all firewalls are installed at every point where our computer systems are connected to other networks.
-

☐ Password Management

- ☐ Require passwords for access to all computers.
 - ☐ Choose "strong" passwords.
 - ☐ Change passwords regularly.
 - ☐ Make sure that passwords are not written down or shared.
 - ☐ Prevent users from choosing passwords that have been used only a short while ago.
 - ☐ Deactivate accounts for terminated employees in a timely manner.
-

☐ Miscellaneous

- ☐ Do not store sensitive information on USB drives.
 - ☐ Frequently clear private data from Web browsers.
 - ☐ Make sure your operating system is updated.
 - ☐ Use a password-protected screen saver or 'lock' the screen.
-

Security Breach Notification Policy

A. Overview

Cranbrook Loans Group, Inc. complies with the Pennsylvania Breach of Personal Information Notification Act ("BPINA") in regard to providing notification to residents of Pennsylvania in the event of a security breach where the residents' personal information was, or is reasonably believed to have been, compromised.

B. Regulatory Requirements & Policy

1) Definitions

For the purposes of this policy, the following terms are defined as:

"Breach of the security of the system" means the unauthorized access and acquisition of computerized data that materially compromises the security or confidentiality of personal information maintained by the entity as part of a database of personal information regarding multiple individuals and that causes, or the entity reasonably believes has caused or will cause loss or injury to any resident of Pennsylvania. Good faith acquisition of personal information by an employee or agent of the entity for the purposes of the entity is not a breach of the security of the system if the personal information is not used for a purpose other than the lawful purpose of the entity and is not subject to further unauthorized disclosure.

"Personal Information" means an individual's first name or first initial and last name in combination with and linked to any 1 or more of the following data elements, when the data elements are not encrypted or redacted:

1. social security number;
2. driver's license number or a state identification card number issued in lieu of a driver's license; or
3. financial account number, credit or debit card number, in combination with any required security code, access code or password that would permit access to an individual's financial account.

Personal information does **not** include publicly available information that is lawfully made available to the general public from federal, state or local government records.

2) Notification

When Notice must be provided

Cranbrook Loans Group, Inc. must provide notice of the breach if (1) encrypted information is accessed and acquired in an unencrypted form; (2) the security breach is linked to a breach of the security of the encryption; or (3) the security breach involves a person with access to the encryption key.

Method of Notification

Cranbrook Loans Group, Inc. will provide notification by any of the following methods:

1. *Written notice* to the last known home address for the individual;
2. *Telephonic notice*, if the customer can be reasonably expected to receive it and the notice is given in a clear and conspicuous manner, describes the incident in general terms and verifies personal information but does not require the customer to provide personal information and the customer is provided with a telephone number to call or internet website to visit for further information and assistance;
3. *Email notice*, if a prior business relationship exists and Company has a valid email address for the individual;
4. *Substitute notice*, if Company demonstrates 1 of the following:
 - a. The cost of providing notice would exceed \$100,000;
 - b. The affected class of subject persons to be notified exceeds 175,000; or
 - c. Company does not have sufficient contact information.

If *substitute notice* is provided by Company, the notice must consist of **all** of the following:

1. Email notice, when Company has an email address for the subject persons;
2. Conspicuous posting of the notice on Company's website; and
3. Notification to major statewide media.

If Cranbrook Loans Group, Inc. provides notification to more than 1,000 persons at one time, the Company must also notify, without unreasonable delay, all consumer reporting agencies that compile and maintain files on consumers on a nationwide basis of the timing, distribution, and number of notices.

Delay of notification

The required notification may be delayed if a law enforcement agency determines and

advises the Company in writing, specifically referencing the BPINA, that the notification will impede a criminal or civil investigation. The notification must be made after the law enforcement agency determines that it will not compromise the investigation or national or homeland security.

Financial Institutions

Cranbrook Loans Group, Inc. complies with the notification requirements or procedures pursuant to the rules, regulations, procedures or guidelines established by Cranbrook Loans Group, Inc. and the CFPB.

Privacy Policy

The policy of Cranbrook Loans Group, Inc. is that the financial records of our customers and the relationships between Cranbrook Loans Group, Inc. and our customers are confidential, and that the safekeeping of customer information is a priority of Cranbrook Loans Group, Inc..

We collect, retain, and use information about our customers when we reasonably believe that it will help administer our business or provide products, services, and other opportunities for them. We collect and retain information about our customers only for specific business purposes - and we will tell our customers why we are collecting and retaining it upon our customers' request unless prohibited by law from doing so. We use information to protect and administer our customer's records, accounts, and funds; to comply with certain laws and regulations; to help us design or improve our products and services; and to understand our customers' financial needs so that we can provide our customers with quality products and superior service.

Purpose and Objectives

The purpose of our Privacy Policy is to define specific principles for Cranbrook Loans Group, Inc. employees to follow in compliance with customers' rights and existing laws as it pertains to personal non-public information.

- No employee other than Cranbrook Loans Group, Inc.'s designated representative(s) is authorized to divulge financial information or records of a customer to anyone outside Cranbrook Loans Group, Inc..
- It is the policy of Cranbrook Loans Group, Inc. to cooperate with governmental agencies in their properly made, legitimate requests for information and only in compliance with the specific requirements of the Right to Financial Privacy Act.
- It is the responsibility of each department manager to ensure that Cranbrook Loans Group, Inc. employees in their area understand the importance of confidentiality and customer privacy and receive training in responding to requests for information appropriate for the types of requests that may be received by that area.

Employee Privacy Policy

All employees must adhere to the following privacy rules:

- Give customers and consumers the right to opt out of certain types of information-sharing of their data by Cranbrook Loans Group, Inc. or by third parties who are not affiliates.
- Prohibit sharing certain types of information about our customers and consumers, unless their consent is provided and particular conditions are met, or in case of legal or judicial requirement.
- Provide an initial Privacy Notice to our customers.
- Safeguard the confidentiality and security of customer data and any Non-public Personal Information.

Non-public Personal Information is any data or information considered to be personal in nature and not subject to public availability.

Personal information includes, but is not limited to:

- Individual names
- Social Security Numbers
- Credit or debit card numbers
- State identification card numbers
- Driver's license numbers
- Asset information
- Credit/liability information
- Income information

Personal information does **not** include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

Violation of this confidence is cause for disciplinary action up to and including discharge.

*Notation - Specific Privacy guidelines can be found in our Red Flag, Safeguards, and Information Security Policies.

Restrictions on the Disclosure of Account Information

Cranbrook Loans Group, Inc. will not reveal confidential customer information to third parties except in the following instances:

The information is provided to any affiliate of Cranbrook Loans Group, Inc. that may now exist or hereafter be established.

- As necessary to effect, administer, or enforce a transaction requested or authorized by the consumer.
- To service or process a financial product or service requested or authorized by the consumer.
- To protect the confidentiality or security of our customers records pertaining to the consumer, service, product, or transaction.
- To protect against or prevent actual or potential fraud, unauthorized transactions, claims or other liability.
- For required institutional risk control or for resolving consumer disputes or inquiries.
- To persons holding a legal or beneficial interest relating to the consumer or to persons acting in a fiduciary or representative capacity on behalf of the consumer.
- To provide information to insurance rate advisory organizations, guaranty funds or agencies, agencies that are rating our customers, persons that are assessing our customers compliance with industry standards.
- To the extent specifically permitted or required under other provisions of law and in accordance with the Right to Financial Privacy Act of 1978 (to law enforcement agencies -including government regulators).
- To a consumer reporting agency in accordance with the Fair Credit Reporting Act.
- In connection with a proposed or actual sale, merger, transfer, or exchange of all or a portion of a business or operating unit if the disclosure of nonpublic personal information concerns solely consumers of such business or unit.
- To comply with Federal, State, or local laws, rules, and other applicable legal requirements.
- To comply with a properly authorized civil, criminal, or regulatory investigation, or subpoena or summons by Federal, State, or local authorities; or
- To respond to judicial process or government regulatory authorities having jurisdiction over our customers for examination, compliance or other purposes as authorized by law.

- We do not provide account or personal information to unaffiliated third parties for the purpose of independent telemarketing or direct mail marketing of any non-financial products or services of those companies. However, we may also share information with unaffiliated companies when they assist us in providing products and services to our customers or we offer such products and services jointly.

Access to Information

Cranbrook Loans Group, Inc. will maintain appropriate security standards and procedures regarding unauthorized access to customer information. Employee access to personally identifiable information will be limited to those with a business reason for knowing such information. If personally identifiable customer information is provided to a third party, Cranbrook Loans Group, Inc. will insist that the third party adhere to similar privacy principles that provide for keeping such information confidential.

Fair Lending Policy Statement

It is, and shall be, the policy of Cranbrook Loans Group, Inc. to make its credit products available to all qualified applicants without discrimination on the basis of race, color,

sex, religion, age, national origin, handicap, marital or familial status, receipt of public assistance, or good faith exercise of rights under the Federal Consumer Protection Act. It is, and will continue to be, Cranbrook Loans Group, Inc.'s policy not to discourage the submission of an application for credit by any applicant on any of the prohibited areas. All consumers are to be treated fairly, consistently, and in compliance with fair lending laws, according to Cranbrook Loans Group, Inc.'s policy. Our employees will consistently offer fair service, any needed assistance, and continued encouragement. Cranbrook Loans Group, Inc. will also clearly communicate our fair lending policy to all of our staff and customer. The credit needs of low and moderate-income neighborhoods within our community shall have special attention dedicated to them by Cranbrook Loans Group, Inc.. Cranbrook Loans Group, Inc. shall provide financial services to all income segments of our market that are consistent with safe and sound lending practices. The advertising of Cranbrook Loans Group, Inc., as well as all of its communications to the public shall be portrayed in a way making it clear that Cranbrook Loans Group, Inc. does not discriminate on a prohibited basis. Cranbrook Loans Group, Inc. will commence specific activities to encourage a wide range of clients to approach its offices and to consider us as a financial service resource. The success of Cranbrook Loans Group, Inc.'s Fair Lending Program is the responsibility of the entire company. Cranbrook Loans Group, Inc.'s fair lending practices apply across all aspects of our operations.

Our Senior Management team is responsible for establishing practices designed to ensure that our operations reflect our strong commitment to fair lending and that all employees are aware of, as well as following that commitment. At Cranbrook Loans Group, Inc. we are dedicated to providing superior service to our clients through teamwork, admirable professionalism, and promise to action. Fair treatment of all clients is, and shall be, our primary focus as we identify ways to continue to meet our commitment to fair lending.

Employee Training

Cranbrook Loans Group, Inc. ensures that its employees are educated on the rules of fair lending using the following tactics:

- Training new and existing employees on an annual basis with regards to the fair lending laws and regulations. New employees will receive training as part of our onboarding process.
- Distributing a fair lending brochure that contains extensive background on fair lending rules and government regulatory agencies to every employee in Cranbrook Loans Group, Inc. on not less than an annual basis.

Continuity Policy

In the event of a disaster which interferes with Cranbrook Loans Group, Inc.'s ability to conduct business from one of its offices, this plan is to be used to coordinate business recovery. The plan is designed to contain, or provide reference to, all of the information that might be needed at the time of a business recovery.

Objective

The objective of the Business Continuity Plan is to coordinate recovery of critical business functions in managing and supporting the business recovery in the event of a facilities (office building) disruption or disaster. This can include short or long-term disasters or other disruptions, such as fires, floods, earthquakes, explosions, terrorism, tornadoes, extended power interruptions, and other natural or man-made disasters. Since the threat to our organization's continuity of operations can be great during a pandemic outbreak; it is important for us to have a Pandemic Response Plan in place to ensure we can carry out all of our essential functions and services. While we understand that depending upon the severity of a pandemic attack, we may be forced to suspend some operations, our Continuity of Operations Plan will enable us to remain operational, as well as strengthen our ability to resume operations.

A disaster is defined as any event that renders a business facility inoperable or unusable so that it interferes with the organization's ability to deliver essential business services.

Scope

The Business Continuity Plan is limited in scope to recovery and business continuance from a serious disruption in activities due to non-availability of Cranbrook Loans Group, Inc.'s facilities. The Business Continuity Plan includes procedures for all phases of recovery. The scope of this plan is focused on localized disasters such as fires, floods, and other localized natural or man-made disasters.

Assumptions

The viability of this Business Continuity Plan is based on the following assumption: That a viable and tested IT Disaster Recovery Plan exists and will be put into operation to restore business functions at a temporary backup site within forty-eight (48) hours. The long-term strategies will be to acquire/lease and equip new office space in another building in the same metropolitan area.

Vital Records Backup

All vital records that would be affected by a facilities disruption are maintained and controlled by Senior Management. Records are backed up online and backed up to an offsite server.

Restoration of Hardcopy Files, Forms, and Supplies

In the event of a facilities disruption, critical records may be destroyed or inaccessible. In this case, the last backup of critical records will be transported to the secondary facility. The amount of critical records, which would have to be reconstructed, will depend on when the last shipment of critical records to an online storage location occurred.

The following categories of information can be exposed to loss:

1. Any files stored on-site in file cabinets and control file rooms.
2. Information stored on local PC hard drives.
3. Any work in progress.
4. Received and un-opened mail.
5. Documents in offices, work cubes and files.

On-line Access to Cranbrook Loans Group, Inc. computer Systems

In the event of a facilities disruption, the Disaster Recovery Plan strategy is to assist in re-establishing connectivity to Cranbrook Loans Group, Inc. and to establish remote communications to any alternate business site location. This plan will include recovering processing at a pre-determined alternate site. Services covered would include phones, communications, and all other services required for restoring limited emergency service to the organization.

Pandemic Response Planning Policy

Purpose:

This policy directs planning, preparation, and exercises for pandemic disease outbreak over and above the normal business continuity and disaster recovery planning process. The objective is to address the reality that pandemic events can create personnel and technology issues outside the scope of traditional planning as potentially a large percentage of the workforce may be unable to come to work for health or personal reasons.

Scope:

The planning process will include personnel involved in the business continuity and disaster recovery process, enterprise architects and senior management. During the implementation plan, all employees and contractors will need to undergo training before and during a pandemic disease outbreak.

Policy:

The company will authorize, develop, and maintain a Pandemic Response Plan addressing the following areas:

1. The Pandemic Response Plan leadership will be identified as a small team which will oversee the creation and updates of the plan. The leadership will also be responsible for developing internal expertise on the transmission of diseases and other areas such as second wave phenomenon to guide planning and response efforts. However, as with any other critical position, the leadership must have trained alternates that can execute the plan should the leadership become unavailable due to illness.
2. The creation of a communications plan before and during an outbreak that accounts for congested telecommunications services.
3. An alert system based on monitoring of World Health Organization (WHO) and other local sources of information on the risk of a pandemic disease outbreak.
4. A predefined set of emergency policies that will preempt normal company policies for the duration of a declared pandemic disease outbreak within the community. These policies should also address all tasks critical to the continuation of the company including:
 - a. How people will be paid
 - b. Where they will work
 - c. How they will accomplish their tasks if they cannot get to the office
5. A set of indicators to management that will aid them in selecting an appropriate level of response bringing into effect related policies for the organization. There should be a graduated level of response related to the WHO pandemic alert level or other local indicators of a disease outbreak.
6. An employee training process covering personal protection
7. Identifying symptoms of exposure
 - a. The concept of disease clusters in day cares, schools, or other gathering places
 - b. Basic prevention – limiting contact closer than 6 feet, cover your cough, hand washing.
 - c. When to stay at home
 - d. Avoiding travel to areas with high infection rates
8. A process for the identification of employees with first responders or medical personnel in their household. These people, along with single parents, have a higher likelihood of unavailability due to illness or childcare issues.

9. A process to identify key personnel for each critical business function and transition their duties to others in the event they become ill.
10. A list of supplies to be kept on hand or pre-contracted for supply, such as face masks, hand sanitizer, fuel, food, and water.
11. IT related issues:
 - a. Ensure enterprise architects are including pandemic contingency in planning.
 - b. Verification of the ability for significantly increased telecommuting including bandwidth, VPN capacity/licensing, ability to offer voice over IP and laptop/remote desktop availability.
 - c. Increased use of virtual meeting tools – video conference and desktop sharing
 - d. Identify what tasks cannot be done remotely.
 - e. Plan for how customers will interact with the organization in different ways.
12. The creation of exercises to test the plan.
13. The process and frequency of plan updates at least annually
14. Guidance for auditors indicating that any review of the business continuity plan or enterprise architecture should assess whether they appropriately address the Company Pandemic Response Plan.

Policy Compliance

Compliance Measurement

The Pandemic Response Plan leadership will verify compliance to this policy through various methods, including but not limited to, periodic walk-through's, video monitoring, business tool reports, internal and external audits, and feedback to the policy owner.

Exceptions

Any exception to the policy must be approved by the Pandemic Response leadership in advance.

Non-Compliance

An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

Social Media Policy

Policy Statement

Cranbrook Loans Group, Inc. realizes that many employees may participate in social media as a way to share their life experiences and thoughts with family, friends, and colleagues. Social media includes all means of communicating or posting information or content of any sort on the Internet, including to the employees' own or someone else's web log or blog, journal, personal website, social networking or affinity web site, web bulletin board or chat room whether or not associated or affiliated with Cranbrook Loans Group, Inc., as well as other sites and services that permit users to share information with others in a contemporaneous manner.

While social media tools were originally conceived for social collaboration, these tools can help achieve business objectives.

Typically, social media is being used commercially to:

- Interact and develop new relationships with customers and partners.
- Seek input from customers on products and services.
- Improve customer service.
- Accelerate problem solving.
- Facilitate innovation through collaboration with third parties and industry experts.
- Manage brand and reputation.
- Interact in new ways with employees.

An employee's use of social media may involve certain risks and requires an employee to exercise certain responsibilities. Thus, it is important for employees to remember that any conduct that adversely affects the employee's job performance, the performance of colleagues or others who work on behalf of Cranbrook Loans Group, Inc., such as suppliers, vendors, etc. may result in disciplinary action up to and including termination.

Definitions

- Social Media Channels – Blogs, micro-blogs, social networks, video sharing, image sharing, podcasts, social bookmarks, user rating services and any other online collaboration, sharing or publishing platform, whether accessed through the web, a mobile device, text messaging, email or any other existing or emerging communications platform.
- Social Media Account – A personalized presence on a social networking channel, initiated by an individual which they can use to collaborate, interact, and share

content and status updates. When a user communicates through a social media account, their disclosures are attributed to their User Profile.

- User Profile – Personal information made available by a user about themselves with a Social Media Platform.
- External vs. Internal Social Media Channels – External social media channels are social media services that do not reside at a domain. Internal social media channels are located at a company-owned domain, require a password to access and are only visible to employees and other approved individuals.
- Copyrights – The exclusive legal right granted to an author to exclusive publication, product, sale, or distribution of a literary, musical, dramatic, or artistic work. It is illegal to reproduce and use copyrighted material through social media channels without the permission of the copyright holder.
- Housing Content – Text, pictures, audio, video, or other information in digital form that is uploaded and resides in the social media account of the author. Downloading content off of the internet and uploading it to your social media site is considered hosting that content. This distinction is important as it is generally illegal to host copyrighted content publicly on the internet without first obtaining permission of the copyright holder.
- Embed Codes – Unique codes that are provided to entice others to share online content without requiring the sharer to host that content. By means of an embed code, it is possible to display a YouTube user's video in another individual's social media account without requiring that person to host the source video file. This distinction is important because embed codes are often used by copyright owners to encourage others to share their content via social media channels.
- Official Content – Publicly available online content created and made public by a company, verified by virtue of the fact that it is accessible through a corporate website.
- Inbound Links – An inbound link is a hyperlink that transits from one domain to another. A hyperlink that transmits from an external domain to your own domain is referred to as an inbound link. Inbound links are important because they play a role in how search engines rank pages and domains in search results.
- Link Bartering Exchanges – Trading or purchasing inbound links from other domains exclusively for the purposes of lifting your domain in search engine page results.
- Tweets and Re-tweets – A tweet is a 140-character social media disclosure distributed on the Twitter micro-blogging service. Re-tweets and tweets from one Twitter user that are redistributed by another Twitter user. Re-tweets are how information propagates on Twitter.

Company Commitments

Cranbrook Loans Group, Inc. makes certain commitments concerning how we interact with the public and each other, and these commitments apply to interactions that occur on social media platforms as well. We expect the same commitments from all company representatives.

- Cranbrook Loans Group, Inc. will be transparent in every social media engagement.
- Cranbrook Loans Group, Inc. will protect our consumer's privacy in compliance with applicable Privacy Policies, IT Security Policies, and laws, rules, and regulations.
- Cranbrook Loans Group, Inc. will respect copyrights, trademarks, rights of publicity, and other third-party rights.
- Cranbrook Loans Group, Inc. will be responsible in our use of technology and will not knowingly align our company with organizations or websites that use excessive tracking software, adware, malware, or spyware.
- Cranbrook Loans Group, Inc. will reasonably monitor its employee's behavior in the social media space, establish appropriate protocols for establishing our social media presence, and keep appropriate records of our participation as dictated by law and/or industry best practices.

Objectives

The objectives of this Social Media Policy are to:

- Establish practical, reasonable, and enforceable guidelines by which our employees can conduct responsible, constructive social media engagement in both official and unofficial capacities.
- Assist employees in making responsible decisions about the use of social media.
- Protect our company and employees from violating any state or federal regulations pertaining to social media, marketing, and advertising.

Principles

The following principles apply to professional use of social media on behalf of Cranbrook Loans Group, Inc..

Employees need to know and adhere to Cranbrook Loans Group, Inc. code of Conduct, Employee Handbook, and other company policies when using social media in reference to Cranbrook Loans Group, Inc..

- Employees should be aware of the effect their actions may have on their images, as well as Cranbrook Loans Group, Inc.'s image. The information that employees post or publish may be public information for an exceptionally long time.
- Although not an exclusive list, some specific examples of prohibited social media conduct include posting commentary, content, or images that are defamatory,

pornographic, proprietary, harassing, libelous, or that can create a hostile work environment.

- Employees are prohibited from doing advertising in any social media channel without prior approval from Senior Management. Any type of advertising must adhere to federal advertising rules.
- Employees are not to publish, post, or release any information that is considered confidential or not public. If there are questions about what is considered confidential, employees are required to seek approval from Senior Management.
- Social media networks, blogs, and other types of online content sometimes generate press and media attention or legal questions. Employees should refer these inquiries to an authorized Cranbrook Loans Group, Inc. spokesperson.
- Cranbrook Loans Group, Inc. trusts and expects employees to exercise personal responsibility whenever they use social media, which includes not violating the trust of those with whom they are engaging. Employees should never use social media for covert advocacy, marketing, or public relations. If, and when employees use social media to communicate on behalf Cranbrook Loans Group, Inc., they should clearly identify themselves as employees.
- Employees should always be respectful of every individual's legal right to express their opinions, whether those opinions are complimentary or critical. Our company recognizes and appreciates the rights of individuals to free speech. By respectfulness, we mean tolerance and consideration for the opinions and positions of others, whether they are in alignment or conflict with your own.
- Social media use should not interfere with employee's responsibilities at Cranbrook Loans Group, Inc.. Cranbrook Loans Group, Inc.'s computer systems are to be used for business purposes only. When using Cranbrook Loans Group, Inc.'s computer systems, use of social media for business purposes is allowed (ex: Facebook, Twitter, Cranbrook Loans Group, Inc. blogs and LinkedIn), but personal use of social media networks or personal blogging of online contents is discouraged and could result in disciplinary action.
- Only those officially designated can use social media to speak on behalf of our company in an official capacity, though employees may use social media to speak for themselves individually or to exercise their legal rights under the National Labor Relations Act.
- Employees have a right to their personal privacy. They have the right to keep their personal opinions, beliefs, thoughts, and emotions private. Employees are prohibited from sharing anything via social media channels that could violate another employee's right to personal privacy.
- Examples of social media disclosures that may compromise an employee's right to privacy include, but are not limited to, pictures, video or audio recorded and shared through social media channels without the permission of any single employee featured, the public disclosure of private facts or the disclosure of information gained through unreasonable intrusion.

- Employees are required to disclose their identity and affiliation to Cranbrook Loans Group, Inc. whenever discussing company or company-related topics via social media channels, so long as they can do so without forfeiting their legal rights to bargain collectively or engage in concerted or protected activities under the NLRA.
- Different social media channels have proper and improper business uses. For example, members of social networks are expected to read, and when appropriate, respond to questions asked of them from another member of their social network. It is important for employees to understand what is recommended, expected, and required when they discuss industry-related topics, whether at work or on their own time. If industry related topics are discussed in any social media venues, it is highly recommended that MLO's social media profile include their NMLS Personal Identification number.
- Employees are responsible for making sure that their online activities do not interfere with their ability to fulfill their job.
- If employees encounter a situation while using social media that threatens to become antagonistic, employees should disengage from the dialogue in a polite manner and seek the advice of Senior Management.
- Employees should get appropriate permission before they refer to or post images of current or former employees, members, investors, or vendors. Additionally, employees should get appropriate permission to use a third party's copyrights, copyrighted material, trademarks, service marks or other intellectual property.
- Employees may only mention our organization's official corporate policies in their social media disclosures when those policies are publicly available on the internet and may only do so if they include a link to that policy in their disclosure.
- If an employee chooses to share an opinion on company policy, they may do so only if they precede their social media disclosure with a disclaimer acknowledging that their personal opinion does not necessarily reflect the opinion of their employer. This requirement is meant to ensure that others can easily distinguish the official position of our organization or our organization's management from those of our employees.
- Effectively managing and protecting our organization's trade secrets is a critical responsibility of all employees. Trade secrets are an asset. Failure to manage and protect confidential information correctly may result in legal or regulatory fines, damages Cranbrook Loans Group, Inc.'s reputation and lost productivity.
- Externally, employees are restricted from referencing customers, partners or investors by name, or any confidential details of their transaction in their social media disclosures without first obtaining the permission of the individual or organization that the employee wishes to reference.
- It is highly recommended that employees keep Cranbrook Loans Group, Inc. related social media accounts separate from personal accounts.
- Mortgage Loan Originators (MLOs) must include their Unique Identifier Number on all advertising in social media.

Penalties

Failure to comply with these social media policies may result in:

- Withdrawal, without notice, of access to information and/or information resources.
- Disciplinary action, up to and including termination.
- Civil or criminal penalties as provided by law.

Unfair, Deceptive, and Abusive Acts and Practices (UDAAP) Policy

Policy Statement

It is the policy of Cranbrook Loans Group, Inc. to comply with the Federal Trade Commission Act (FTC Act), which prohibits “unfair or deceptive acts or practices in or affecting commerce” and all published guidance by the Consumer Financial Protection Bureau (CFPB) regarding managing risks relating to unfair, deceptive, and abusive acts and practices (UDAAP) and general guidance on measures that financial institutions can take to avoid engaging in such acts or practices, including best practices. We will also follow the requirements in the FTC’s credit practices rule which is now enforced by the CFPB.

According to Dodd Frank, the CFPB also has the authority to declare a product or service abusive if it:

- Materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service; or
- Takes unreasonable advantage of:
 - A lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service.
 - The inability of the consumer to protect their interests in selecting or using a consumer financial product or service; or
 - The reasonable reliance by the consumer of a covered person to act in the interests of the consumer.

Legal Standards under the FTC Act

The legal standards for unfairness and deception are independent of each other. Depending upon the facts, a practice may be unfair, deceptive, or both. The legal standards set forth in the FTC Act are briefly described below.

An act or practice is unfair when it:

- Causes or is likely to cause substantial injury to consumers.
- Cannot be reasonably avoided by consumers.
- Is not outweighed by countervailing benefits to consumers or to competition.

Public policy, as established by statute, regulation, or judicial decisions may be considered with all other evidence in determining whether an act or practice is unfair.

An act or practice is deceptive when:

- A representation, omission, or practice misleads or is likely to mislead the consumer.
- A consumer's interpretation of the representation, omission, or practice is considered reasonable under the circumstances.
- The misleading representation, omission, or practice is material.

A material misrepresentation or practice is one that is likely to affect a consumer's choice of or conduct regarding a product. In other words, it is information that is important to consumers. If inaccurate or omitted information is material, injury is likely.

Regulators will consider certain categories of information automatically material. First, regulators presume that express claims are material. The Supreme Court has stated that we may assume that the willingness of a business to promote its products reflects a belief that consumers are interested in the advertising. Where the seller knew, or should have known, that an ordinary consumer would need omitted information to evaluate the product or service, or that the claim was false, materiality will be presumed because the manufacturer intended the information or omission to have an effect. Similarly, when evidence exists that a seller intended to make an implied claim, regulators will infer materiality.

Regulators also consider other claims or omissions material if they significantly involve health, safety, or other areas with which the reasonable consumer would be concerned. Depending on the facts, information pertaining to the central characteristics of the product or service will be presumed material. Information has been found material where it concerns the purpose, safety, efficacy, or cost, of the product or service. Information is also likely to be material if it concerns durability, performance, warranties, or quality.

When materiality exists, injury to the consumer is also likely to exist because of the representation, omission, sales practice, or marketing technique. Injury to consumers can take many forms. Injury exists if consumers would have chosen differently but for the deception. If different choices are likely, the claim is material, and injury is likely as well. Therefore, injury and materiality are different names for the same concept.

Relationship of UDAAP to Other Laws and Ratings

Some acts or practices may violate both the FTC Act and other federal or state laws. Other acts and practices may violate only the FTC Act while fully complying with other consumer protection laws and regulations. Therefore, if a potential UDAAP violation is found, examiners could consider whether other statutory or regulatory violations

have occurred. Furthermore, the following laws warrant particular attention in regard to unfair and deceptive practices:

Truth in Lending Act

Pursuant to the Truth in Lending Act (TILA), creditors must “clearly and conspicuously” disclose the costs and terms of credit. An act or practice that does not comply with the provisions of TILA may also violate the FTC Act. On the other hand, a transaction that is in technical compliance with TILA may nevertheless violate the FTC Act. For example, consumers could be misled by advertisements of “guaranteed” or “lifetime” interest rates when the creditor or depository institution intends to change the rates, whether or not the disclosures satisfy the technical requirements of TILA.

Equal Credit Opportunity and Fair Housing Acts

The Equal Credit Opportunity Act (ECOA) prohibits discrimination in any aspect of a credit transaction against persons on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to contract), the fact that an applicant's income derives from any public assistance program, and the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act. Similarly, the Fair Housing Act (FHA) prohibits creditors involved in residential real estate transactions from discriminating against any person on the basis of race, color, religion, sex, handicap, familial status, or national origin. Unfair or deceptive practices that target or have a disparate impact on consumers who are members of these protected classes may violate the ECOA or the FHA, as well as the FTC Act.

UDAAP violations can present significant legal, reputational, and compliance risks for our organization. The Compliance Officer will be responsible for including UDAAP considerations when conducting risk assessments for all products and services offered by our organization and to every stage and activity. Particular focus is paid to new or modified systems or products and third-party arrangements. UDAAP applies to both consumer and commercial services.

Managing Risks Related to Unfair, Deceptive, or Abusive Acts or Practices

Cranbrook Loans Group, Inc. will consider the following best practices when putting internal controls in place to avoid misleading our customers or the general public about our products and services:

- Review all promotional materials, marketing scripts, and customer agreements and disclosures to ensure that they fairly and adequately describe the terms, benefits, and material limitations of the product or service being offered, including any related or optional products or services, and that they do not misrepresent such terms either affirmatively or by omission.

- Ensure that these materials do not use fine print, separate statements, or inconspicuous disclosures to correct potentially misleading headlines, and ensure that there is a reasonable factual basis for all representations made.
- Draw the attention of customers to key terms, including limitations and conditions, that are important in enabling the customer to make an informed decision regarding whether the product or service meets the customer's needs.
- Clearly disclose all material limitations or conditions on the terms or availability of products or services, such as a limitation that applies a special interest rate only to balance transfers; the expiration date for terms that apply only during an introductory period; material prerequisites for obtaining particular products, services, or terms (e.g., minimum transaction amounts, introductory or other fees, or other qualifications); or conditions for canceling a service without charge when the service is offered on a free trial basis.
- Inform consumers in a clear and timely manner about any fees, penalties, or other charges (including charges for any force-placed products) that have been imposed, and the reasons for their imposition.
- Clearly inform customers of contract provisions that permit a change in the terms and conditions of an agreement.
- When using terms such as "pre-approved" or "guaranteed," clearly disclose any limitations, conditions, or restrictions on the offer.
- Clearly inform consumers when the account terms approved for the consumer are less favorable than the advertised terms or terms previously disclosed.
- Tailor advertisements, promotional materials, disclosures, and scripts to take account of the sophistication and experience of the target audience. Do not make claims, representations or statements that mislead members of the target audience about the cost, value, availability, cost savings, benefits, or terms of the product or service.
- Avoid advertising that a particular service will be provided in connection with an account if we do not intend or are not able to provide the service to account holders.
- Clearly disclose when optional products and services - such as insurance, travel services, credit protection, and consumer report update services that are offered simultaneously with credit - are not required to obtain credit or considered in decisions to grant credit.
- Ensure that costs and benefits of optional or related products and services are not misrepresented or presented in an incomplete manner.
- When making claims about amounts of credit available to consumers, accurately and completely represent the amount of potential, approved, or useable credit that the consumer will receive.
- Avoid advertising terms that are not available to most customers and using unrepresentative examples in advertising, marketing, and promotional materials.

- Avoid making representations to consumers that they may pay less than the minimum amount due required by the account terms without adequately disclosing any late fees, over-limit fees, or other account fees that will result from the consumer paying such reduced amount.
- Clearly disclose a telephone number or mailing address (and, as an addition, an email or web site address, if available) that consumers may use to contact us or our third-party servicers regarding any complaints they may have and maintain appropriate procedures for resolving complaints. Consumer complaints will be reviewed to identify practices that have the potential to be misleading to customers.
- Implement and maintain effective risk and supervisory controls to select and manage third-party servicers.
- Ensure that employees and third parties who market or promote our products are adequately trained to avoid making statements or taking actions that might be unfair or deceptive.
- Review compensation arrangements for employees as well as third-party vendors and servicers to ensure that they do not create unintended incentives to engage in unfair or deceptive practices.
- Ensure that the institution and its third-party servicers have and follow procedures to credit consumer payments in a timely manner. Consumers should be clearly told when, and if, monthly payments are applied to fees, penalties, or other charges before being applied to regular principal and interest.

Cranbrook Loans Group, Inc. will pay particular attention to marketing credit and other products and services to the elderly, the financially vulnerable, and customers who are not financially sophisticated. In addition, we will pay particular attention to the following credit or credit related products:

- Home-secured loans
- Insurance offered in connection with loans.
- Loans covered by the Home Ownership and Equity Protection Act, reverse mortgages.
- Loans with prepayment penalties, temporary introductory terms, or terms that are not available as advertised to all consumers.

Ability to Repay Policy

For any consumer credit transaction secured by a dwelling, Cranbrook Loans Group, Inc. must ensure that the borrower has the ability to repay the transaction. Failure to do

so could allow the borrower to challenge the validity of the loan. Some transactions are exempt from the Qualified Mortgage Ability to Repay requirements, however, even with loans which are exempt from a rebuttal presumption of repayment ability, we will strive to only make loans which the borrower can repay.

Exempt Transactions

- HELOCs
- Timeshares
- Bridge Loans
- Construction/Construction Perm
- Reverse Mortgages

In addition, some transactions receive an automatic “presumption” of compliance.

- Eligible for purchase by Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC) (until sunset provision)
- Insured by the Federal Housing Administration (FHA)
- Eligible for Guarantee by the USDA
- Guaranteed by the US Department of Veterans Affairs
- Originated by or for, or approved for purchase by any state Housing Finance Agency (HFA)
- Has been found eligible as evidenced by a written letter or certificate from a Department of Housing and Urban Development counseling agency that there is a reasonable expectation of repayment.

On all other cases we will follow our normal “full documentation” methods of verifying customer information and qualifying the borrower. Rather than list all documentation which we could potentially require, we refer you to our checklist of documents that we do require for all applicants, as applicable to their situation.

The following sections of our Compliance Manual identify the process for complying with “Ability to Repay.” We believe it is not enough to meet the letter of the law, but to fully implement procedures that allow us to ensure compliance.

Origination Policies and Procedures

- Loan Qualification/Pre-Qualification Process – we qualify all borrowers based on their ability to repay.
- Complete Application Process – identifies ALL potential documentation needed to substantiate a borrower’s ability to repay.
- Borrower Checklist of Required Documentation – Allows the borrower to identify all documentation required for qualification and verification of ability to repay.
- Points and Fees – identifies our points and fees structures for the purposes of calculating maximum allowable fees.

Processing Policies and Procedures

- Pre-Underwriting Review Process – loan processing is the second stage of loan level ability to repay evaluation. Processing completes the pre-underwriting review to ensure all documentation to substantiate the borrower's ability to repay is included in the loan file prior to underwriting evaluation. Items identified as missing, or incomplete are forwarded to the borrower and lender staff prior to proceeding.

Processing Quality Control

Production Quality Control Process – The audit process reinforces the production quality control process by re-reviewing a sampling of loans to ensure that appropriate documentation and qualification calculations are retained in loan files.

Determining Ability to Repay – Appendix Q

Treatment

Transaction Types	All consumer EXCEPT HELOCs, Timeshares, Bridge Loans, Construction/ Construction Perm, Reverse
Qualifying Rate	Based on Full Loan Amount including potential negative amortization
Third Party Verification/Documentation	IRS may use tax transcripts in lieu of tax returns, Employers, Institutions - Verbal VOE for probability - retain written copies
Ratio Calculation	43 - based on "fully indexed rate" \geq intro rate, max payment (fully recast) for negative amortization loans, Fully Amortize for Interest Only, Average Payments for balloon, Max Rate for "Step-Rate", Fixed rate for loans >5 year fixed
HPML	1.5/3.5 APOR - no balloons (must include balloon payment in average payments)
Refinance Non-Standard Mortgage (NSM) to $>$ Standard	Non-Standard - Existing ARM, 1 year + ARM, Negative Amortization, or I/O - Standard Mortgage Fixed rate for 5 years ≤ 40 Year Term, no balloon
	Same Creditor (streamline) refinancing Non-Standard mortgage - ATR not required if non-standard mortgage was made prior to 1/1/2014 - if borrower's situation improves. Creditor may offer better rates to streamline customer than public Streamline Qualifies if comparison includes fully amortizing/indexed/termed loan for both loans. If you did not qualify the borrower the first time, must be re-qualified. If you did you are ok
Qualified Mortgage	No negative amortization regular payments, no balloon, ≤ 30 -year term, qualify at max rate in 1st 5 years, Balloon Exception: 5+ Years, not sold or transferred, no prepayment penalty except for fixed rate (unless HPML) 3 Years Max prepay 2-2-1 penalty. To offer prepay, must offer customer choice with non-prepay. Correspondent or broker

QM Fees	Greater of 3% or \$3000 to \$60000, 5% or \$1000 to \$12,500, 8% below
Automatic Qualifications	FHLMC, VA, USDA, FHA through 1/10/2021
Income Verification	Transcripts, W-2s, Payroll Statements, LES, Bank Records, Employer, Federal Agency (benefits/entitlements) Bank Statements, Check Cashing Service Receipts, Receipts from Funds Transfer Services
	Income must continue at least 3 years. 2 yr. history, gaps >1 month explained, document all employment, school, military history. Seasonal employment ok. Examine qualifications, training, employer must verify continuance. Frequent changes ok if advances in income/benefits. Returning to work- 6 mo. on job + previous work. Pending retirement, must document retirement income. New Job early closing with guaranteed contract within 60 days and additional 2 months post-closing reserves.
COLA, Performance Raises Bonuses	Can use with letter guaranteeing if effective w/in 60 days of closing
Variable	Bonus/OT/Part-Time - must continue, average of 2 years. May use shorter if documented. Exclude if trend is declining. If varies substantially must use more than 2 year history. Seasonal - 2-year history on same job, document re-hire. Permanent job < 40 hrs. per week (full-time). Unemployment benefits ok w 2-year history + continuance
	Commission- (>25 income from commissions) 2-year history, recent paystub (if < 2 years > 1-year MAY use if continuance likely, sound rationalization. < 1 year NOT OK. Exception - salary to commission with same employer. Subtract unreimbursed expenses from tax return/transcript.
	Expense Reimbursement accepted as income if exceeds actual expenditures - 2106 for 2 years, mileage in excess of cost may be added back. Must count car payment, and loss from difference between expenses and reimbursement. NOT REDUCTION IN INCOME. IT IS A DEBT.
Self-Employment	25% ownership - If you work for Family-owned business, must provide evidence that not owner. (Corporate/Personal Tax Returns). 2 years min. < 2 years must have employment (2 yrs.) successful employment in related job or 1 year PLUS formal training. <1 year NOT OK.
	Documentation Corp/partnership returns. YTD P&L - may use quarterly returns or YTD P&L (If income increasing cannot include YTD, if decreasing must use current - declining income no acceptable), Biz Credit Report Corp & C Corp. Must analyze biz strength, compared to other biz in area. Verify % of ownership, if not on returns letter from accountant with letter stating entitled to share of profits. Add back only depreciation and depletion, reduce owner% of income by pro-rata share of

	corp. tax. Ensure calendar/year fiscal year matches. Cash withdrawal from business must examine to see if biz affected. S Corp - use officer compensation
	Calculate using AGI method. Only add back is depreciation, depletion, IRA, Keogh, Health insurance
Rental	Leases + 2 years 1040. Avg. returns +depreciation, Gaps > 3 months need LOX, income from present residence rental does not offset mortgage unless corporate relocation or 75% LTV with appraisal. May count boarder income from relative shown on 1040 p in income
Capital Gains	Recurring only (i.e., trader, fix and flip) (exclude 1 time)
Interest/Dividends	2 Year History - net funds to be used for closing/down payment
Non-Taxable - use tax bracket	May not use dependent calculation to determine tax rate, use past year return, or 25%
VHA/BAQ/HAZ - VA Benefits – Govt. Assistance MCC	Verify continuance for 3 years. Gross up non-tax portion. No benefit that passes through hands of borrower can be counted as income. Education Benefits Not Acceptable
Other	Alimony/Child Support - >3 years, Divorce Decree, Separation Agreement, Court order, Payment Agmt. 12-month proof of receipt via checks, tax returns, deposit slips. Child support may be grossed up. Trust Income - guaranteed only, Trust agreement, amount of trust, distribution schedule.
Relocation	Mortgage Differential - income, not offset
Retirement	Must continue for > 3 years, SS Award letter, may Gross up non-taxable, IRA Distributions (must continue)
Subject Property Rental	Use 25% vacancy - add to income (+) or debt (-)
Debts	Must count installment debts w < 10 mos. if consumer does not have reserves to offset. Always count revolving. Debts with no pmt. on CR use > 5% or \$10 or use statement payment. Any debt with payments starting > 12 months from closing not included
	Unverified obligations do not need to be independently verified - can use customer statement
	HELOC only count payment as drawn at closing (NOT fully drawn)
Alimony	Creditor may reduce gross income, rather than monthly obligation (III.4) for ratios
Co-signed loans	12-month history with no late payments can exclude from ratio
Contingent Liability	FHA/VA Assumption w/o release - must count unless LTV <75% and >12 mos. payment current
Non-Debts	Commuting costs union dues, 0- bal. accts, childcare, voluntary deductions

Property Collateral Not Primary Method of Repayment

Cranbrook Loans Group, Inc. will not rely primarily on the sale or refinance of the collateral in determining the borrower's ability to repay the offered loan.

Calculation of Ability to Repay

In order to ascertain ability to repay we will always utilize industry standard ratio or residual income calculations:

- Interest Rate - Fixed Rate or Fully Indexed Rate for a maximum amortization period of 30 years.
- All debts, including housing expenses and liabilities, will be included in the calculation as required by Appendix Q of the Ability to Repay Rule.

Changed Circumstances

If a borrower's ability to repay changes, based on updated and revised information, the loan will be re-evaluated to ensure the borrower is still able to maintain ability to repay.

Vendor Management Policy

Purpose and Scope

This Vendor Management Policy was developed pursuant to the Federal Trade Commission's Red Flag Rules promulgated as part of the Fair and Accurate Credit Transactions Act of 2003. Cranbrook Loans Group, Inc. takes seriously its obligation to ensure that each of its service providers has established a security program that is consistent with the requirements of these rules. To this end, Cranbrook Loans Group,

Inc. has adopted the following Vendor Management Policy to ensure that both existing and new service providers comply with or exceed these expectations.

Definitions

Service Provider - any person or entity that maintains, processes, or otherwise is permitted access to customer information through its provision of services directly to the company.

Vendor - equal to Service Provider. Service Provider and Vendor will be used interchangeably throughout this and other documents pertaining to Vendor Management.

Policy

As part of Cranbrook Loans Group, Inc.'s oversight of its service providers, the following procedures will be followed:

A. Exercise appropriate due diligence in selecting service providers.

B. Require service providers by contract to implement appropriate measures designed to meet the objectives below:

- 1) Ensure the security and confidentiality of customer information.
- 2) Protect against any anticipated threats or hazards to the security or integrity of such information.
- 3) Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.
- 4) Dispose of confidential customer information in a secure manner.
- 5) Immediately inform financial institutions in the event of a security breach involving confidential customer information.

C. Monitor its service providers to confirm that they have satisfied the obligations described above. As part of this monitoring, Cranbrook Loans Group, Inc. will review documents including, but not limited to, contracts, audits, summary of test results or other equivalent evaluations of its service providers. In addition, Cranbrook Loans Group, Inc. will request federal examination reports from the FDIC on significant service providers. These reviews will take place on at least an annual basis for existing vendors. For new vendors, these documents will be reviewed prior to accepting any bid or signing any contract.

D. Appraisal selection is determined by our investors. Currently, all investors provide a list of approved Appraisal Management Companies. AMC's must be chosen from that list.

Responsibility and Delegation of Duties

Senior Management of Cranbrook Loans Group, Inc. is responsible for ensuring the adequacy of all aspects of the company's IT Security Program, including Vendor Management. Senior Management has delegated the duties relating to IT Security to Michael Ayoub . The IT Security Officer will perform the duties relating to Vendor Management compliance as well.

Reporting

The IT Security Officer will report the status of compliance and security of all service providers to Cranbrook Loans Group, Inc. Senior Management annually. Additionally, the status of compliance and security of new service providers must be reported to no later than 60 days after the signing of a new contract.

Electronic Signature Policy

The Electronic Signatures in Global and National Commerce Act (E-Sign) was implemented in 2001. Due primarily to the risks and difficulties in affirming electronic signatures for security instrument purposes, as well as the legacy of paper processing, and consumer privacy concerns "wet", or live, signatures continue to have prevalent use.

Purpose

This guideline establishes when an electronic signature may replace a written signature, when an electronic record may replace a paper document, and procedures to be followed when Cranbrook Loans Group, Inc. requires transaction-related disclosures and documents signed electronically comply with the Uniform Electronic Transactions Act (UETA) and the Electronic Signatures in Global and National Commerce Act (eSign Act).

Basis for Policy

The federal government authorized the use and acceptance of electronic signatures in The Electronic Signatures in Global and National Commerce Act (E-Sign). The Act provides that 'signatures' made via electronic means will be as legally binding as hand-written signatures.

Those choosing an electronic signature method can be assured that the electronic signature will be given full legal effect under federal and state law if the signature method conforms to the standards outlined in the policy.

Definitions

- Electronic signature - is defined as an electronic sound, symbol, or process, attached to, or logically associated with a record and executed or adopted by a person with the intent to sign the record. An electronic signature must be attributable (or traceable) to a person who has the intent to sign the record with the use of adequate security and authentication measures that are contained in the method of capturing the electronic transaction (e.g., use of personal identification number or personal log-in identification username and password), and the recipient of the transaction must be able to permanently retain an electronic record of the transaction at the time of receipt.
- Electronic record - is defined as any record created, used, or stored in a medium other than paper, such as: information processing systems, computer equipment and programs, electronic data interchange, electronic mail, and similar technologies. To the extent that facsimile, telex, and/or tele-copying, and/or former hard copy documents are retained in electronic form, through a scanning process, they are also considered electronic records.
- Record - is information that is inscribed in a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form. Financial and other documents or forms are records.
- Electronic transaction - is a transaction conducted or performed, in whole or in part, by electronic means or electronic records.
- Electronic - relates to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

- Approved electronic signature method - is one that has been approved in accordance with this guideline and applicable state and federal laws, and which specifies the form of the electronic signature, the systems and procedures used with the electronic signature, and the significance of the use of the electronic signature.
- Certificate - is an electronic document used to identify an individual, server, a company, or some other entity and to associate that identity with a public key. A certificate provides generally recognized proof of an entity's identity.
- Public-key infrastructure (PKI) - is a form of information encryption that uses certificates to prevent individuals from impersonating those who are authorized to electronically sign an electronic document.
- Public key - is a value provided by some designated authority as a key that, combined with a "private key" derived from the public key, can be used to effectively encrypt messages and digital signatures.
- Private key - is an encryption/decryption key known only to the party or parties that exchange messages. In traditional private key cryptography, a key is shared by the parties so that each can encrypt and decrypt messages.
- Approval authority - for purposes of this guideline, shall mean the Senior Management of Cranbrook Loans Group, Inc. or designee. An electronic signature created through the use of Public Key Infrastructure (PKI) or any method that permanently encrypts a record must be approved by Senior Management of Cranbrook Loans Group, Inc..

Scope

Cranbrook Loans Group, Inc. allows the use of electronic signatures as an acceptable alternative to an original signature for those documents requiring signature or acknowledgement in accordance with minimum standards.

Note: The policy does not mandate:

- Use of an electronic signature.
- Application to those internal operational type documents which require an informal acknowledgement.
- Method or software utilized for any specific need, so long as the method adopted conforms to the minimum standards outlined in this policy.

This guideline applies to all employees of Cranbrook Loans Group, Inc. and applies to all forms of electronic signatures and electronic records used to conduct business of Cranbrook Loans Group, Inc.. Such business shall include, but not be limited to origination/processing/closing of mortgage loans, electronic communications, transactions, and contracts.

Use of Electronic Signature

- A. Mutual agreement by the parties

1. This guideline applies only to transactions between parties each of which has agreed to conduct transactions by electronic means.
 2. Whether the parties agreed to conduct a transaction by electronic means is determined from the context and surrounding circumstances, including the parties' conduct.
- B. Signature required by Cranbrook Loans Group, Inc.
1. When Cranbrook Loans Group, Inc. requires that a record have the signature of an authorized person, that requirement is met when the electronic record has associated with it an electronic signature using an approved electronic signature method.
 2. When Cranbrook Loans Group, Inc. requires a written signature on a document, that requirement is met when an electronic document has associated with it an electronic signature using an approved electronic signature method.
- C. Signature required by law.
1. When there is a legal requirement, in addition to Cranbrook Loans Group, Inc. guideline, that a record have the signature of an authorized person, that signature requirement is met when the electronic record has associated with it an electronic signature using an approved electronic signature method which complies with applicable Cranbrook Loans Group, Inc. policy, state and federal law.
 2. When a legal requirement, in addition to Cranbrook Loans Group, Inc., requires a written signature on a document, that requirement is met when an electronic document has associated with it an electronic signature using an approved electronic signature method, which complies with applicable Cranbrook Loans Group, Inc. policy, state and federal law.
- D. The signing of a record using an approved electronic signature method does not mean that the record has been signed by a person authorized to sign or approve that record. Appropriate procedures must be used to confirm that the person signing the record has the appropriate authority and intent to sign the record.
1. If parties have agreed to conduct a transaction by electronic means and a law requires a person to provide, send, or deliver a signed document to another person, the requirement is satisfied if the information is provided, sent, or delivered, as the case may be, in an electronic record capable of retention by the recipient at the time of receipt. (An electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to permanently retain the electronic record containing the signature).

Approval of Electronic Signature Methods by the Approval Authority

- A. The final approval of any electronic signature method will be by the approval authority.

1. In determining whether to approve an electronic signature method, consideration will be given to the systems and procedures associated with using that electronic signature, and whether the use of the electronic signature is at least as reliable as the existing method being used.
 2. This determination will be made after a review of the electronic signature method by the appropriate authorities.
- B. If approved electronic signature methods require the use of encryption technology that uses public or private key infrastructure and/or certificates, Senior Management of Cranbrook Loans Group, Inc. or its assignee will be responsible for the administration of such public or private keys and certificates.
1. An approved electronic signature method may limit the use of that method to particular electronic records, particular classes of electronic records. (An electronic signature used outside of its defined parameters will not be considered valid by Cranbrook Loans Group, Inc.).
 2. In the event that it is determined that a previously approved electronic signature method is no longer trustworthy, the approval authority must revoke the approval of that electronic signature method. If there is an on-going need for electronic signatures, which were made by the revoked method, the approval authority will take steps to see that appropriate electronic signatures are obtained by an approved electronic signature method.
- C. An inventory of all approved electronic signature methods shall be maintained by Senior Management of Cranbrook Loans Group, Inc..

Rules and Procedures

- A. With respect to the use of electronic signatures or electronic transactions, the following requirements pertain to approved electronic signature methods:
1. Specific transactions that may be conducted by electronic means must be identified.
 2. Specific transactions that may not be conducted by electronic means must be identified.
 3. The manner and format in which electronic records must be created, generated, sent, communicated, received, and stored, and the systems established for those purposes must be specified.
 4. The method must:
 - a. Comply with any law or regulation that requires electronic records which must be signed by electronic means.
 - b. Specify the type of electronic signature required, the manner and format in which the electronic signature must be affixed to the electronic record, and the identity of, or criteria that must be met, by any third party used by a person filing a document to facilitate the process.

5. Control processes and procedures must be developed to ensure adequate preservation, disposition, integrity, security, confidentiality, and auditability of electronic records.
6. Control processes and procedures must be developed for any other required attributes for electronic records that are specified for corresponding non-electronic records or that are reasonably necessary under the circumstances.
7. An inventory of all approved electronic signature methods must be maintained; and
8. Electronically signed documents, including proof that the signer indicated his or her intent, will be retained for a minimum of five (5) years.

Electronic signatures during the application process

Cranbrook Loans Group, Inc. requires that all transaction-related disclosures and documents signed electronically comply with the Uniform Electronic Transactions Act (UETA) and the Electronic Signatures in Global and National Commerce Act (eSign Act). Cranbrook Loans Group, Inc. will provide applicants with disclosures required under the eSign Act and request from applicants their consent to receive disclosures and other documents associated with the mortgage transaction electronically. This consent will be obtained in a manner that reasonably demonstrates that the applicant can receive and read the disclosures and documents in a manner and format in which they will be sent. If consent is received, Cranbrook Loans Group, Inc. will send the disclosures and documents electronically to the applicant. If the applicant(s) do not provide consent, Cranbrook Loans Group, Inc. will send the disclosures and documents via US Mail to the applicant. Cranbrook Loans Group, Inc. will accept disclosures and documents with electronic signatures if the requirements of this policy are met.

Appraiser Independence Policy

It is the policy of Cranbrook Loans Group, Inc. to comply with the Appraiser Independence Requirements (AIR) as required by Fannie Mae (SEL-2010-14), Freddie Mac (Bulletin 2010-23), and any other investor as applicable and FHA Appraiser Independence (ML 2009-28).

This code prohibits employees from influencing or attempting to influence the development, result, or review of an appraisal report.

In order to represent and warrant that conventional and FHA loans sold in the secondary market are in compliance, Cranbrook Loans Group, Inc. will not accept any appraisal report that does not comply with the policies and procedures as set forth below.

Appraisal Management Company (AMC)

Mortgage Broker – If acting in the capacity of a mortgage broker or non-delegated correspondent lender, appraisal selection is determined by our investors. Currently, all investors provide a list of approved Appraisal Management Companies. AMC's must be chosen from that list.

Higher-Priced Mortgage Loan Appraisal Delivery Policy (HPML)

The following Appraisal Guidelines will apply to any higher-priced, first-lien or subordinate-lien closed-end loan secured by a consumer's principal dwelling (which are not otherwise exempt under the rule) originated on or after January 18, 2014.

- If the consumer is using a covered HPML to buy a flipped property (some exemptions apply), an additional appraisal will be required if the price reflected in the consumer's purchase agreement is more than the following:
 - 10% price increase if the seller acquired the property in the past 90 days.
 - 20% price increase if the seller acquired the property in the past 91 to 180 days.
- When a second appraisal is required on a property flip as defined above, Cranbrook Loans Group, Inc. will ensure that the appraisal analyzes the difference in the original sales price and the subsequent sales price, analyzes changes in market conditions, and analyzes property improvements the seller made.
- Provide a disclosure within three (3) business days of application explaining the consumer's rights with regard to appraisals.

Overview

The Truth in Lending Act ("TILA") of 1968 and its implementing rules under Regulation Z seek to promote the informed use of consumer credit by requiring disclosures about its costs and terms. In 2010, TILA was amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") to require rules for appraisals on principal residences securing higher-priced mortgage loans ("HPML").

Regulatory Requirements and Policy

HPML Defined

A loan is "higher-priced" if:

- It is a first-lien mortgage (other than a jumbo loan) with an annual percentage rate (APR) that exceeds the Average Prime Offer Rate (“APOR”) published by the Bureau at the time the APR is set by 1.5 percentage points or more.
- It is a first-lien jumbo loan with an APR that exceeds the APOR at the time the APR is set by 2.5 percentage points or more. A loan is a jumbo loan when the principal balance exceeds the limit in effect as of the date the transaction’s rate is set for the maximum principal obligation eligible for purchase by Freddie Mac (Comment 35(a)(1)-3).
- It is a subordinate-lien with an APR that exceeds the APOR at the time the APR is set by 3.5 percentage points or more.

What the Rule Requires

When originating an HPML first-lien or subordinate-lien covered by the HPML Appraisal Rule Cranbrook Loans Group, Inc. must:

- Use a licensed or certified appraiser who certifies the appraisal complies with the Uniform Standards of Professional Appraisal Practice (“USPAP”) and the Financial Institutions Reform, Recovery and Enforcement Act (“FIRREA”) of 1989, as amended, 12 U.S.C. 3331 *et seq.*, and any implementing regulations.
- Have the appraiser physically visit the property and view the interior and produce a written appraisal report.
- Obtain an additional appraisal if the property’s seller acquired the dwelling within the past 180 days and is reselling it for a price that exceeds certain thresholds, i.e., if the housing is being flipped.
- Provide a disclosure within three business days of application explaining the consumer’s rights with regard to appraisals.
- Give consumers copies of the appraisal reports (at no additional cost) performed in connection with the loan at least three days before consummation of the transaction.

Cranbrook Loans Group, Inc. currently operates as a mortgage broker and will therefore follow lender policies and procedures with regards to HPML originations.

Overlap with Equal Credit Opportunity Act Appraisal Requirements

For first lien HPMLs that are covered by the HPML Appraisal Rule, the disclosure requirements overlap with the ECOA Valuations Rule. The ECOA Valuations Rule imposes a different deadline structure for providing copies of appraisals to consumers. Under the ECOA Valuations Rule, the copies of appraisals must be provided “promptly upon completion” or three business days before closing, whichever is earlier. As opposed to, the TILA HPML Appraisal Rule, which requires delivery of the appraisal three business days before closing.

In addition, the applicant can waive the deadline under the ECOA Valuations Rule and elect to receive the copies at closing, whereas the applicant cannot waive the three-business-days-before-closing deadline under the HPML Appraisal Rule.

Because transactions may be subject to both requirements, it is the policy of Cranbrook Loans Group, Inc. to always provide appraisals to borrower's "promptly upon completion." Additionally, Cranbrook Loans Group, Inc. will not allow borrowers to waive the three-business-day-appraisal-delivery requirement when a loan is an HPML.

Regulatory Text Requirement

Cranbrook Loans Group, Inc. appraisal disclosure shall include the following language in order to comply with the TILA HPML Appraisal Rule and the ECOA Appraisal Rule:

"We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost."

Safe Harbor

Appendix N to Regulation Z details the steps necessary to fully comply with HPML Appraisal Rule. It is the policy of Cranbrook Loans Group, Inc. to comply with the steps detailed in Appendix N when requiring an appraisal.

Cranbrook Loans Group, Inc. currently operates as a mortgage broker and will order appraisals through Appraisal Management companies as directed by the lender. It is our belief that the following Safe Harbor steps are being followed by the AMC and our lender of choice.

Safe Harbor Steps

1. Ordering the appraisal:
 - Cranbrook Loans Group, Inc. only orders appraisals from certified or licensed appraisers in the state where the property is located. Cranbrook Loans Group, Inc. requires all appraisers to follow USPAP and Title XI of FIRREA and any implementing regulations in effect at the time the appraiser signs the appraiser's certification.
2. Appraisal Requirements:
 - Identifies the creditor who ordered the appraisal, the property and the interest being appraised.
 - Indicates whether the appraiser analyzed the contract price.
 - Addresses conditions in the property's neighborhood.

- Addresses the condition of the property and any improvements to the property.
 - Indicates which valuation approaches the appraiser used and includes a reconciliation if the appraiser used more than one valuation approach.
 - Provides an opinion of the property's market value and an effective date for the opinion.
 - Indicates that the appraiser performed a physical property visit of the interior of the property, as applicable.
 - Includes a certification signed by the appraiser that the appraisal was prepared in accordance with the requirements of USPAP and Title XI of FIRREA and any implementing regulations.
3. Checking the status of the appraiser:
- Cranbrook Loans Group, Inc. uses the National Registry to verify that all appraisers utilized in the appraisal process are certified or licensed in the state where the property is located on the date he/she signed the appraiser's certification.
4. Knowledge of Incorrect Facts or Certifications:
- In the event that Cranbrook Loans Group, Inc., or any of its employees, are aware of facts that are contrary to the facts or certifications contained in the appraisal, Cranbrook Loans Group, Inc. will notify the appraiser of those facts and ask for the affected facts or certifications to be corrected. If Cranbrook Loans Group, Inc. believes that fraud has occurred, Cranbrook Loans Group, Inc. will prohibit the use of the appraisal, order a new appraisal from a new appraisal company, and investigate and report any fraudulent activity discovered to the appropriate authorities, including the CFPB and state appraisal board.

Exemptions to the second appraisal property flip policy

If the subject property is being purchased from:

- A local, state, or federal government agency.
- A person who acquired title on the property via foreclosure, deed-in-lieu of foreclosure, or other similar judicial or non-judicial procedure through that person's exercise of rights as the holder of a defaulted loan.
- A nonprofit entity as part of a local, state, or federal government program that lets nonprofits acquire title to single family properties for resale from a seller who itself acquired title to the property through foreclosure, deed-in-lieu of foreclosure, or other similar judicial or non-judicial procedure.
- A person who inherited the property or acquired it through a court ordered dissolution of marriage, civil union, or domestic partnership, or through the partition of the seller's joint or marital assets.
- An employer or relocation agency in connection with an employee relocation.

- A service member, as defined in 50 U.S.C. appendix 511(1), who received a deployment or permanent change of station order after purchasing the property.

If the subject property is located in a presidentially declared disaster area during any time period during which the federal financial institutions regulatory agencies waive the requirements in Title XI of FIRREA or the property is located in a rural or underserved county. (Counties located in the U.S. Department of Agriculture's Economic Research Service Urban Influence Codes 4,6,7,8,9,10,11,12)

Unsatisfactory Appraisers

High Risk Appraiser is defined as an appraiser who knowingly does not report and/or withholds any issues that could negatively affect value or marketability. This may be determined through underwriting, Quality Control, or investor audits.

Any appraiser that falls into a high-risk category will be reported to the Appraiser Management within the company.

Quality Control Plan

The Quality Control Plan outlined below is implemented at any time that Cranbrook Loans Group, Inc. employs Mortgage Loan Originators other than its owner(s) Michael Davis. Regardless of whether the Quality Control Plan is in effect or not, Michael Davis will review the quality of the origination and processing of loans on an ongoing basis.

Goals and Objectives

The objective of our quality control policy is to ensure that all loans originated by Cranbrook Loans Group, Inc. are of a quality acceptable to institutional and secondary market investors; comply with insurer and guarantor requirements; meet specific investor requirements; demonstrate prudent underwriting judgment; and are secured by properties that have adequate value to support the mortgage loan. The foregoing Quality Control Plan is designed to monitor internal components of the organization to ensure quality standards and to monitor its dealings with third party service providers. A successful quality control program will successfully reduce loan repurchases and defaults by identifying possible areas of deficiency, including errors and omissions and unacceptable patterns or trends, as well as fraud and intentional violations of regulations. This plan complies with the post-funding quality control requisites for Fannie Mae, Freddie Mac, Federal Housing Administration (FHA), Veterans Administration (VA) and Rural Housing Service (RHS) requirements. The Quality control Plan includes a system for remediation, disciplinary action and reporting to Fannie Mae, Freddie Mac, FHA, VA, RHS, and any additional private or institutional investor requirements.

The 'Quality Control Plan' is used to describe the procedures we employ for all lending related activities including programs, products, and services we currently offer as well as allowances for any expansion activities that may be available in the future.

Cranbrook Loans Group, Inc. guards against errors, omissions, and fraud. Cranbrook Loans Group, Inc. assures prompt, appropriate corrective action throughout its organization.

To that end, following is our quality control plan which we have adopted to insure quality of the loans we deliver to our investors and ultimately the secondary market. In addition, our goal is to achieve 100% compliance with Federal, State, and Local regulatory requirements.

Scope

Quality Control thoroughly evaluates Cranbrook Loans Group, Inc.'s origination and processing functions.

Cranbrook Loans Group, Inc. performs post-closing reviews conducted by an employee of Cranbrook Loans Group, Inc. or by an outside firm specializing in mortgage quality control.

Internal Quality Control Staff (when applicable):

All Cranbrook Loans Group, Inc. personnel must belong to a unit that is dedicated solely to quality control and possess qualifications and experience required to provide reviews and meaningful analysis. Quality Control staff are independent of the production department, receive proper training and have access to current guidelines relating to operations that are in review (electronic/online format). Cranbrook Loans Group, Inc. personnel or any individual receiving incentive-based compensation will not be involved in the quality control review. Internal audit personnel report directly to Senior Management.

Internal Audit of the Quality Control Process:

On an annual basis, Cranbrook Loans Group, Inc. will conduct an internal audit of the quality control process to ensure that the processes and procedures are followed. This audit is conducted by Senior Management.

Contractor Qualifications:

If Cranbrook Loans Group, Inc. chooses to contract its auditing/quality control functions, the following policies and procedures will be adhered to:

1. Cranbrook Loans Group, Inc. will ensure that QC vendor conducts its reviews in accordance with Cranbrook Loans Group, Inc. established Quality Control Plan and Fannie Mae, Freddie Mac, FHA, VA, RHS and private or institutional investor requirements.
2. Cranbrook Loans Group, Inc. will ensure contractor possess sufficient job qualifications, training, and effective policies and procedures to meet secondary requirements.
3. Cranbrook Loans Group, Inc. will confirm that vendor has procedures to associate the appropriate severity levels to the identified defects.
4. Cranbrook Loans Group, Inc. will review the QC vendor's policies and procedures detailing its review methodology, including selections, identification of defects, and trends at minimum, on an annual basis.
5. Cranbrook Loans Group, Inc. will conduct ongoing dialogue with the QC vendor.

Branch Office Audits (when applicable)

Internal Audit Staff or an outside Quality Control firm will conduct an unannounced audit of each mortgage operation center on an annual basis.

This audit will include but not be limited to the following:

- Branch Manager interview will be conducted.
- Compliance with signage and public notice requirements, including fair housing and equal opportunity posters.
- If a commercial space, it must be conducive to mortgage lending and separated from any other entities by walls or partitions.
- If open to the public, accessibility to persons with disabilities
- Verification of Internet access to Cranbrook Loans Group, Inc. information resources
- Inventory of loans in process as compared to a pipeline report generated at the corporate office.
- Verification that Cranbrook Loans Group, Inc. policies and procedures are being followed in respect to all files as they are open, in process, submitted to underwriting, closed and/or canceled/denied.
- Verification the branch does not violate HUD's definition of a Prohibited Branch Arrangement
- Branch office is properly licensed, if applicable
- Operations are conducted in a professional environment.
- The office is sufficiently staffed with trained personnel.
- Office personnel have access to relevant state regulations, Handbooks, directives, manuals, and compliance guidelines established by Fannie Mae, Freddie Mac, FHA, VA and RHS, private or institutional investors and mortgage insurers.
- Procedures are reviewed to reflect changes in investor and agency requirements; personnel are informed of changes.

- Personnel are all employees of the mortgagee or contract employees performing functions that investor/agencies allow to be outsourced.

Branch Audit Reports

A written report of findings and recommendations will be prepared and delivered to Cranbrook Loans Group, Inc. Senior Management within ten (10) days of a Branch Office Audit.

Third Party Originations

Cranbrook Loans Group, Inc. is not involved in any third-party originations and has no plans to do so in the future. If, at any time, Cranbrook Loans Group, Inc. develops an interest in third party originations, our Quality Control Plan will be updated to reflect proper oversight of these originations.

Manuals

Cranbrook Loans Group, Inc. will ensure that all personnel have available all manuals, releases, directives, informational letters, mortgagee letters and regulations to be certain that current requirements of investors, agencies and secondary market investors are met. The system assures that Cranbrook Loans Group, Inc. Operating Procedures are revised in a timely manner to accurately reflect changes in agency, investor, and secondary requirements.

Timeliness

To ensure that quality control procedures are performed on a regular basis, loans to be reviewed will be selected, at minimum, every 60 days and findings provided in a written report to Senior Management. Audits will be increased to monthly if closing more than 15 loans per month. Reported findings are made available to Federal Agencies upon request. Violations of law, regulations, false statements, and program abuse will be reported to investors or agencies affected.

The following timeline will be adhered to:

A Quality Control Review will be performed on loans closed during the previous 60 days. The QC process, including rebuttals, will be completed within 120 days from the last month of loan closing.

Finalized reports will be provided to Senior Management within 30 days of completed reviews and corrective measures taken promptly. Senior Management will promptly initiate action to correct all deficiencies. The actions taken will be formally documented by citing each deficiency, identifying the cause of the deficiency. Employees will be provided with corrective instructions where patterns of deficiencies are identified in processing.

Selection Procedures

Random Sample for each Disposition – Closed, Withdrawn and Denied

Cranbrook Loans Group, Inc. will perform a random sample (or a valid statistical sample) of not less than ten percent (10%) with a minimum of one loan per sample of loans dispositioned on a monthly basis. The representative sampling will reflect the entire scope of Cranbrook Loans Group, Inc. » 's origination business including size, production, origination, and underwriting personnel, geographic areas of operation and specialty products and programs. The loan selection process is regularly evaluated to ensure sample and sample size are appropriate.

Quality Control review will be expanded if fraud or patterns of deficient practice are determined.

Early Payment Default

If Cranbrook Loans Group, Inc. is notified by the lender that a loan went into default within the first six payments, a full Quality Control Review on that loan will be performed.

Areas of Investigation for Origination Review

Origination Documents

The following origination documents are reviewed for accuracy, completeness, data integrity, potential fraud and conformity to investor and agency requirements, where applicable:

Applications – Initial and Final	Credit Reports and Other Liability Documentation
Employment/Income Documentation	Deposit Documentation
Source of Funds	Purchase Agreement and addenda
All Supporting Documentation	Required Federal and State Disclosures and Authorizations
AUS, 1008 and other approval documents	Appraisal
Loan Estimate and if applicable, Settlement Providers List	Agency Required Disclosures

Closing Documents

The following closing documents are reviewed and checked for accuracy, completeness, potential fraud, and conformity to investor and agency requirements, where applicable:

Note	Riders to Note	Mortgage
Riders to Mortgage	Closing Disclosure	Legal Descriptions
ARM/Balloon Disclosures	Rescission Notice	Assignment
Title Commitment/Policy	Closing Instructions	Hazard Insurance
Survey (if applicable)	Final Notice of Sale of Servicing	Required Federal and State Disclosures
Agency Required Disclosures	Other Supporting Documentation	

Loan Quality Review

The loan quality review includes determining if documents were signed in blank, handled by interested parties, and all corrections were properly initialed by the borrower, originator, and Client.

When applicable, the following attributes will be examined:

1. Each loan will be reviewed to ensure prudent underwriting decisions were made and loans are compliant with investor, agency, and secondary market requirements.
2. Validate data entered into an Automated Underwriting System (AUS) including validated employment, income and/or assets
3. Confirm that all AUS verification messages/approval conditions that appear in the Underwriting Findings Report have been met and adequately supported by appropriate documentation.
4. Compare all supporting documentation to the AUS Findings and Underwriting Approval.
5. Determine whether the loan file contains pertinent documentation if the mortgagor's source of funds for the required minimum investment was other than deposits in a savings institution and whether the source of funds was verified.
6. Determine if gift letters state the relationship of donor to mortgagor, are free of any obligation to repay the gift, was executed by all parties, and that gift funds were properly transferred.
7. Occupancy check for all loans secured by principal residences.

8. Social Security Number is consistent in all file documentation and validation of Social Security Numbers were satisfied prior to closing.
9. Review all potential red flag messages found on the AUS Findings Report.
10. Review all potential red flag messages or alerts created by any other source.
11. Review each closing document for completeness, accuracy, and compliance with all underwriting and eligibility requirements.
12. Determine whether the Closing Disclosure was accurately prepared and certified properly. This involves comparison of the Closing Disclosure with other relevant loan documents to determine whether the mortgagor made the required minimum investment and whether any seller's credit resulted in an over stated mortgage.
13. Determine whether the mortgagor transferred the property at the time of closing or soon after closing indicating the possible use of a "straw-buyer" in the transaction.
14. A reasonable good faith evaluation that each loan meets the Ability to Repay Standards.

Re-verifications

Cranbrook Loans Group, Inc. operates as a mortgage broker and it is our belief that ordering reverifications of income, employment and assets on our QC selection would constitute a duplication of validation performed by our investors.

Credit Reports

Cranbrook Loans Group, Inc. operates as a mortgage broker and it is our belief that ordering credit reports on our QC selection would constitute a duplication of validation performed by our investors.

Appraisals

A desk review will not be completed on the QC selection. Cranbrook Loans Group, Inc. operates as a mortgage broker and it is our belief that ordering field reviews on our QC selection would constitute a duplication of validation performed by our investors.

The quality control review will take into consideration the overall quality of the Cranbrook Loans Group, Inc.'s appraisal review, acceptability of the property

in light of minimum property requirements and the appropriateness of the reasonable value of determination.

Appraisal Independence

It is the policy of Cranbrook Loans Group, Inc. to comply with the Appraiser Independence Requirements (AIR) as required by Fannie Mae (SEL-2010-14), Freddie Mac (Bulletin 2010-23), FHA Appraiser Independence (ML 2009-28), and any other investor as applicable. (As set forth in Cranbrook Loans Group, Inc. Appraiser Independence Policies and Procedures).

Compliance

Cranbrook Loans Group, Inc. will incorporate a compliance review for all files selected.

The review will insure compliance in the following:

- Fair Lending
- Fair Housing Act
- Equal Credit Opportunity Act
- Federal Truth in Lending Act
- Fair Credit Reporting Act
- Patriot Act
- Home Mortgage Disclosure Act
- Real Estate Settlement Procedures Act
- Homeowners Protection Act
- SAFE Act
- Proper review is conducted to determine ineligible participants
- All other applicable federal and state laws, regulations, and orders

Recordkeeping

All quality control records will be kept in a quality control file including all checklists, review results and detailed records of any corrective action recommended and/or implemented. These records will be retained for at least three (3) years. If QC services are contracted to an outside QC Vendor, Cranbrook Loans Group, Inc. will require all documentation to be retained for a minimum of three (3) years.

Any quality control records will be made available to the agencies upon request.

Reporting

Quality Control Post-Closing Review Summary Reports will be provided to Senior Management within 30 days of receiving the final report. At a minimum, these summary reports will include the following:

- The audit results
- The defect rate after the audit responses and any resolutions
- A summary of the audit results by review type
- The issues and defects, identifying those that affect the sale or insurance eligibility, regulatory compliance, and underwriting
- Recommendations for corrective actions that include:
 - notifying the appropriate responsible party,
 - a required response from the responsible party,
 - timeframes for implementation and
 - possible follow-up actions
- Corrective actions already implemented

Correction action plans may include, but not be limited to:

- Additional Training
- Supervision of employee making causing defects
- Updating policies, procedures, and processes
- Changes to systems used in the origination process
- Changes to the company work flow
- Changes to the company reporting structure
- Changes to managers and employees

Senior Management will review, evaluate, and monitor loan quality and verify that any instances of fraud, misrepresentation or other critical defect were specifically addressed. Written records of Senior Management review and evaluation process will be maintained and made available upon request from the agencies.

Reporting Violations

Management will determine if laws or regulations have been violated which would need to be reported to the proper investors, agencies, and secondary market. In that regard, reporting of violations of the law, regulations, false statements, and program abuse will be reported promptly to the appropriate agency.

The report will be made within 30 days of the discovery of the misrepresentation or selling warranty breach and include action steps taken for correction.

Cranbrook Loans Group, Inc. Employees

Per our SAFE Act Policy, no employee of Cranbrook Loans Group, Inc. may appear on FHFA's System for Award Management (SAM), FHFA Suspended Counterparty Program and Limited Denial of Participation (LDP). Current employees are checked against these lists on a semi-annual basis. As part of our New Hire Policy, all potential employees are checked prior to the hiring of a new employee. All Mortgage Loan Originators (MLOs) must be active with the National Mortgage Licensing System (NMLS) unless excluded from NMLS by law or regulation).

LDP - https://www5.hud.gov/Epcis/main/ECPCIS_List/main/ECPCIS_List.jsp

SAM - <https://www.sam.gov/SAM/>

FHFA -

<https://www.fhfa.gov/SupervisionRegulation/LegalDocuments/Pages/SuspendedCounterpartyProgram.aspx>

EXHIBITS

EMPLOYEE CONFIDENTIALITY PLEDGE

The company has adopted a financial privacy policy and an information security policy to preserve the confidentiality of non-public personal information about our customers as required by federal financial privacy laws and regulations. The Company also wishes to stress the need to maintain the confidentiality of information about the Company so that the Company may continue to operate for the betterment of its owners, employees, and customers. Each employee is therefore required to acknowledge and agree to the following Employee Confidentiality Pledge:

Employee pledges not to disclose any Confidential Information, as defined herein, about the Company and its customers, either directly or indirectly, to any person, firm, or corporation, including other employees of the Company, without the express authorization of the President of the Company. Pursuant to federal laws and regulations, Confidential Information concerning customers and the Company must remain confidential for all time.

The term "Confidential Information" shall mean any information, whether marked "confidential" or not, which (a) relates to any consumer who requests or who may request a mortgage loan from the Company, or (b) has been used, is used, or may be used in the future in connection with the business of the Company, including, but not limited to:

Systems and information designs.

- Accounting methodology.
- Vendors and settlement service providers whose services are utilized by the Company or by the Company's customers.
- Customer lists, lead lists, and other information concerning consumers.
- Loan officer, processor and underwriter notes, title and mortgage information, applications for loans and title insurance taken or received (whether complete or incomplete), loan and title commitments, loan and closing documents, and other information supporting real estate transactions, mortgage loans, and title insurance policies.
- Files pertaining to mortgage loans in the process of being underwritten for credit or title insurance, and closed loan files.
- Marketing techniques.

- Proposed developments.
- Information regarding relationships with other entities involved in the Company's business, including but not limited to, real estate brokers, appraisers, credit bureaus, title insurance companies and agencies, mortgage lenders and brokers, investors, commercial lenders, and surveyors; and
- Information about any employee concerning salary or other personnel matters.

The undersigned employee agrees to abide by this Confidentiality Pledge.

Employee

Date

COMPLIANCE MANUAL CERTIFICATION

I, _____ certify that I have read, understand, and will follow
all company policies and procedures.

Type or Print Name

Employee Signature

Date

Annual Training

Annual HMDA and Regulation C reporting requirements
Annual AML Training (preferred method of training – third party)
Annual Information Security Training
Annual Fair Lending Training
Annual Red Flag / Safeguards / Identity Theft Training
Pandemic Response Plan Training

AML Audits should be performed, at minimum, every 18 months – AML Audit must be performed by a third party or an internal employee not responsible for any origination duties and possess qualifications and experience required to perform AML Audit.

PRIVACY POLICY DISCLOSURE

(Protection of the Privacy of Personal Non-Public Information)

Respecting and protecting customer privacy is vital to our business. By explaining our Privacy Policy to you, we trust that you will better understand how we keep our customer information private and secure while using it to serve you better.

Keeping customer information secure is a top priority, and we are disclosing our policies to help you understand how we

handle the personal information about you that we collect and disclose. This notice explains how you can limit our disclosing of personal information about you. The provisions of this notice will apply to former customers as well as

current customers unless we state otherwise.

The Privacy Policy explains the Following:

- Protecting the confidentiality of our customer information.
- Who is covered by the Privacy Policy.
- How we gather information.
- The types of information we share, why, and with whom.
- Opting Out - how to instruct us not to share certain information about you or not to contact you.

Protecting the Confidentiality of Customer Information:

We take our responsibility to protect the privacy and confidentiality of customer information very seriously. We maintain physical, electronic, and procedural safeguards that comply with federal standards to store and secure information about you from unauthorized access, alteration, and destruction. Our control policies, for example, authorize access to customer information only by individuals who need access to do their work.

From time to time, we enter into agreements with other companies to provide services to us or make products and services available to you. Under these agreements, the companies may receive information about you, but they must safeguard this information, and they may not use it for any other purposes.

Who is Covered by the Privacy Policy:

We provide our Privacy Policy to customers when they conduct business with our company. If we change our privacy policies to permit us to share additional information we have about you, as described below, or to permit disclosures to additional types of parties, you will be notified in advance. This Privacy Policy applies to consumers who are current customers or former customers.

How We Gather Information:

As part of providing you with financial products or services, we may obtain information about you from the following sources:

- Applications, forms, and other information that you provide to us, whether in writing, in person, by telephone, electronically, or by any other means. This information may include your name, address, employment information, income, and credit references.
- Your transaction with us, our affiliates, or others. This information may include your account balances, payment history, and account usage.

Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials.

HMDA data for many other financial institutions are also available online. For more information, visit the Consumer Financial Protection Bureau's website (www.consumerfinance.gov/hmda).



**EQUAL HOUSING
OPPORTUNITY**

**We Do Business in Accordance with the Federal Fair
Housing Law**

(The Fair Housing Amendments Act of 1988)

**It is Illegal to Discriminate Against Any Person
Because of Race, Color, Religion, Sex,
Handicap, Familial Status, or National Origin**

In the sale or rental of housing or
residential lots

In the provision of real estate
brokerage services

In advertising the sale or rental
of housing

in the appraisal of housing

In the financing of housing

Blockbusting is also illegal

**Anyone who feels he or she has been
discriminated against may file a complaint of
housing discrimination:
1-800-669-9777 (Toll Free)
1-800-927-9275 (TTY)**

**U.S. Department of Housing and
Urban Development
Assistant Secretary for Fair Housing and
Equal Opportunity
Washington, D.C. 20410**