



CUSTOMER IDENTIFICATION PROGRAM POLICY

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CUSTOMER IDENTIFICATION PROGRAM POLICY

SECTION 1 – INTRODUCTION

A. Purpose

It is the Policy of Citadel Servicing Corporation ("CSC"), to implement reasonable procedures for (1) verifying the identity of any person seeking to apply for a mortgage loan, to a reasonable and practicable extent; (2) maintain records of the information used to verify the person's identity, including name, address, and other identifying information' and (3) determining whether the person appears on any lists of known or suspected terrorists or terrorist organizations provided by CSC and by any government agency.

B. General Policy

CSC prohibits abusive or predatory lending practices by any of its employees or agents, and requires its employees to receive training to spot predatory lending practices in an effort to prevent them. CSC complies with all applicable state and federal laws and regulations, including, but not limited to the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Truth in Lending Act, and the Real Estate Settlement Procedures Act as well as the aforementioned Dodd-Frank Act.

C. Board Oversight

The Board of Director's are responsible to approve and exercise general oversight over the bank's CIP program implemented through the Bank Secrecy Act Policy.

D. Assigned Officer Responsibility

The Board approved BSA/AML Officer is responsible for daily coordination and monitoring of compliance within this program as directed through the CSC BSA/AML Policy and for the filing of suspicious activity reports with proper agencies when deemed appropriate. The BSA/AML Officer is responsible for reporting any suspicious situations and other ongoing compliance matters in this area to the Board of Directors.

E. Definition

The CIP rules require financial institutions to apply certain identity verification procedures when a customer applies for a mortgage loan.

CSC defines the following:

- **Customer** means any person seeking to apply for a mortgage loan and any person who mortgage application is submitted via brokerage services.
- **Person** is defined in the law and includes individuals, corporations, partnerships, trusts, associations, etc.
- **U.S. person** means a U.S. citizen or a legal entity established or organized under the laws of a State or the United States
- **Non-U.S. Person** means a person that is:
 - **Non-Permanent Resident Alien** is a Foreign National who is permitted to reside in the U.S. on a temporary basis and may even have authorization to work in this county.



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- **Non-Resident Alien** is a Foreign National who is not authorized to live or work in the U.S. A true Foreign National may periodically visit the U.S. for various reasons including vacation and /or business.
- **Apply for a mortgage loan** is defined as a formal arrangement established to provide services.

SECTION 2 – CUSTOMER IDENTIFICATION REQUIREMENTS

CSC requires anyone applying for a mortgage loan, to provide, at a minimum, the following information and to form a “reasonable belief” that the true identity of a customer is obtained (Included in this list is the acceptable identification forms).

A. Individual (If a United States Citizen)

- Name
- Date and place of birth
- Residence address and mailing address if different (PO Box alone will not be acceptable)
- If the individual is a U.S. person the following is required:
 - An Official issued identification number (e.g. Social Security Number, Employee Identification Number or Individual Taxpayer Identification Number)
 - AND,**
 - Current Driver's License (photograph required) or,
 - Current Armed Forces Identification (photograph required) or,
 - Valid Passport (photograph required) or,
 - Current Alien Identification (current photograph required)
- If the individual is a non-U.S., the following is required:
 - A U.S. taxpayer identification number
 - A passport number and country of issuance
 - An alien identification card number (current photograph required)
 - A number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.
 - **Note:** All CSC non-US lending programs are reviewed on a case-by-case basis and will require a combination (if not all) of the noted identification forms. See your manager for additional information and questions.

B. Business

- Customer name
- Business name
- The address of the customer's principal place of business and, if different, the customer mailing address. If the customer has a local address different from its principal place of business, the local address.
- If the customer is a U.S. person, an employer identification number, or if the person does not have an employer identification number or is not required to apply for an employer identification number, the social security numbers of the principals involved with the account are required.
- If the customer is a non-U.S. person, see B.1, non-US.



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- **Note:** An application for a mortgage loan is considered a “Contractual Relationship” between CSC and the customer, with the responsibilities of both parties based on specific law. All corporations, partnerships, and trust accounts must have the identity of all individuals identified and valid social security numbers must be provided to CSC prior to issuing a loan approval.

C. Verification Process For Identification Used In A Mortgage Loan Application

Documents used in a mortgage loan application for person identification must be verified prior to the issuance of a mortgage loan approval. In most cases, identification used will be valid and not fraudulent; however, in the cases in which a fraudulent mortgage loan application may be attempted, validity of the identification used will be imperative.

Social Security, Employee Identification, and Individual Taxpayer Identification Numbers must be verified using a Tri-Merged Credit Report and the Fraud Detection Tool for all applicants.

It is important to verify the following information on all identification:

Verify the address on the Driver's License, Passport, or Alien Identification Card to the address given.

Verify the Date of Birth on the Driver's License, Passport, or Alien Identification Card to the Date of Birth given.

The following is a list of information the credit agency provides. This information must be verified to the application, any differences should be explained in writing by the customer, or the application should be declined:

- Name
- Address
- Previous Address
- Social Security Number
- Employment
- Fraud Detection Section

The following is a list of information noted on the Fraud Detection Tool. This information must be verified to the application, any differences should be explained in writing by the customer or the application should be declined:

- Name
- Address
- Previous Address
- Social Security Number
- Employment
- Watch List Overview Section

D. Comparison With Government List

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. OFAC is responsible for promulgating, developing, and administering the sanctions for the Treasury under eight federal statutes. All of the financial institutions regulatory agencies cooperate in ensuring financial institutions compliance with the OFAC Regulations.



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CSC is committed to monitoring all financial transactions performed by CSC or any persons identified through a mortgage loan application in efforts of detecting transactions that involve any entity or person subject to the OFAC laws and regulations.

Every type of financial transaction should be reviewed for OFAC compliance including (without limitation), the following:

- Mortgage Loan Applications
- ACH Transfers
- Wires
- Currency Exchanges
- Loan Payments

Moreover, the names of all parties to a transaction should be checked against the list of names of individuals, entities, geographical locations, or countries that have been identified by OFAC. This includes, but is not limited to the following (as applicable):

- Beneficiaries
- Collateral Owners
- Guarantors / Cosigners
- Receiving Parties
- Sending Parties

IN ALL CASES, escalation to your Manager, BSA/AML Officer or to the Chief Executive Officer is required.

There is a number of reporting requirements for OFAC that the BSA/AML Officer will file (when applicable). The two main reports are:

Any transaction that has been blocked or rejected must be reported to OFAC within ten business days, from the date the transaction was blocked.

An annual report of all transactions blocked as of June 30 is due by September 30 of each year.

E. Record Keeping Requirements

Reasonable procedures for maintaining records of the information used to verify a person name; address and other identifying information are required under the regulatory statute and the Act. The following is the required steps in the record keeping process:

CSC is required to maintain a record of identifying information provided by the customer.

Where CSC relies upon a document to verify identity, CSC must maintain a copy of the document that the CSC relied on that clearly evidences the type of document and any identifying information it may contain.

CSC must also record the methods and result of any additional measures undertaken to verify the identity of the customer.

CSC must record the resolution of any discrepancy in the identifying information obtained.

CSC must retain all of these records for (5) five years after the date the account is closed.



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CSC will maintain all records associated with this policy and procedure in both the base physical file and the imaged file.

F. Documentation and Escalation Procedures

While there are systems in place to identify potential findings, the main source for customer identification verification falls under the following positions:

- Transactions Management
- Underwriting
- Funding

A validation checklist must be completed on every mortgage loan application prior to funding the loan.

Check list is located on BytePro – Patriot Act Borrower Doc screen

A printout of the BytePro –Patriot Act Borrower Doc screen will be required and added to the physical file.

See CSC File Order document for the item location.

If a potential finding is identified, the following must be followed:

A “Suspicious Activity Tracking Report” must be completed as instructed on the form and submitted to your manager or BSA/AML Officer.

Determination of an actual reportable finding will be determined by the Executive Management and the BSA/AML Officer.

***Post finding procedure will be dictated on a case-by-case basis. See your manager if you have questions any post identification matters.



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