

Shut the Door on Fraud: Latest Trends and Tips

Are You Smarter than a Fraudster?

February 2025

Enact Mortgage Insurance Corporation and Enact Mortgage Insurance Corporation of North Carolina
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Financial Institution/Mortgage Fraud



4

<https://www.fbi.gov/investigate/white-collar-crime>

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Financial Institution/Mortgage Fraud



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<https://www.fbi.gov/investigate/white-collar-crime>

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FBI- White Collar Crime

These crimes are not violent, but they are not victimless. White-collar crimes can destroy a company, wipe out a person's life savings, cost investors billions of dollars, and erode the public's trust in institutions.

Mortgage and Financial Institution Fraud (FIF)

- **Financial institution fraud** happens when criminals target banks, credit unions, and other financial institutions. Many schemes involve compromising customers' accounts or personal information. Embezzlement and misapplication of funds are two common financial institution fraud crimes in FBI investigations. Sometimes, fraud can be severe enough to cause the failure of a bank or credit union..
- **Mortgage fraud** happens when someone lies to influence a bank's mortgage decision or if a distressed homeowner is the victim of a fraud.

<https://www.fbi.gov/investigate/white-collar-crime>

The FBI has identified two areas of mortgage fraud: Fraud for _____ and Fraud for _____.

Profit / Housing

Property / Prison

The FBI has identified two areas of mortgage fraud: Fraud for _____ and Fraud for _____.

Profit / Housing

Property / Prison

FBI

- **Fraud for Profit:** This type of fraud involves professionals in the home buying process stealing cash and equity from lenders and homeowners. These types of cases are a priority for the FBI.
- **Fraud for Housing:** This fraud happens when borrowers lie about their incomes or assets on a loan application or influence an appraiser to manipulate a property's value.
- The FBI works with partners to investigate mortgage and financial institution fraud cases. The FBI participates in task forces that share intelligence, de-conflict cases, and create joint investigations.

<https://www.fbi.gov/investigate/white-collar-crime>

Bank fraud is a white-collar crime that affects the nation's financial institutions. The consequences of bank fraud can be criminal, civil or both.

True

False

Slide 11

KS0 Please add the source of the bank fraud info to slides `12-17
Stover, Kathryn E. (Enact MI), 2024-11-08T19:30:52.478

Bank fraud is a white-collar crime that affects the nation's financial institutions. The consequences of bank fraud can be criminal, civil or both.

True

False

Making a false statement on a mortgage application is a Federal Offense.

- True
- False

The image shows a screenshot of a 'Uniform Residential Loan Application' form. The form is titled 'Uniform Residential Loan Application' and includes instructions for the applicant. It is divided into several sections:

- Section 1: Borrower Information:** This section contains fields for the borrower's name, Social Security Number, date of birth, and date of application. It also includes checkboxes for 'I am applying for a second mortgage' and 'I am applying for a first mortgage'. There are also fields for 'Type of Credit' and 'All Mortgages of Other Borrowers Applying for this Loan'.
- Section 2: Current Employment Information:** This section includes fields for the borrower's current employer, position, and dates of employment. It also has checkboxes for 'I am currently employed' and 'I am not currently employed'.
- Section 3: Current Residential Information:** This section includes fields for the borrower's current address, including street, city, state, and zip code. It also has checkboxes for 'I am currently residing at this address' and 'I am not currently residing at this address'.

The form is a standard document used by lenders to collect information from borrowers for mortgage applications.

Slide 13

KS0 Please add the source of the bank fraud info to slides `12-17
Stover, Kathryn E. (Enact MI), 2024-11-08T19:30:52.478

Making a false statement on a mortgage application is a Federal Offense.

True

False

The image shows a screenshot of a 'Uniform Residential Loan Application' form, specifically Section 1: Borrower Information. The form is titled 'Section 1: Borrower Information. Do not include information that you report from employment and other sources, such as statements that you want furnished to qualify for this loan.' The form is divided into several sections: 'A. Personal Information', 'B. Social Security Number', 'C. Date of Birth', 'D. Type of Credit', 'E. Current Address', 'F. Current Employment', and 'G. Other Monthly Income'. The 'Current Address' section is highlighted in blue. The form includes fields for Name of Applicant, Social Security Number, Date of Birth, Type of Credit, Current Address, Current Employment, and Other Monthly Income. The 'Current Address' section includes fields for Street, City, State, and Zip, and a checkbox for 'Is this your primary residence?'. The 'Current Employment' section includes fields for Employer Name, Title, Start Date, and End Date, and a checkbox for 'Are you currently employed by this employer?'. The 'Other Monthly Income' section includes fields for 'Other Monthly Income' and 'TOTAL'.

Slide 14

KS0 Please add the source of the bank fraud info to slides `12-17
Stover, Kathryn E. (Enact MI), 2024-11-08T19:30:52.478

Case Study

PRESS RELEASE

Two Former Employees of New Jersey Mortgage Lending Business Charged for Roles in Mortgage Fraud Scheme

Wednesday, April 24, 2024

Share



NEWARK, N.J. – Two men have been charged in connection with their roles in a large-scale mortgage fraud scheme, U.S. Attorney Philip R. Sellinger announced today.

Christopher J. Gallo, 44, of Old Tappan, New Jersey, and Mehmet A. Elmas, 32, a U.S. citizen who resides in Turkey, are charged by complaint with one count of conspiracy to commit bank fraud. They appeared today before U.S. Magistrate Judge André M. Espinosa in Newark federal court and were each released \$200,000 unsecured bond.

According to documents filed in this case and statements made in court:

Gallo and Elmas were previously employed by a New Jersey-based, privately owned licensed residential mortgage lending business. Gallo was employed as a senior loan officer and Elmas was a mortgage loan officer and Gallo's assistant. From 2018 through October 2023, Gallo and Elmas used their positions to conspire and engage in a fraudulent scheme to falsify loan origination documents sent to mortgage lenders in New Jersey and elsewhere, including their former employer, to fraudulently obtain mortgage loans. Gallo and Elmas routinely mislead mortgage lenders about the intended use of properties to fraudulently secure lower mortgage interest rates. Gallo and Elmas often submitted loan applications falsely stating that the listed borrowers were the primary residents of certain properties when, in fact, those properties were intended to be used as rental or investment properties.

By fraudulently misleading lenders about the true intended use of the properties, Gallo and Elmas secured and profited from mortgage loans that were approved at lower interest rates. The conspiracy also included falsifying property records, including building safety and financial information of prospective borrowers to facilitate mortgage loan approval. Between 2018 through October 2023, Gallo originated more than \$1.4 billion in loans.

Bank fraud: A fine of up to _____ and/or a prison sentence of up to _____ years.

- \$500,000 /10 years*
- \$250,000 /5 years*
- \$1,000,000 /30 years*
- \$500,000 /20 years*
- \$250,000 /25 years*
- \$1,000,000 /15 years*

Bank fraud: A fine of up to \$_____ and/or a prison sentence of up to _____.

\$500,000 /10 years

\$250,000 /5 years

\$1,000,000 /30 years

\$500,000 /20 years

\$250,000 /25 years

\$1,000,000 /15 years

Fraud Penalties

- **Bank fraud:** A fine of up to \$1,000,000 and/or a prison sentence of up to 30 years
- **Mail fraud:** A maximum prison sentence of up to 20 years. If the scheme also involved a bank, the potential fine increases to up to \$100,000: [18 U.S.C. Section 1343]
- **Wire fraud:** A maximum prison sentence of up to 20 years. If the scheme also involved a bank, the potential fine increases to up to \$100,000: [18 U.S.C. Section 1343]. The penalty for both wire fraud and mail fraud can increase to up to 30 years and a fine of \$1,000,000 when the fraud involved a presidentially declared major disaster or emergency.

Conspiracy to Commit Mortgage Fraud occurs when two or more people work together to engage in the manipulation of financial markets or fraudulently induce investors to make financial decisions.

Conspiracy to Commit Mortgage Fraud can, and usually is, charged against minor participants in mortgage fraud scheme.

True

False

Slide 19

- KS0** "..investors to make"
Stover, Kathryn E. (Enact MI), 2024-11-08T19:49:50.490
- KS1** Please add the source to slides 18 - 24
Stover, Kathryn E. (Enact MI), 2024-11-08T19:52:01.208

Conspiracy to Commit Mortgage Fraud occurs when two or more people work together to engage in the manipulation of financial markets or fraudulently induce investors to makes financial decisions.

Conspiracy to Commit Mortgage Fraud can, and usually is, charged against minor participants in mortgage fraud scheme.

True

False

The penalties for *Conspiracy to Commit Mortgage Fraud* are the same as *actual* Mortgage Fraud.

True

False

The penalties for *Conspiracy to Commit Mortgage Fraud* are the same as *actual* Mortgage Fraud.

True

False

Mortgage Fraud Penalties

Mortgage Fraud can be charged at the state or federal level. All states vary.

Federal



State- Example New Jersey



The statute of limitations for federal mortgage fraud and bank fraud in the United States is ____ years. This means that the federal government has ____ years from the alleged crime to file charges against the suspected individual or business.

- 2
- 4
- 7
- 10

The statute of limitations for federal mortgage fraud and bank fraud in the United States is **10** years. This means that the federal government has **10** years from the alleged crime to file charges against the suspected individual or business. *The Fraud Enforcement and Recovery Act (FERA) of 2009 increased the statute of limitations from 5 years to 10 years.*

- 2
- 4
- 7
- 10

PRESS RELEASE

Osceola County Mortgage Loan Officer Convicted Of Bank Fraud And Aggravated Identity Theft Charges Involving Forging Of Judges' Signatures

Wednesday, April 12, 2023

More

For Immediate Release

U.S. Attorney's Office, Middle District of Florida

Orlando, Florida - United States Attorney Roger B. Handberg announces that a federal jury has found Omayra Ujaque (52, St. Cloud) guilty of three counts of bank fraud and one count of aggravated identity theft. Ujaque faces a maximum penalty of 30 years' imprisonment for each bank fraud count and a mandatory 2-year sentence for the aggravated identity theft count. Her sentencing hearing is scheduled for July 5, 2023. Ujaque had been indicted on February 15, 2023.

According to evidence presented at trial, Ujaque, in her capacity as a licensed mortgage loan officer, created and executed a mortgage fraud scheme targeting the financial institution where she worked. To ensure that otherwise unqualified borrowers were approved for mortgage loans, Ujaque falsified the borrowers' income by fabricating or inflating the amounts of their monthly child support payments on mortgage loan applications that she signed and certified to the financial institution's underwriting department. In furtherance of her scheme, Ujaque created fictitious Final Judgments of Dissolution of Marriage and Final Orders Modifying Child Support that fraudulently represented that the borrowers were entitled to receive non-existent monthly child support payments. Ujaque then used the names of judges from the Circuit Court of the Ninth District of Florida and forged their signatures on the fabricated Final Judgments of Dissolution of Marriage or Final Orders Modifying Child Support.

Ujaque also created bogus Florida Department of Revenue Statements listing fraudulent monthly child support payments, as well as phony prepaid debit card statements listing fake borrower withdrawals of the non-existent monthly child support payments. In most cases, the borrowers did not, in fact, have the listed children and/or had never been married, Ujaque submitted bogus paperwork to the financial institution to support the false monthly income on the loan applications. Based on Ujaque's misrepresentations, the financial institution approved and funded the mortgage loans.

This case was investigated by Federal Housing Finance Agency - Office of Inspector General, the U.S. Department of Housing and Urban Development - Office of Inspector General, and the Florida Office of Financial Regulation. It is being prosecuted by Special Assistant United States Attorney Chris Poor.

Updated April 12, 2023

NEWS RELEASE

Federal Jury Convicts Putnam County Man for FHA Fraud Scheme

Thursday, April 11, 2024



For Immediate Release

U.S. Attorney's Office, Southern District of West Virginia

Defendant Fraudulently Obtained \$223,870 FHA-Insured Home Mortgage

HURTINGTON, W.Va. – After two days of trial, a federal jury convicted Jason Trador, 46, of Scott Depot, on April 10, 2024, of making a false statement to federal agents, willfully overvaluing property on a loan application, and three counts of making a false statement to the United States Department of Housing and Urban Development (HUD).

Evidence at trial proved that Trador fraudulently obtained a \$223,870 home mortgage insured by the Federal Housing Administration (FHA) from his then-employer, Victorian Finance LLC, a mortgage lending business. At the time he applied for the FHA loan in August 2019, Trador was delinquent on paying his federal taxes for a prior tax year. Because of the tax debt, Trador was not eligible for an FHA loan under existing FHA program rules. Trador deceived Victorian Finance into approving the application and the FHA into insuring the mortgage by providing a series of falsified documents including a falsified Internal Revenue Service (IRS) tax transcript purporting to show a payoff of the delinquent \$8,151 tax debt.

Trador also submitted three heavily edited bank statements to Victorian Finance. Each falsified bank statement substantially inflated the balances in Trador's bank accounts. Two of the falsified statements reported balances of approximately \$27,000 and \$35,000 for Trador's personal bank account when in fact the accounts had negative balances. Line items, such as for insufficient funds fees, were removed from the falsified bank statements and a line item was added to deceive Victorian Finance into believing that he had paid off the delinquent \$8,151 tax debt. Evidence at trial proved the purported payoff never occurred and that Trador was still delinquent on the federal tax debt as of March 2024.

On September 4, 2019, Trador willfully overvalued his assets on a loan application when he signed a Uniform Residential Loan Application that included the false balances from the falsified bank statements.

On May 8, 2022, Trador lied to investigators with HUD's Office of Inspector General (OIG) and the Federal Bureau of Investigation (FBI) when they interviewed Trador at his Scott Depot residence about his application for the FHA-insured mortgage. Trador denied submitting false bank statements with his loan application, and blamed his fellow employees of the mortgage lending business for the inclusion of the false bank statements in the FHA loan file.

Q3 2023 Quarterly Mortgage Fraud Brief

December 11, 2023

ABOUT THE AUTHOR



The CoreLogic Quarterly Mortgage Fraud Brief analyzes the metro areas with the highest mortgage fraud risk on a quarterly basis and offers insights based on the analysis of trends found in residential mortgage loan applications processed by [LoanSafe Fraud Manager](#).

The report shows Identity fraud has become an increasing concern on primary mortgage applications over the past several quarters.

Fannie Mae issued a fraud alert in Q3 about an identity theft ring operating in suburban Atlanta that was targeting mortgage-free homes. The report provides additional details in the main causes and tactics to deploy to protect your business from this fraud risk.



CoreLogic

2024

Mortgage
Fraud Report

Published: October 2024

Slide 29

KS0

CoreLogic has released a 2024 mortgage fraud report. Consider using its information since it is current

Stover, Kathryn E. (Enact MI), 2024-11-08T20:06:39.934

According to CoreLogic's Annual Mortgage Fraud Report, in Q2 2024, 1 of every ____ Mortgage Purchase Loan Applications contain Fraud.

29

57

78

111

The image shows a screenshot of a 'Uniform Residential Loan Application' form. The title is 'Uniform Residential Loan Application'. Below the title, it says 'Borrower must complete the information on this application. If you are applying for this loan with others, each additional borrower must provide information as directed by your Lender.' The section is titled 'Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.' The form is divided into several sections: '1. Personal Information', 'Social Security Number', 'Date of Birth', 'Citizenship', 'Type of Credit', 'List Names of Other Borrowers Applying for this Loan', 'Marital Status', 'Dependents', and 'Contact Information'. Each section contains various input fields and checkboxes for the borrower to complete.

<https://www.corelogic.com/intelligence/2024-mortgage-fraud-report/>

According to CoreLogic's Annual Mortgage Fraud Report, 1 of every **111** Mortgage Purchase Loan Applications contain Fraud.

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The image shows a screenshot of a 'Uniform Residential Loan Application' form, specifically Section 1: Borrower Information. The form is titled 'Uniform Residential Loan Application' and includes instructions: 'Borrower must complete the information on this application. If you are applying for this loan with others, each additional borrower must provide information as directed by your lender.' Below this, it states 'Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.' The form is divided into several sections: '1a. Personal Information' with fields for Name (First, Middle, Last, Suffix), Social Security Number (or Individual Taxpayer Identification Number), Date of Birth, and Citizenship (U.S. Citizen, Permanent Resident Alien, Non-Permanent Resident Alien); 'Type of Credit' with checkboxes for 'I am applying for individual credit' and 'I am applying for joint credit. Total Number of Borrowers: [] Each borrower intends to apply for joint credit. Your initials: []'; 'List Name(s) of Other Borrower(s) Applying for this Loan (First, Middle, Last, Suffix) - Use a separate line for each'; 'Marital Status' with checkboxes for Married, Separated, Divorced, and Single (Domestic Partner, Civil Union, Domestic Partnership, Registered); and 'Contact Information' with fields for Home Phone, Cell Phone, and Work Phone, each with a 'Ext.' field.

<https://www.corelogic.com/intelligence/2024-mortgage-fraud-report/>

According to CoreLogic's Annual Mortgage Fraud Report, in Q2 2024, 1 of every _____ Mortgage Refinance Loan Applications contain Fraud.

99

157

171

234

The image shows a screenshot of a 'Uniform Residential Loan Application' form, specifically 'Section 1: Borrower Information'. The form is titled 'Uniform Residential Loan Application' and includes instructions: 'Readily and completely complete the information on this application. If you are applying for this loan with others, each additional borrower must provide information as directed by your lender.' Below this, it states: 'Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.'

The form is divided into several sections:

- 1a. Personal Information:**
 - Name (First, Middle, Last, Suffix)
 - Alternate Names - List any names by which you are known or are known under which credit was previously received (First, Middle, Last, Suffix)
 - Social Security Number (or Individual Taxpayer Identification Number)
 - Date of Birth (mm/dd/yyyy)
 - Citizenship: U.S. Citizen, Permanent Resident Alien, Non-Permanent Resident Alien
- Type of Credit:**
 - I am applying for individual credit.
 - I am applying for joint credit. Total Number of Borrowers: _____
 - Each Borrower Intends to apply for joint credit. **You Intend:** _____
- List Name(s) of Other Borrower(s) Applying for this Loan:** (First, Middle, Last, Suffix) - Use a separate line for each name.
- Marital Status:** Married, Separated, Annulled, Single (Divorced, Widowed, Civil Union, Domestic Partnership, Registered)
- Dependents:** Indicate by number of dependent(s) _____
- Contact Information:** Home Phone, Cell Phone, Work Phone, and Fax.

<https://www.corelogic.com/intelligence/2024-mortgage-fraud-report/>

According to CoreLogic's Annual Mortgage Fraud Report, in Q2 2024, 1 of every **171** Mortgage Refinance Loan Applications contain Fraud.

- 99
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The form is divided into several sections:

- 1a. Personal Information:** Includes fields for Name (First, Middle, Last, Suffix), Social Security Number (or Individual Taxpayer Identification Number), Date of Birth, and Citizenship (U.S. Citizen, Permanent Resident Alien, Non-Permanent Resident Alien).
- Alternate Names:** A section for listing names by which you are known or any names under which credit was previously received (First, Middle Last, Suffix).
- Type of Credit:** Radio buttons for 'I am applying for individual credit' and 'I am applying for joint credit. Total Number of Borrowers:'. Below this, it says 'Each borrower intends to apply for joint credit. Your initials: _____'.
- List Names of Other Borrower(s) Applying for this Loan:** A section for listing other borrowers (First, Middle, Last, Suffix) - Use a separate borrower sheet.
- Marital Status:** Radio buttons for Married, Separated, Divorced, Single, Deposed, Widowed, Civil Union, Domestic Partnership, Registered.
- Dependents:** A section for listing dependents (Number, Ages).
- Contact Information:** Fields for Home Phone, Cell Phone, and Work Phone, each with area code, number, and extension.

<https://www.corelogic.com/intelligence/2024-mortgage-fraud-report/>

According to CoreLogic's Annual Mortgage Fraud Report, which 5 states have the highest mortgage application fraud risk?



<https://www.corelogic.com/intelligence/2024-mortgage-fraud-report/>

According to CoreLogic's Annual Mortgage Fraud Report, which 5 states have the highest mortgage application fraud risk?

New York, Florida, California, Connecticut and New Jersey



According to CoreLogic's Annual Mortgage Fraud Report, which transaction type is the greatest risk for Mortgage Fraud?

Section 4: Loan and Property Information. This section asks about the loan's purpose and the property you want to purchase or refinance.

4a. Loan and Property Information

Loan Amount \$

Loan Purpose Purchase Refinance

Property Address Street

City State ZIP County

Refinance Type

No Cash Out

Limited Cash Out

Cash Out #

Number of Units **Property Value** \$

Occupancy Primary Residence Second Home Investment Property **FHA Secondary Residence**

According to CoreLogic's Annual Mortgage Fraud Report, which transaction type is the greatest risk for Mortgage Fraud?

Section 4: Loan and Property Information. This section asks about the loan's purpose and the property you want to purchase or refinance.

4a. Loan and Property Information

Loan Amount \$ Loan Purpose Purchase Refinance Other (specify)

Property Address Street Unit #
City State ZIP County

Number of Units Property Value \$

Occupancy Primary Residence Second Home Investment Property FHA Secondary Residence

Refinance Type

No Cash Out
 Limited Cash Out
 Cash Out

We estimate that in the second quarter of 2024, 0.81% of all mortgage applications were estimated to contain fraud, about 1 in 123 applications. The highest risk segment remains 2- to 4- unit properties, with 1 in 27 transactions estimated to have indications of fraud.

<https://www.corelogic.com/intelligence/2024-mortgage-fraud-report/>

According to CoreLogic's Annual Mortgage Fraud Report, 1 of every ____ Mortgage Loan Applications on a 2-4 unit, contain Fraud.

- 11
- 27
- 39
- 52

4c. Rental Income on the Property You Want to Purchase	
For Purchase Only <input type="checkbox"/> Does not apply	
Complete if the property is a 2-4 Unit Primary Residence or an Investment Property	
	Amount
Expected Monthly Rental Income	\$
For LENDER to calculate: Expected Net Monthly Rental Income	\$

According to CoreLogic's Annual Mortgage Fraud Report, 1 of every **27** Mortgage Loan Applications on a 2-4 unit, contain Fraud.

11

27

39

52

In early September, The White House issued an announcement regarding steps to increase the affordable housing supply. They include prioritizing sales of FHA-insured and HUD-owned properties to owner occupants and expanding financing for owner-occupied 2- to 4-Unit properties and manufactured housing through Freddie Mac.

Our consortium has observed higher fraud risk in 2- to 4-Unit properties, currently running at an estimated fraud rate of 1 in 50 loans versus the overall estimated fraud rate of 1 in 120 loans. The ability to qualify using future income from the property being financed, along with higher loan amounts, makes these attractive targets for fraud schemes. Risk trends and levels for 2- to 4-Unit purchases and refinances are similar.

Experience has shown opportunists may exploit policy changes. Some possible fraudulent tactics include the use of straw buyers to take advantage of the improved financing options and falsified qualifications for first-time home buyers (often facilitated by an industry insider).

4c. Rental Income on the Property You Want to Purchase	
For Purchase Only <input type="checkbox"/> Does not apply	
Complete if the property is a 2-4 Unit Primary Residence or an Investment Property	
	Amount
Expected Monthly Rental Income	\$
For LENDER to calculate: Expected Net Monthly Rental Income	\$

Identity Fraud Risk

Identity fraud occurs when an applicant's identity and/or credit history is altered, a synthetic identity is created, or a stolen identity is used to obtain a mortgage.

↑ **5.6%**

Q2 2024 compared to Q2 2023

Transaction Fraud Risk

Transaction fraud occurs when the nature of the transaction is misrepresented, such as undisclosed agreements between parties and falsified down payments. The risk includes third party risk, non-arm's length transactions, and straw buyers.

↑ **4.9%**

Q2 2024 compared to Q2 2023

Property Fraud Risk

Property fraud occurs when information about the property or its value is intentionally misrepresented.

↓ **1.8%**

Q2 2024 compared to Q2 2023

Occupancy Fraud Risk

Occupancy fraud occurs when mortgage applicants deliberately misrepresent their intended use of a property (primary residence, secondary residence, or investment). Programs, pricing, and underwriting guidelines are impacted by a property's intended occupancy.

↓ **3.9%**

Q2 2024 compared to Q2 2023

Income Fraud Risk

Income fraud includes misrepresentation of the existence, continuance, source, or amount of income used to qualify.

↓ **2%**

Q2 2024 compared to Q2 2023

Undisclosed Real Estate Debt

Undisclosed real estate debt fraud occurs when a loan applicant intentionally fails to disclose additional real estate debt or past foreclosures.

6%

Q2 2024 compared to Q2 2023

<https://www.corelogic.com/intelligence/2024-mortgage-fraud-report/>

What We're Watching

The Impact Of Generative AI On Mortgage Fraud

The recent explosion of generative AI will surely improve tactics for committing mortgage fraud. Exactly how and where it will begin is up for debate, but lenders need to be mindful that methods to falsify documents and directly sourced data will improve notably. Mortgage loans are complex, slow, and aren't an immediate source of cash, so they may not be the most attractive target for external actors such as overseas scam operators. It is reasonable to assume the first uses are likely to come from the internal parties who are already disposed to commit mortgage fraud.

Today, old-school faked paystubs and tax returns fool lenders often enough to be a significant issue. As higher-quality fakes become the norm, it will be less likely the underwriter can spot a math error or font change. It is also probable that corresponding bank statements will be produced along with the phony employment documents.

<https://www.corelogic.com/intelligence/2024-mortgage-fraud-report/>

Quick Facts

— Mortgage Fraud Offenses —

Fiscal Year 2021

- In FY 2021, 37,287 mortgage fraud offenses were reported to the U.S. Attorney General's Office.
- 4,215 (11%) mortgage fraud offenses resulted in a conviction (11% decrease).
- 7,425 (20%) mortgage fraud offenses resulted in a conviction (19% increase).
- 25,862 (70%) mortgage fraud offenses resulted in a conviction (70% increase).

Offender and Offense Characteristics

- 70% of mortgage fraud offenses occurred in the United States.
- 41% were white, 21% were Black, 32% were Hispanic, and 8% were of other races.
- 68% were male and 32% were female.
- 60% were individuals and 40% were corporations.
- 64% had a felony criminal record (Domestic Violence, Forgery, etc.).
- The majority of mortgage fraud offenses were reported in the following states:
 - 33% in California
 - 15% in Florida
 - 14% in Texas
 - 12% in New York
 - 11% in Illinois
- Mortgage fraud offenses were reported in the following counties:
 - 26% in Cook County, IL
 - 15% in Harris County, TX
 - 14% in Los Angeles County, CA
 - 11% in Maricopa County, AZ
 - 10% in San Diego County, CA
 - 9% in Santa Clara County, CA
 - 8% in San Francisco County, CA
 - 7% in San Jose County, CA
 - 6% in Santa Cruz County, CA
 - 5% in Santa Monica County, CA
- Mortgage fraud offenses were reported in the following industries:
 - 26% in Real Estate
 - 15% in Financial Services
 - 14% in Retail
 - 11% in Technology
 - 10% in Healthcare
 - 9% in Manufacturing
 - 8% in Education
 - 7% in Government
 - 6% in Non-Profit
 - 5% in Other

Number of Mortgage Fraud Offenses

Fiscal Year	Number of Offenses
2017	38,000
2018	37,500
2019	37,000
2020	37,000
2021	37,287

Monitors for Mortgage Fraud Offenses

Fiscal Year	Number of Monitors
2017	30,000
2018	32,000
2019	34,000
2020	36,000
2021	38,000

Partnership

- The partnership for mortgage fraud offenses was established in 2017.
- 10% were reported by a partner agency or individual.
- 10% were reported by a partner agency or individual.

Source: U.S. Attorney General's Office, U.S. Department of Justice, Office of Inspector General, Mortgage Fraud Offenses Report (FY 2021)

Mortgage fraud includes cases where the offensive conduct as described in the Presentence Report involved any misrepresentation intended to obtain a home loan, the application to multiple banks for a loan on a single property, foreclosure rescue scams, or reverse mortgage scams.

According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, _____% of mortgage fraud offenders were men.

98

86

77

62

Section 8: Demographic Information. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surmise. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more

Hispanic or Latino

Mexican Puerto Rican Cuban

Other Hispanic or Latino - Print origin:

For example: Argentinian, Colombian, Dominican, Nicaraguan, Salvadoran, Spanish, and so on.

Not Hispanic or Latino

I do not wish to provide this information

Sex

Female

Male

I do not wish to provide this information

Race: Check one or more

American Indian or Alaska Native - Print name of enrolled or principal tribe:

Asian

Asian Indian Chinese Filipino

Japanese Korean Vietnamese

Other Asian - Print race:

For example: Mongol, Tibetan, Thai, Pakistani, Cambodian, and so on.

Black or African American

Native Hawaiian or Other Pacific Islander

Native Hawaiian Guamanian or Chamorro Samoan

Other Pacific Islander - Print race:

For example: Fijian, Tongan, and so on.

White

I do not wish to provide this information

Slide 43

KS0

Slides 42-47: I think that showing the 1003 suggests that "offenders" are borrowers and to be wary of applications with the attributes (age, gender, etc.)

Stover, Kathryn E. (Enact MI), 2024-11-11T16:43:20.814

According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, **77%** of mortgage fraud offenders were men.

- 98
- 86
- 77**
- 62

Section 8: Demographic Information. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." **The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it.** However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more

Hispanic or Latino

Mexican Puerto Rican Cuban

Other Hispanic or Latino - Print origin:
For example: Argentinian, Colombian, Dominican, Hungarian, Salvadoran, Spanish, and so on.

Not Hispanic or Latino

I do not wish to provide this information

Sex

Female

Male

I do not wish to provide this information

Race: Check one or more

American Indian or Alaska Native - Print name of enrolled or principal tribe:

Asian

Asian Indian Chinese Filipino

Japanese Korean Vietnamese

Other Asian - Print race:
For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.

Black or African American

Native Hawaiian or Other Pacific Islander

Native Hawaiian Guamanian or Chamorro Samoan

Other Pacific Islander - Print race:
For example: Fijian, Tongan, and so on.

White

I do not wish to provide this information

According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, the average age of mortgage fraud offender was

_____.

- 62
- 36
- 57
- 49

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information	
Name (First, Middle, Last, Suffix)	Social Security Number _____ (or Individual Taxpayer Identification Number)
Alternate Names - List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)	Date of Birth (mm/dd/yyyy) _____ _____ / _____ / _____
	Citizenship <input type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien

According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, the average age of mortgage fraud offender was **49**.

- 62
- 36
- 57
- 49

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix)

Social Security Number
(or Individual Taxpayer Identification Number)

Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)

Date of Birth
(mm/dd/yyyy)

Citizenship

- U.S. Citizen
- Permanent Resident Alien
- Non-Permanent Resident Alien

According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, ___% of mortgage fraud offenders were US Citizens.

88

77

98

69

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional borrower must provide information as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information	
Name (First, Middle, Last, Suffix)	Social Security Number <small>(or Individual Taxpayer Identification Number)</small>
Alternate Names - List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)	Date of Birth <small>(mm/dd/yyyy)</small>
	Citizenship <input checked="" type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien

According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, **98.3%** of mortgage fraud offenders were US Citizens.

- 88
- 77
- 98
- 69

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix)

Alternate Names - List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)

Social Security Number

(or Individual Taxpayer Identification Number)

Date of Birth
(mm/dd/yyyy)

Citizenship
 U.S. Citizen

Permanent Resident Alien

Non-Permanent Resident Alien

According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, what percentage mortgage fraud offenders were sentenced to prison?

- 27%
- 42%
- 68%
- 74%



According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, what percentage mortgage fraud offenders were sentenced to prison?

- 27%
- 42%
- 68%
- 74%**



According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, the average sentence for mortgage fraud offenders was ____ months.

- 6
- 14
- 24
- 36



According to US Sentencing Commission's Quick Facts on Mortgage Fraud Offences, the average sentence for mortgage fraud offenders was **14 months.**

6

14

24

36





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Washington | U.S. Attorney | District of Maryland | Press Release | Federal Jury Convicts Former Baltimore City State Attorney Marilyn Mosby

NEWS RELEASE

Federal Jury Convicts Former Baltimore City State Attorney Marilyn Mosby

February 8, 2024

For Immediate Release

U.S. Attorney's Office, District of Maryland

Defendant Convicted on One Count of Making a False Mortgage Application and Previously Convicted on Two Counts of Perjury

Greenbelt, Maryland – A federal jury today convicted Marilyn J. Mosby, age 44, of Baltimore, Maryland, on the federal charge of making a false mortgage application when she was Baltimore City State's Attorney, relating to the purchase of a condominium in Long Boat Key, Florida. The jury acquitted her of making a false mortgage application related to her purchase of a home in Kissimmee, Florida.

The conviction was announced by United States Attorney for the District of Maryland Erik L. Barron; Acting Special Agent in Charge R. Joseph Rothrock of the Federal Bureau of Investigation, Baltimore Field Office; and Special Agent in Charge Kareem A. Carter of the Internal Revenue Service-Criminal Investigation, Washington, D.C. Field Office.

U.S. Attorney Erik L. Barron said, "We humbly respect the court's considered rulings, opposing counsels' zealous advocacy, and the wisdom of both jury verdicts in this case and we remain focused on our mission to uphold the rule of law."

"Ms. Mosby's conduct undermines the confidence the public deserves to have in their government officials," said Acting Special Agent in Charge R. Joseph Rothrock of the FBI's Baltimore Field Office. "The jury's decision holds Ms. Mosby accountable for disregarding the laws she swore to uphold. The FBI works diligently to ensure that anyone who engages in fraud and corruption will be held accountable for their bad acts."

According to the evidence presented at trial, in February 2021, Mosby made a false statement in an application for a \$428,400 mortgage to purchase a condominium in Long Boat Key, Florida. As part of the application, Mosby falsely stated that she had received a \$5,000 gift from her husband to be applied to the purchase of the property. According to the evidence presented at trial, Mosby made this statement in order to secure a lower interest rate. According to the evidence presented at trial, Mosby did not receive a \$5,000 gift from her husband, but rather transferred \$5,000 to him, and he then transferred the \$5,000 back to her. Mosby faces a maximum of 30 years in federal prison for making a false mortgage application.

There is something considered a “small felony”.

- True*
- False*

Slide 54

KS0 Please add the source of the bank fraud info to slides `12-17
Stover, Kathryn E. (Enact MI), 2024-11-08T19:30:52.478

There is something considered a “small felony”.

True

False

Slide 55

KS0 Please add the source of the bank fraud info to slides `12-17
Stover, Kathryn E. (Enact MI), 2024-11-08T19:30:52.478

Business Email Compromise (BEC)

Business email compromise (BEC) is one of the most financially damaging online crimes. It exploits the fact that so most of us rely on email to conduct both our personal and professional business.

In a BEC scam—also known as email account compromise (EAC)—criminals send an email message that appears to come from a known source making a legitimate request, like in these examples:

- A vendor your company regularly deals with sends an invoice with an updated mailing address.
- A company CEO asks her assistant to purchase dozens of gift cards to send out as employee rewards. She asks for the serial numbers so she can email them out right away.
- A homebuyer receives a message from his title company with instructions on how to wire his down payment.

Versions of these scenarios happened to real victims ... but all the messages were fake.

And in each case, thousands—or even hundreds of thousands—of dollars were sent to criminals instead.



Business Email Compromise (BEC)

Mortgage Wire Fraud attacks are included in the Business Email Compromise report. The total Losses in 2023 due to BEC scams were \$_____.

- \$12.5 Billion
- \$6 Billion
- \$900 Million
- \$600 Million



WE DO NOT ACCEPT OR REQUEST
CHANGES TO WIRING INSTRUCTIONS VIA EMAIL OR FAX.
Always call to verify.

Business Email Compromise (BEC)

Mortgage Wire Fraud attacks are included in the Business Email Compromise report. The total Losses in 2023 due to BEC scams were \$_____.

\$12.5 Billion

\$6 Billion

\$900 Million

\$600 Million



WE DO NOT ACCEPT OR REQUEST
CHANGES TO WIRING INSTRUCTIONS VIA EMAIL OR FAX.
Always call to verify.

Wire Fraud/ BEC



Fraudsters are alerted to a Real estate transaction while trolling Social Media Sites. They have the name of the Realtor and which company he works at and the closing date of two transactions. By hacking the affiliated email account additional details typically can be captured to send a realistic email with a request to wire funds.



Enact

CFPB - How To Avoid a Phishing Scam

- Identify two trusted individuals to confirm the closing process and payment instructions. Ahead of your mortgage closing, discuss in person, or by phone, the closing process and money transfer protocols with these trusted individuals (realtor, settlement agent, etc.). Be cautious about exchanging any details about your closing over email. You may want to use this opportunity to also create a code phrase, known only by these trusted parties, if you need a secure way to confirm their identities in the future.
- Write down their names and contact information. Use the Bureau's [Mortgage Closing Checklist](#) to list these individuals and their primary phone numbers.
- Before wiring money, always confirm instructions with your trusted representatives. Never follow instructions contained in an email. Verify the closing instructions, including the account name and number, with your trusted representatives either in person or by using the phone number you previously agreed to.
- Avoid using phone numbers or links in an email. Again, scammers can closely replicate the email address, phone number and format of an exchange from your agents. Avoid clicking on any links or downloading attachments without first confirming with your trusted representatives.
- Do NOT email financial information. Email is never a secure way to send financial information.
- Be mindful of phone conversations. It may be difficult to identify whether a phone call is fraudulent or legitimate. Scammers may call and ask you to verify your personal or financial information. When in doubt, always refer back to your trusted professionals to confirm whether it's legitimate.

<https://www.consumerfinance.gov/about-us/blog/mortgage-closing-scams-how-protect-yourself-and-your-closing-funds/>

It is legal to purchase paystubs and Bank Statements online and submit them for a credit application.

True

False

It is legal to purchase paystubs and Bank Statements online and submit them for a credit application.

True

False

Really?

Google take pay stubs

Images News Free Reddit For apartment Template

About 2,360,000 results (0.42 seconds)

Sponsored

formpros.com
<https://www.formpros.com>

Pay Stub Generator - Create Pay Stubs Instantly

Create a Real **Pay Stub** in 3 Easy Steps. Take Less Than 5 Minutes to Complete. Instantly Create, Download & Print Your **Pay Stubs** With Our Online **Pay Stub** Ma Time & Money Today. No Hidden Fees. Quick & Easy Process. Auto Calculations

Sponsored

Real Check Stubs®
<https://www.realcheckstubs.com/create>

Create Your Own Paystub - Ready in 1 Minute

Get your **check stub** instantly. Select template — Enter info — Preview **stubs** — Paystub Templates · Private Templates · Basic Template · Generate Your Stub

Sponsored

checkstubmaker.com
<https://www.checkstubmaker.com>

Easily Create Pay Stubs Online - Save & Print Instantly

Use Your Own Logo, Download, Print & Share Your Paystub Easily With **Check Stub** Maker.

Form Pro
<https://www.formpro.com> · Tax Forms

Create Pay Stubs Instantly - Generate Check Stubs

Fake pay stubs can create a variety of problems for businesses. A dishonest person may create a **fake pay stub** to support income listed on a loan application ...

★★★★★ Rating: 4.8 · 10,142 reviews · \$8.99

ThePayStubs
<https://www.thepaystubs.com>

Paystub Generator | No.1 Checkstub Maker - ThePayStubs

Our **paystub generator** instantly creates **pay stubs** online. This easy **checkstub maker** online handles calculations automatically with no software needed.

[Paystub Generator](#) · [Fake Pay Stub](#) · [Paystub Sample Templates](#) · [W2 Form](#)

Real Check Stubs
<https://www.realcheckstubs.com>

Paystub Generator | Create Real Pay Stubs Instantly | Pay ...

Proof of Income



The advertisement features the FormPros logo at the top left, with navigation links for Business, Family & Personal, Real Estate, Tax Forms, and PDF Editor. The main headline is "Pay Stub Maker to Prove Income Fast". Below this, a text block explains the service: "Need to quickly create pay stubs for proof of income or employment? Our easy to use pay stub generator instantly calculates and creates pay stub PDFs for you to download, print and share." A prominent red button says "Create Pay Stub Now". A preview of a pay stub is shown, including a "Statement of Earnings" table and a price tag of "\$8.99 PER STUB OR GET \$96 UNLIMITED STUBS FOR".

FormPros Business Family & Personal Real Estate Tax Forms PDF Editor

Pay Stub Maker to Prove Income Fast

Need to quickly create pay stubs for proof of income or employment? Our easy to use pay stub generator instantly calculates and creates pay stub PDFs for you to download, print and share.

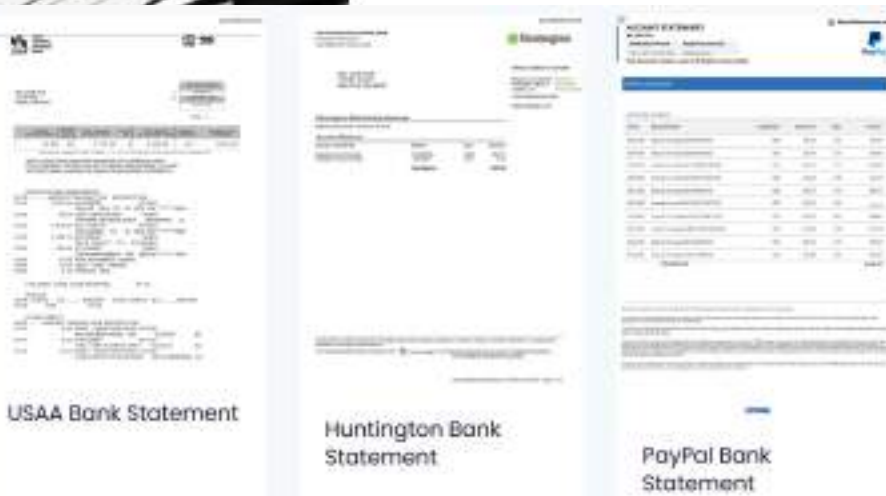
Create Pay Stub Now

Company Inc.				Statement of Earnings	
123 Main Street New York, NY 10001				Year	Pay Period
Employee Name & Address				2018	1/1/18 - 1/31/18
John Doe 123 Main Street New York, NY 10001				\$10,000	\$1,000
Gross Earnings				Amount	Year
Weekly	\$1,000	\$1,000	\$10,000		
Deductions				Year	Pay Period
FICA - Social Security			\$600		
FICA - Medical Insurance			\$100		
Federal Income Tax			\$1,000		
State Income Tax			\$300		

\$8.99 PER STUB OR GET \$96 UNLIMITED STUBS FOR

https://www.formpros.com/tax-forms/create-paystub/?gad=1&gclid=EALalQobChMIxeLAm5jG_wIVADStBh1etQOYEAAAYASAAEgIUkfD_BwE

Bank Statements



BankStatements.net United States United Kingdom

100% FREE and Editable

Bank Statement Templates

Our website contains the biggest collection of editable bank statement templates available online! We will help you understand where your money is going, how to cut spending and increase your savings \$\$\$

BROWSE OUR TEMPLATES!

Oh Really?



BankStatements.net is a collection of bank statement examples and templates across the world. Whether you are working on an accounting case study or just trying to understand your financial documents – we are happy to help you! Unlike other websites trying to sell you these templates, all our documents are 100% free and editable.

All our templates CANNOT be used for ANY ILLEGAL purpose! We put the website logo on all templates to show that this is an example only. Information like account numbers, names, addresses etc. is replaced with dummy values.

By using our service, or any portion of our website, you agree in no event our employees, directors, or agents be liable to you or another party for any damage including by not limited to: loss of revenue, special, punitive, loss of data, direct, consequential, incidental, indirect, exemplary, or any other damages arising from your use of our services or website.

There are websites that rent credit tradelines to help borrower's increase their credit score by manipulating Amounts Owed and Length of Credit History.

True

False

There are websites that rent credit tradelines to help borrower's increase their credit score by manipulating Amounts Owed and Length of Credit History.

True

False

Authorized User Accounts



Authorized User Accounts

Chase	23374	\$6,800.00	2020 Mar	Jun 25th	Jul 6th - Jul 13th	1 in stock	\$294.00	Add to cart
Bank of America	25928	\$5,000.00	2021 Mar	Jun 28th	Jul 9th - Jul 16th	1 in stock	\$294.00	Add to cart
CPI	22866	\$5,000.00	2020 Mar	Jul 8th	Jul 19th - Jul 26th	1 in stock	\$294.00	Add to cart
Discover	2384	\$6,500.00	2020 Feb	Jul 2nd	Jul 13th - Jul 20th	1 in stock	\$299.25	Add to cart
Barclays	22954	\$7,500.00	2019 Sep	Jul 9th	Jul 20th - Jul 27th	1 in stock	\$299.25	Add to cart

3rd Party Verification



Fannie Mae and Freddie Mac have amazing resources to combat Mortgage Fraud.

True

False

Fannie Mae and Freddie Mac have amazing resources to combat Mortgage Fraud.

True

False

Fannie Mae Fraud Prevention Tools

Mortgage Fraud Prevention

Stop fraud before it disrupts your business

The Fannie Mae Financial Crimes team dedicates its efforts to identifying fraudulent activities and sharing information that supports and educates our industry partners. Our goal is to help industry professionals become more proactive in the fight against mortgage fraud.

Mortgage fraud is a material misstatement, misrepresentation, or omission relied upon to fund or purchase – or not to fund or purchase – a mortgage, including a mortgage associated with a mortgage-backed security or similar financial instrument.

We rely on our lender partners, servicers, and other members of the mortgage industry for identification of potential mortgage fraud. Have information about mortgage fraud? Complete and submit the [Suspected Mortgage Fraud Report](#) or call 1-800-2FANNIE (1-800-232-6643).

Want to receive updates about Fraud Alerts, risk management resources, training opportunities, and more? Subscribe to our Risk Management and Quality Control emails.

[Subscribe >](#)

What's New

Fraud Alert: Appraiser Identity Theft
(January 2024)

This alert involves a significant number of loans with appraisals that were completed by an unlicensed appraiser unlawfully using the identities of other actively licensed appraisers.

[Read the Fraud Alert](#)

Consumer Fraud Alert

Fannie Mae has learned of a consumer fraud scam involving a person who claims to be a Fannie Mae employee contacting people offering to modify their mortgage and requesting money or gift cards. Visit our [consumer alert web page](#) for more information, and please

Red flags & helpful tools

These resources will help you notice patterns and circumstances related to fraud. Use these tools to detect, protect from, and deter criminal activities.

Common red flags

[About common red flags](#)

[High-level red flags](#)

[Mortgage application](#)

[Sales contract](#)

<https://singlefamily.fanniemae.com/mortgage-fraud-prevention>

Identity Theft Ring

Fannie Mae's Mortgage Fraud Investigations team alerts the industry to potential and active mortgage fraud scenarios. This alert addresses loans originated in suburban Atlanta, GA, but similar schemes have been identified in other parts of the country. We have observed misrepresented borrower profiles in numerous loans that indicate identity theft and have allowed perpetrators to abscond with large sums of money at closing.



Hallmarks of the scheme include:

- Targeted attacks of identity theft
- Loan transactions are cash-out mortgages on homes without an existing mortgage
- Borrower requests an appraisal waiver
- Highly priced homes
- Loan amounts usually greater than \$500k
- LTV less than 50%
- All homeowner insurance policies are **new**
- Voice Over Internet Protocol (VOIP) is used for communicating with lenders to avoid using traceable phone numbers
- Majority of homes are in Cobb County/Northern Atlanta vicinity
- Borrower specifies the title company to close the transaction
- Applications are submitted online
- Borrowers use a common email structure: FirstName_LastName(numbers)@Yahoo.com
- Fabricated Federal Tax Returns are common in identified files

What can lenders do?

Take special caution in any financial closing step of the aforementioned hallmarks.

If suspicion of fraud exists

- Follow state laws, policies, and procedures within your organization and the [Lender's Guide to Fraud](#)
- Complete and submit the [Suspicious Mortgage Loan Report](#) to the Mortgage Fraud Reporting Center

More general steps lenders can take to detect and prevent fraud

- Encourage third-party agencies to verify
- Be "bullet proof" to avoid being over-sold
- Establish a zero-tolerance fraud policy
- Develop information collection and organization
- Print loan details make sure they're right
- Report any suspicious activity through established channels

Watch for further "fraud alerts" and potential updates to the fraud alert by visiting the [Mortgage Fraud Reporting Center website](#)

Identity Theft Ring

Fannie Mae's Mortgage Fraud Investigations team alerts the industry to potential and active mortgage fraud scenarios. This alert addresses loans originated in suburban Atlanta, GA, but similar schemes have been identified in other parts of the country. We have observed misrepresented borrower profiles in numerous loans that indicate identity theft and have allowed perpetrators to abscond with large sums of money at closing.

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- Applications are submitted online
- Borrowers use a common email structure: FirstName_LastName(numbers)@Yahoo.com
- Fabricated Federal Tax Returns are common in identified files



Appraiser Identity Theft

Fannie Mae's Mortgage Fraud Investigations (MFI) team alerts the industry to potential and active mortgage fraud scenarios.

Fannie Mae has identified a significant number of loans involving appraisals that were completed by an unlicensed appraiser unlawfully using the identities of other actively licensed appraisers. The identified loans were originated between 2021-2023. There is no evidence that the appraisers whose identities were substituted were or involved in the activity.



Red Flags:

- The unlicensed appraiser's name and address are not found in any capacity within the appraisals (or loan files).
- The company name, phone number, and address listed under "contact information" on page six of [Form 1004](#) will be different from that of the licensed appraiser.
- Email contact information reflects a name other than the name of the appraiser who is listed as having performed the appraisal.
- The signatures of the "victim" appraisers appear forged and/or cut and pasted to the identified appraisals.
- Appraisal fees for the appraisals were paid with proceeds going directly to the mailing address of the unlicensed appraiser, not to the address of the purported appraisers.

What can lenders do?

- Perform thorough due diligence when identifying sources of loan files and other records systems.
- Review available public records and licensing appraiser information to identify unlicensed appraisers (including substituted appraisers).

If evidence of fraud exists:

- Review loan file and procedures with your regulatory examiners to [update your loan file](#).
- Develop and submit the [Substituted Appraiser Complaint](#) or the [Mortgage Fraud Investigation Complaint](#).

More general steps lenders can take to detect and prevent fraud:

- Assess your third party vendor's controls.
- Be "transparent" by involving your staff.
- Develop your internal fraud policy.
- Share information with your regulator.
- Develop a document review team.
- Report any suspicious activity through established channels.

Read or be better informed! Visit <https://singlefamily.fanniemae.com/media/37806/display>

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Appraiser Identity Theft

Fannie Mae's Mortgage Fraud Investigations (MFI) team alerts the industry to potential and active mortgage fraud scenarios.

Fannie Mae has identified a significant number of loans involving appraisals that were completed by an unlicensed appraiser unlawfully using the identities of other actively licensed appraisers. The identified loans were originated between 2021-2023. There is no evidence that the appraisers whose identities were used were aware of or involved in the activity.



Red Flags:

- The unlicensed appraiser's name and signature are not found in any capacity within the appraisals (or loan files).
- The company name, phone number, and address listed under "contact information" on page six of [Form 1004](#) will be different from that of the licensed appraiser.
- Email contact information reflects a name other than the name of the appraiser who is listed as having performed the appraisal.
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Mortgage Fraud Prevention

Stop fraud before it disrupts your business

The Fannie Mae Financial Crimes team dedicates its efforts to identifying fraudulent activities and sharing information that supports and educates our industry partners. Our goal is to help industry professionals become more proactive in the fight against mortgage fraud.

Mortgage fraud is a material misstatement, misrepresentation, or omission relied upon to fund or purchase – or not to fund or purchase – a mortgage, including a mortgage associated with a mortgage-backed security or similar financial instrument.

We rely on our lender partners and other members of the mortgage industry for identification of potential mortgage fraud. Have information about mortgage fraud? Complete and submit the [Suspected Mortgage Fraud Report](#) or call 1-800-2FANNIE (1-800-232-6643).

What's New

Fraud Alert: Appraiser Identity Theft (January 2024)

This alert involves a significant number of loans with appraisals that were completed by an unlicensed appraiser unlawfully using the identities of other actively licensed appraisers.

[Read the Fraud Alert](#)

[Consumer Fraud Alert](#)

Consumer Fraud Alert

Fannie Mae has learned of a consumer fraud scam involving a person who claims to be a Fannie Mae employee contacting people offering to modify their mortgage and requesting money or gift cards. Visit our consumer alert web page for more information, and please report any such scams to us:

1-800-2FANNIE (1-800-232-6643) Option 4

Freddie Mac Fraud Prevention



Be aware of these types of scams and schemes.

Sad to say, fraudsters are creative and energetic. So if you're in the mortgage industry, you need to stay on top of what they're up to – and what they're planning next.



True Lies: The Lies Caught Up With Her

Lies will go to great lengths to deny wrongdoing. So what do you do when someone vehemently claims innocence, yet your suspicions remain?



True Lies: When They're Not Who They Say They Are

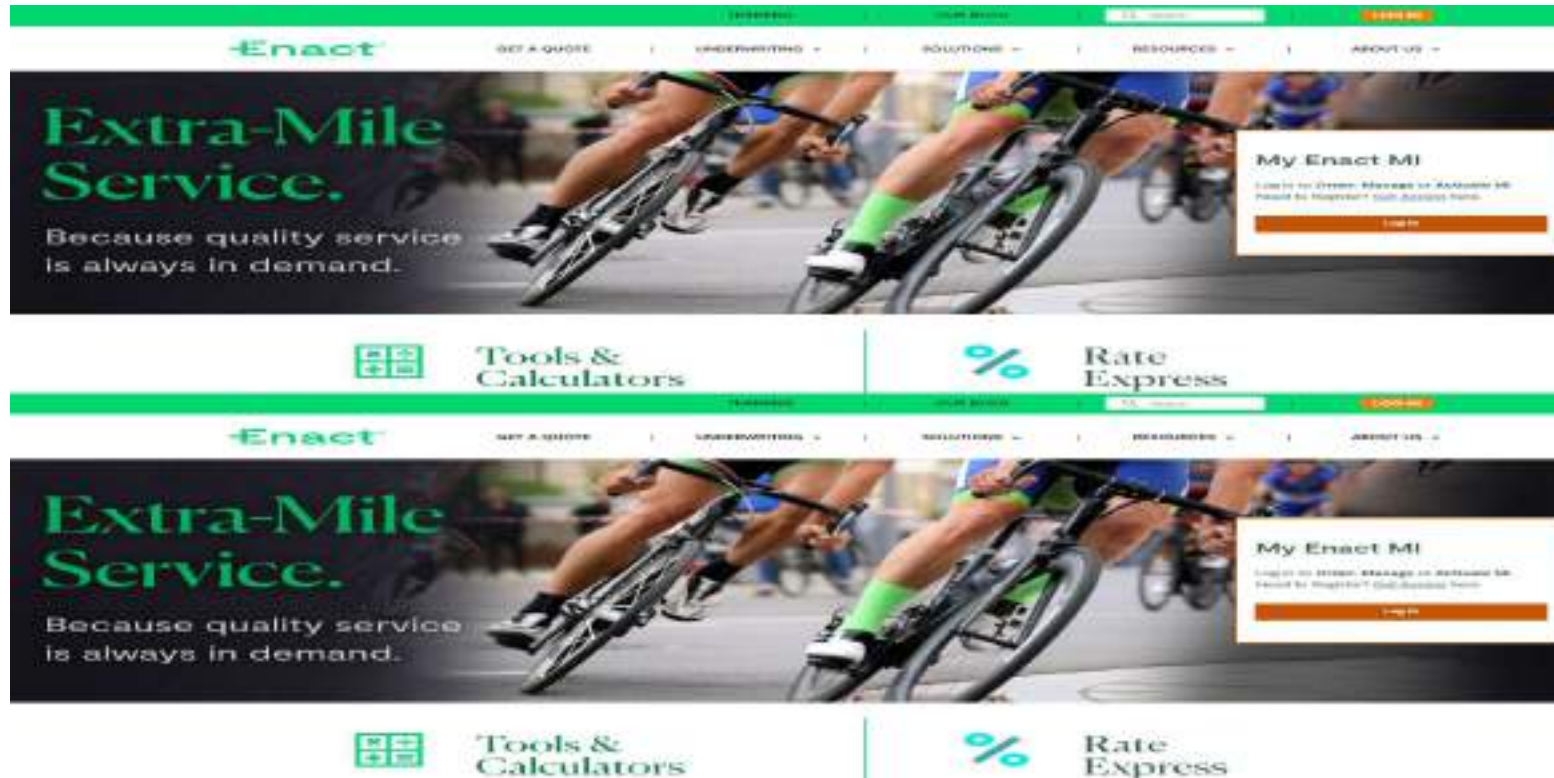
What if the person applying for a loan isn't who they say they are? Here's a new twist on misrepresentation we recently investigated.



True Lies: Allies in the Fraud Fight

Our QC and SFFR teams work together closely to identify fraud and reduce the risk it poses. Here, we look at one real-world example.

EnactMI.com



Enact Rate Express[®]

The screenshot shows the Enact Rate Express registration form. At the top, there is a green navigation bar with links for TRAINING, OUR BLOG, a search bar, and a LOG IN button. Below this is a white navigation bar with the Enact logo and links for GET A QUOTE, UNDERWRITING, SOLUTIONS, and RESOURCES. The main content area is titled "Rate Express" and contains two identical registration steps. Each step features a progress indicator with three stages: "Your Information" (active), "Loan Information", and "MI Information". Below the progress indicator, the text reads "Enter email address to access Rate Express." The first step includes a text input field for "Email *" with the placeholder text "Business Email" and a "Continue" button. Below the input field, there is a link "Need to register?" followed by a "GET ACCESS" button.

Enact Underwriting Guidelines

The screenshot shows the Enact website's navigation bar with links for TRAINING, OUR BLOG, and a search bar. Below the navigation is the Enact logo and a menu with links for GET A QUOTE, UNDERWRITING, SOLUTIONS, and RESOURCES. The main content area features the title "Enact MI Underwriting Guidelines" and a paragraph explaining the importance of the document. Below this is a section titled "Underwriting Guidelines and Credit Policy Updates" with a sub-header and a paragraph of text. At the bottom, there are four links to PDF documents, each with a PDF icon, a title, an effective date, and a link to an archive or past bulletin.

TRAINING | OUR BLOG |

Enact GET A QUOTE | UNDERWRITING | SOLUTIONS | RESOURCES





Enact MI Underwriting Guidelines

One of the most important documents on our website! Download the Enact MI Underwriting Guidelines for details on how we evaluate loans submitted for mortgage insurance. You can also access Credit Policy update recaps, and information about our Peak Portfolio program.

Underwriting Guidelines and Credit Policy Updates

Looking for a specific guideline like Jumbo loans? Construction to permanent? For specific guidelines, try searching within the document or use the linked Table of Contents.

For more underwriting resources, check out our selection of underwriting courses in Training Resources.



 Underwriting Guidelines Effective Date 1-2-2024	ARCHIVE	 Peak Portfolio Underwriting Guidelines* Effective Date 1-12-2024	ARCHIVE
 Delegated Underwriting Program Guide Effective Date 6-14-2022		 Credit Policy Bulletin 2024-01: Updates to Underwriting Guidelines Manual Effective Date 1-12-2024	PAST BULLETIN

Enact Training Resources

For the best experience, log in to your existing account or create a new account before registering for a training course. Click Here to Login



Enact MI Training

 <p>Hot Topics</p>	 <p>Assets</p>	 <p>Income</p>	 <p>Credit/Liabilities</p>	 <p>Appraisal/Collateral</p>
 <p>Fannie Mae and Freddie Mac</p>	 <p>Mortgage Industry</p>	 <p>Leveraging Mortgage Insurance</p>	 <p>Professional Development</p>	 <p>Webinars</p>

Enact Training Resources

Income Calculation Tools by Enact MI

We get it, mental math is hard. That's why Enact provides a collection of downloadable calculators and reference guides to help you analyze a self-employed borrower's average monthly income and expenses.

Please note that these tools offer suggested guidance, they don't replace instructions or applicable guidelines from the GSEs.

Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.



XLSX

Income Calculation Worksheet

Use this form to calculate income.

UPDATED



XLSX

Fannie Mae Form 1084 Calculator (2023-2022)

Calculate and analyze cash flow to help you complete Fannie Mae form 1084.

UPDATED



XLSX

Fannie Mae Form 1084 Calculator XLS (2023-2022)

Calculate and analyze cash flow to help you complete Fannie Mae form 1084.

UPDATED



XLSX

Freddie Mac Form 91 Calculator (2023-2022)

Quick reference guide and income analysis for Freddie Mac Form 91.

UPDATED



XLSX

Freddie Mac Form 92 Calculator (2023-2022)

Form 92 Net Rental Income Calculators – Schedule E.

UPDATED



XLSX

Rental Income Calculator (2023-2022)

Assists in calculating rental income from IRS form 1041 Schedule E.

UPDATED



XLSX

Quick Ratio – Liquidity Calculator (2023-2022)

Calculate an organization's liquidity against current liabilities.

UPDATED



XLSX

Current Ratio – Liquidity Calculator (2023-2022)

Calculate working capital liquidity against current liabilities.

UPDATED



XLSX

Fannie Mae Rental Guide (Calculator 1027)

Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1027 (Principal Residence, 2- to 4-unit Property).

Your Enact Resources

- ActionCenter®: 800-444-5664 Action.Center@EnactMI.com
- Your Local Enact Regional Underwriter AskRU@EnactMI.com
- Your Enact Sales Representative

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