

The MGIC logo is positioned in the top right corner of the slide. It consists of the letters "MGIC" in a bold, black, sans-serif font. The slide's background is decorated with abstract geometric shapes in red, blue, black, and light blue, primarily located in the top and right corners. A large red circle with a black outline is situated on the left side of the slide, above a black triangular shape that points downwards. Below these elements is a horizontal band of light blue horizontal stripes.A magnifying glass icon is located on the left side of the slide. It features a large red circle with a black outline, representing the lens, and a black triangular shape pointing downwards, representing the handle. Below the magnifying glass is a horizontal band of light blue horizontal stripes.

Preventing Mortgage Fraud

Take a Closer Look

Legal disclaimer

MGIC

The materials included in this presentation are intended for general information only. This presentation is not intended to be complete or all-inclusive regarding the matters discussed herein, and nothing contained in this presentation is intended, or should be relied upon, as legal, accounting, compliance or other professional advice.

Although MGIC believes the information set forth in this publication is generally accurate, the information may be outdated due to the rapidly changing nature of the residential mortgage industry, and MGIC does not warrant the accuracy, reliability or completeness of any information contained in this publication.

The information in this publication is culled from a variety of business and mortgage industry sources. Attribution is given where deemed necessary. Opinions and insights expressed herein do not necessarily represent the views of MGIC.

In the news!

MGIC

THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT of GEORGIA

HOME ABOUT NEWS MEET THE U.S. ATTORNEY

U.S. Attorneys » Northern District of Georgia » News

THE UNITED STATES ATTORNEY'S OFFICE
DISTRICT of NEW JERSEY

HOME ABOUT NEWS U.S. ATTORNEY DIVISIONS PROGRAMS FA

U.S. Attorneys » District of New Jersey » News

Department of Justice

U.S. Attorney's Office

District of New Jersey

SHARE

FOR IMMEDIATE RELEASE

Thursday, April 22, 2021

Nevada Man Sentenced to 18 Months in Prison for Defrauding Banks in \$9 Million Shotgun Mortgage Fraud Scheme

NEWARK, N.J. – A Henderson, Nevada, man was sentenced today to 18 months in prison for his role in a scheme to use bogus information and simultaneous loan applications at multiple banks – known as “shotgunning” – to attempt to obtain home equity lines of credit (HELOCs), Acting U.S. Attorney Rachael A. Honig announced.

Joseph A. Gonzalez, 46, previously pleaded guilty before U.S. District Judge John Michael Vazquez to Count One of an indictment charging him with one count of conspiracy to commit bank fraud. Judge Vazquez imposed the sentence today by videoconference. Gonzalez is the sixth person to plead guilty as part of the scheme.

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

THE UNITED STATES ATTORNEY'S OFFICE
DISTRICT of SOUTH CAROLINA

HOME ABOUT MEET THE U.S. ATTORNEY NEWS DIVISIONS PROGRAM

THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT of NEW YORK

HOME ABOUT PRIORITIES NEWS RESOURCES PROGRAMS E

U.S. Attorneys » Southern District of New York » News » Press Releases

Department of Justice

U.S. Attorney's Office

Southern District of New York

SHARE

FOR IMMEDIATE RELEASE

Wednesday, January 25, 2023

Former Suffolk County Legislator And Co-Conspirator Convicted Of Defrauding Mortgage Lender Out Of More Than A Quarter Of A Million Dollars

Damian Williams, the United States Attorney for the Southern District of New York, announced the convictions of GEORGE GULDI, a former Suffolk County legislator and disbarred attorney, and VICTORIA DAVIDSON for defrauding Ditech Financial LLC, a mortgage lender, out of more than a quarter of a million dollars. The jury convicted GULDI and DAVIDSON of all counts following an approximately two-week trial before U.S. District Judge Alvin K. Hellerstein.

U.S. Attorney Damian Williams said: “George Guldi, while in prison, concocted and conducted a scheme along with his co-conspirator, Victoria Davidson, to brazenly steal more than \$250,000 through blatant lies. Today, a jury held them accountable for their scheme, and they will both face justice for their shameless misconduct.”

According to the Complaint, the Superseding Indictment, court filings, evidence presented during the trial, and public information:

In February 2017, Ditech Financial LLC (“Ditech”), a mortgage lender, received a payment of approximately \$250,000 from JPMorgan Chase in connection with the settlement of a civil lawsuit between several financial institutions. Ditech mistakenly treated the funds as a payment from GULDI toward his own mortgage, and it sent a letter to GULDI in March 2017 stating that it would not credit the payment because he owed more than the payment.

The MGIC logo is displayed in white, bold, sans-serif capital letters against a black background.

Fraud topics

- What is it and what are its effects?
- Numbers & geography
- Fraud types/schemes
- Red flags
- Industry alerts
- Resources



The MGIC logo is displayed in a bold, black, sans-serif font in the top right corner of the slide.

“Mortgage fraud” defined as...

Falsification of any information that is given in order to receive a mortgage on real estate property.

FBI definition:

- ✓ A **crime** characterized by a material misstatement, misrepresentation or omission in relation to a mortgage loan, which is then relied upon by a lender
- ✓ A **lie** that influences a bank’s decision to approve a loan, accept a reduced payoff amount or agree to certain repayment terms



Why is mortgage fraud awareness important?

MGIC

- Damages communities
- Leads to riskier lending
- Affiliated with money-laundering and other criminal behavior
- Creates greater losses due to higher defaults



Fraud for housing (property)

MGIC



- Primary motivation = own a home
- Borrower intends to:
 - Occupy home and repay; or
 - Help family as front buyer by “co-signing”
- Borrower misrepresents self to own property
- Usually involves one loan

Fraud for profit

MGIC



- Primary motivation = financial gain
- Involves multiple:
 - Misrepresentations
 - Participants (borrower, loan originator, appraiser, attorney, closing agent, real estate agent)
 - Loans and properties involving significant amounts of money
- Participants are often paid

Geographical trends



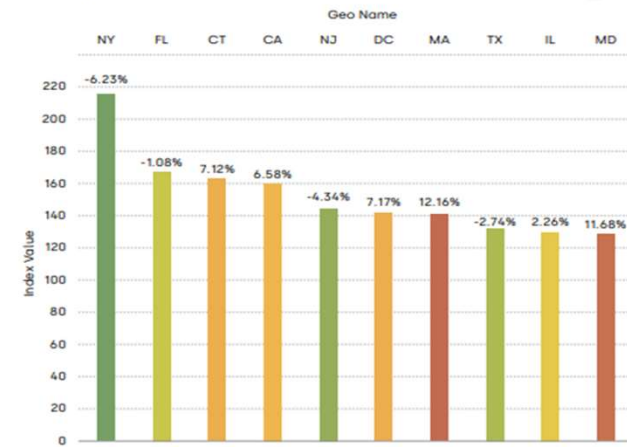
Mortgage Fraud Risk Highlights

By State

Top Ten States with the Highest Application Fraud Risk

New York and Florida retain the top two spots, despite decreases in risk in both states. Connecticut moved into the top three thanks to an over 7% increase in risk. Maryland, Illinois, and Massachusetts are new to the top ten for 2023.

State Top 10 Index YoY%

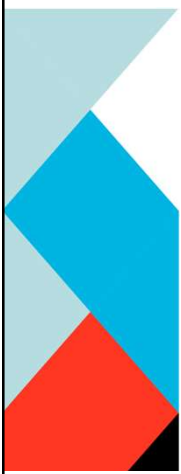
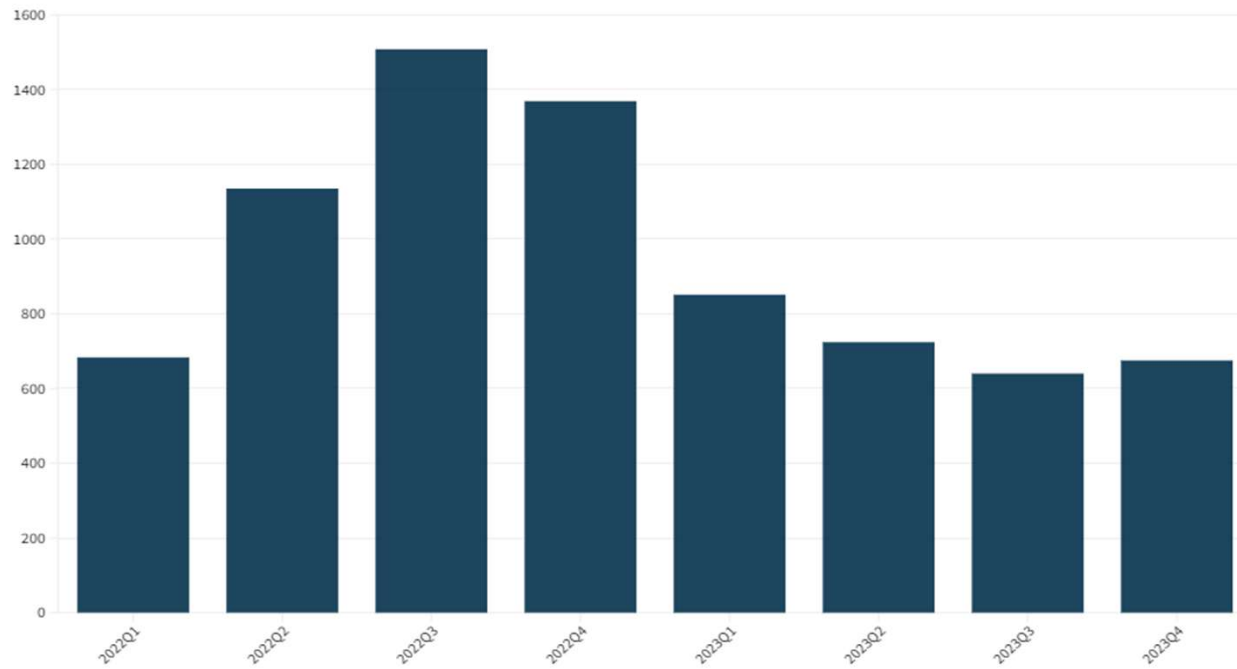


Fraud tips



Fraud Tip Volumes Stabilized in 2023

Fraud tips received Q1 2022 - Q4 2023



Source: Fannie Mae Q4 2023

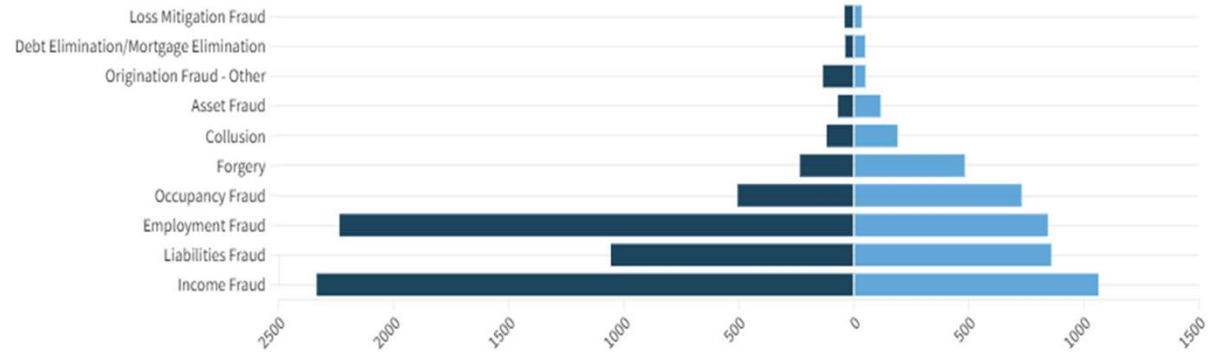
Fraud tip characteristics



Income and Liabilities Comprise the Majority of Tips That Result In Recent Investigative Findings

Closed fraud tips with findings (rolling 12-month comparison)

■ Q1 2022 - Q4 2022 ■ Q1 2023 - Q4 2023



A Flourish data visualization

Source: Fannie Mae Q4 2023

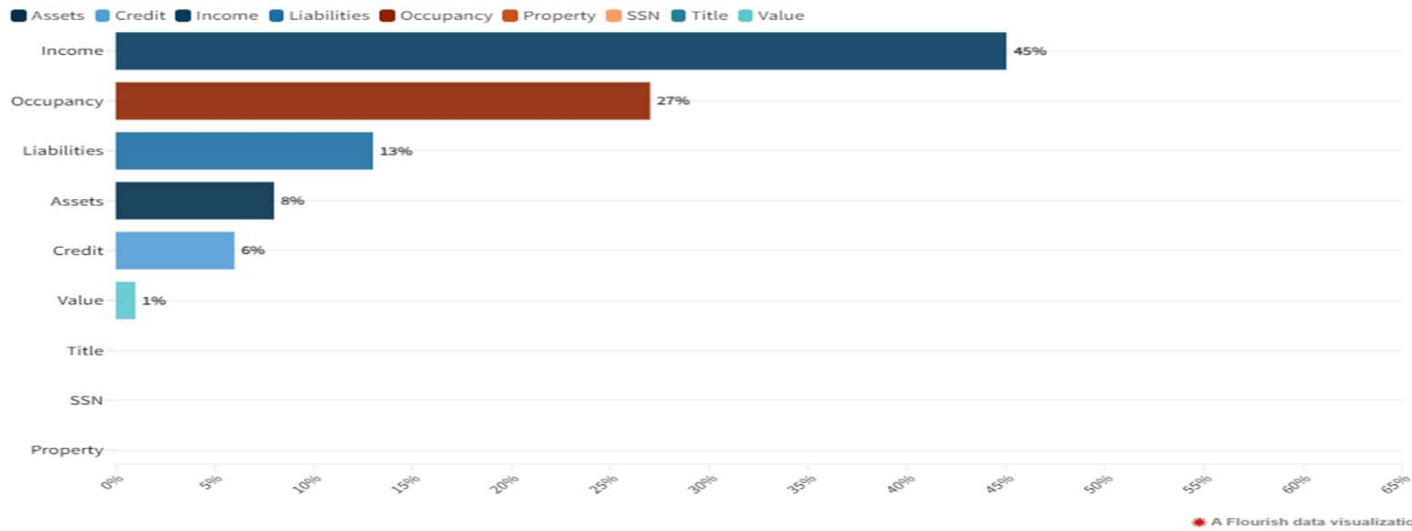
Fraud investigative findings



Income Continues to be the Most Prevalent Finding

Percentage based on loans with mortgage fraud investigative findings 2020 – 2023

2023



Fannie Mae – Mortgage fraud loan trends

Fraud trends

MGIC

Fraud Types

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.

↑ **12.0%**

Q2 2023 compared to Q2 2022

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.

↑ **11.8%**

Q2 2023 compared to Q2 2022

Income Fraud Risk

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

↑ **6.2%**

Q2 2023 compared to Q2 2022

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.

↑ **1.9%**

Q2 2023 compared to Q2 2022

Property Fraud Risk

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

↑ **1.8%**

Q2 2023 compared to Q2 2022

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.

↓ **17.3%**

Q2 2023 compared to Q2 2022

Source: National Fraud Trends – National Mortgage Fraud Index

Higher risk for fraud

MGIC

Fannie Mae

QUALITY INSIDER

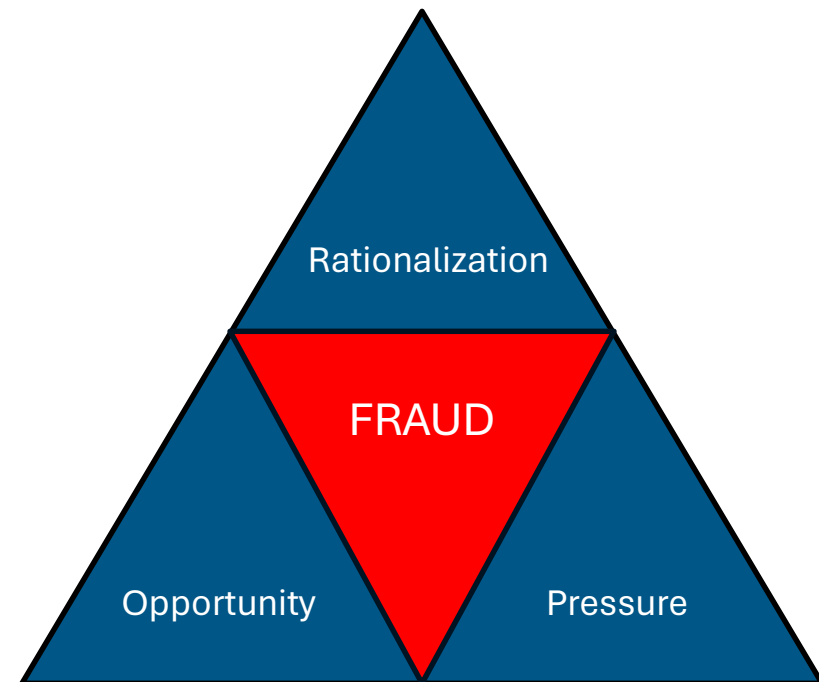
Lenders have a responsibility to respond to the increase in fraud and misrepresentation. Among the tools in their toolbox:

- Use a critical eye and heightened sense of awareness during this time period.
- Create a rules engine that pulls loans with certain characteristics/red flags.
- Establish a tipline within your organization.
- Confirm quality control (QC), operations, and sales team members receive regular fraud training.

© 2023 Fannie Mae

July 2023

1



14

Fraud schemes

MGIC

- Straw buyer
- Affinity fraud
- Reverse occupancy
- Air loan
- Builder bailout/condo conversion
- Shot gunning/double sale
- Property flip or flop
- Buy and bail
- Foreclosure rescue



Scheme #1

Straw buyers

The MGIC logo is displayed in a bold, black, sans-serif font.

- Used to disguise true buyer or nature of transaction
- Allow someone else to use their credit to obtain mortgage
- May be paid for their involvement; loan is part of a bigger scheme
- Lender qualifies straw buyer:
 - Mortgage loan closes in straw buyer's name
 - Straw buyer doesn't intend to occupy property or repay mortgage loan
- Mortgage payments made by another entity

16

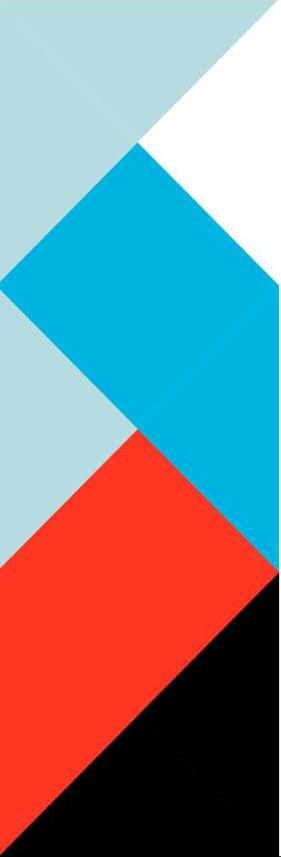


Straw buyers

Red flags



MGIC

- 
- First-time homebuyer with substantial increase in housing expense
 - Income, savings and/or credit history are inconsistent with applicant's overall profile
 - Gift funds used for down payment and/or closing costs, minimum borrower contribution
 - No real estate agent involved (non-arms-length transaction)
 - Names added/deleted from sales contract

Scheme #2

Affinity fraud

MGIC



- Perpetrators rely on common bond and exploit the **trust and friendship** within in a particular group of individuals
- Borrowers frequently preyed upon are of **similar ethnic, religious, professional or age-related groups**

18

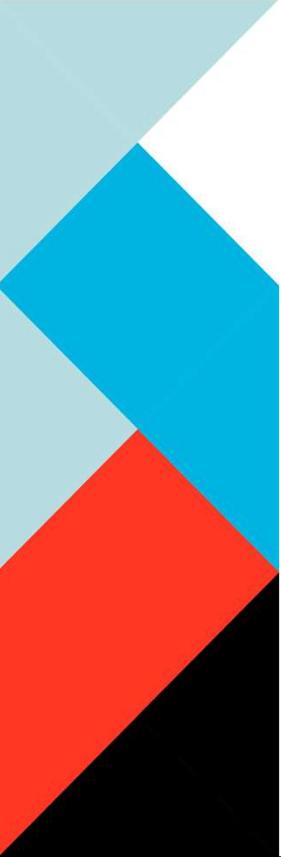


Affinity fraud

Red flags



MGIC

- 
- Parties to the transaction have a common bond
 - Common surnames for multiple parties to transaction
 - Borrower's excessive assets don't align with profession
 - Down payment is large gift from group members
 - Borrower works for group member
 - Common tactics:
 - Use of straw buyers
 - Falsified gifts
 - Altered employment/asset documentation

19

Scheme #3

Reverse occupancy

MGIC



Freddie Mac
Single-Family



**True Lies: Reigning in Reverse
Occupancy**

20

Scheme #3

Reverse occupancy

MGIC



- Borrower buys home as an investment property
- Rental income is used to help qualify the borrower for the loan
- Instead of renting, the borrower occupies the home (or one of its units)
- Borrower does not receive the amount of rental income used for loan qualification

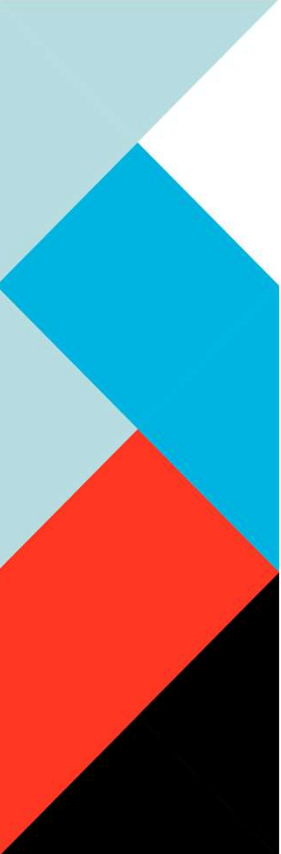
21



Reverse occupancy

Red flags

**MGIC**

- 
- Borrower:
 - Is a first-time homebuyer
 - Has little or no established credit
 - Has low income
 - Has significant liquid assets for large down payment
 - Presents “rent free” letters – no current housing obligation
 - Hazard insurance is for owner-occupied property



Combat fraud

MGIC



24

Combat fraud

MGIC

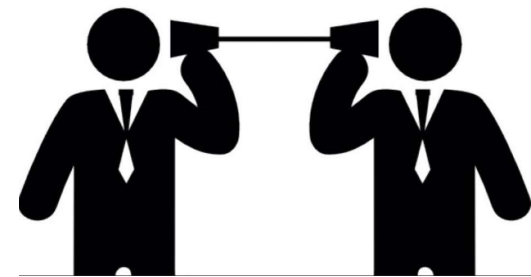
WHAT CAN I DO?



Combat fraud

MGIC

- Tyas niofmrde
- Uedceta
- Eb wraae
- Reash

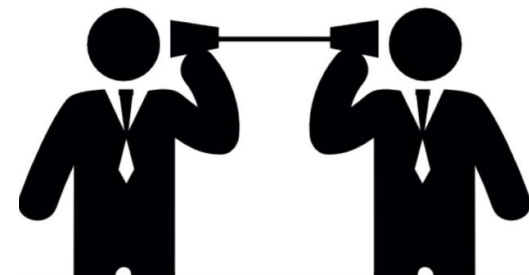


26

Combat fraud – Answers

MGIC

- Tyas niofmrde **Stay informed**
- Uedceta **Educate**
- Eb wraae **Be aware**
- Reash **Share**



27

DU potential red flag messages

MGIC



“Based on credit data received - borrower has frozen their account with one of the credit repositories.”

What should you do?

- Verify borrower’s identity
- Review loan application and file documentation for disclosed liabilities/derogatory credit

DU potential red flag messages

MGIC



“Based on information provided on prior submission, it appears the subject property address and/or Doc File ID have been modified.”

What should you do?

- Confirm current submission data
- Confirm previous submission data
- Ensure no other loans were delivered with same case file ID

DU potential red flag messages

MGIC



“Excessive resubmissions.”

What should you do?

- Confirm loan application accuracy
- Review appraisal/appraised value
- Ensure accuracy/integrity of borrower’s asset and income data

Freddie Mac – True Lies

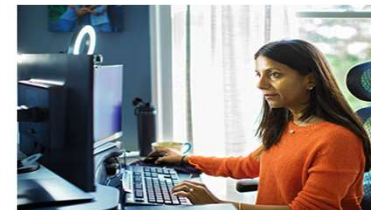
MGIC



True Lies: The Lies Caught Up With Her
Liars 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.



Fraudcast Episode 2: Investigating Suspicious IRS Transcripts
Even with trusted sources like tax returns, what you see isn't always what you get.



True Lies: A Child Support Ruse
In two recent cases, we found fraud in an unsuspected place – child support documentation used as borrower income.



True Lies: When Employers Twist the Truth
Two borrowers. One employer. Different paystubs. And that was just one example of income misrep we investigated.



[Fraud Prevention and Best Practices - Freddie Mac Single-Family](#)

Fraud alert – Freddie Mac

MGIC



Fraud alert – Freddie Mac

MGIC

Freddie Mac
Single-Family

- Loans originated by same loan officer
- Originator used fabricated child support documentation to help borrowers qualify
- Loan application listed child support payments as a source of income
- Falsified documentation included bank statements

33

Fraud alert

MGIC



Fannie Mae

Misrepresentation of Income Using Fabricated/ Altered Public Records Documenting Alleged Court-Ordered Child and Spousal Support Payments (Northern California)



Fannie Mae's Mortgage Fraud Investigations unit alerts the industry to potential and active mortgage fraud scenarios.

This alert addresses loans originated in Northern California.

We have observed misrepresented child support income in numerous loans that were originated in Northern California over the past several months.

Hallmarks of the scheme include:

- Commonality of real estate agents involved in selling the subject properties
- Bank statements and canceled checks are created to support falsified child support income
- Borrowers have no other source of income
- Child and spousal support documentation provided in the loan files do not match public records regarding those same persons; altered court documentation with case numbers that begin with "HF" (State of California court case numbers do not begin with "HF")

Without the misrepresented income, the borrowers would not qualify for the loan.

What can lenders do?

Take special caution on any loans containing spousal or child support as the primary income for the borrower. Refer to public record data to determine the authenticity of supporting documents contained in the loan file.

If suspicion of fraud exists

- Follow established policies and procedures within your organization and the Fannie Mae *Selling Guide*.
- Follow the "Report Mortgage Fraud" instructions on the [Mortgage Fraud Prevention web page](#).

More general steps lenders can take to detect and prevent fraud

- Know your third-party originators/brokers.
- Be "fraud smart" by educating your staff.
- Establish a zero-tolerance fraud policy.
- Share information within your organization.
- If the loan doesn't make sense, don't do it!
- Report any suspicious activity through established channels.

Watch for further "Fraud Alerts" and potential updates to this fraud alert by monitoring the [Mortgage Fraud Prevention web page](#).

34

Fraud alert – Freddie Mac

MGIC

Freddie Mac
Single-Family

What can you do?

- Closely review child support documentation
 - Recognize unusual patterns
 - If it seems odd, verify online
- Validate by searching public records
 - Verify case numbers on court's website
 - Verify monthly amount

35

Fraud alert

MGIC



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.
- 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 retaining services of appraisers and other outside vendors.
- Utilize all available public records and licensing agencies in determining the validity of third-party documentation (including addresses) within loan files.

If suspicion of fraud exists

- Follow established policies and procedures within your organization and the [Fannie Mae Selling Guide](#).
- Complete and submit the [Suspected Mortgage Fraud Report](#) on the [Mortgage Fraud Prevention web page](#).

More general steps lenders can take to detect and prevent fraud

- Know your third-party originators/brokers
- Be "fraud smart" by educating your staff
- Establish a zero-tolerance fraud policy
- Share information within your organization
- If the loan doesn't make sense, don't do it!
- Report any suspicious activity through established channels

36

Fraud alert – Freddie Mac

MGIC



True Lies: Beware Phantom Employers

Fraud alert – Freddie Mac

MGIC



- Employees created fictitious companies
- Websites and phone numbers were created to add authenticity
- Further investigation revealed:
 - Facilitating broker maintained a binder
 - Loan packages were sent on to other brokers before closing
 - Many files contained falsified college diplomas

38

Fraud alert – Freddie Mac

MGIC

Freddie Mac
Single-Family

What can you do?

- Closely review company's website
 - Ensure typical information is included on the website, i.e., hours of operation and contact information
- Confirm with other searches

39

What are “red flags”?

MGIC

Inconsistencies in a loan file

- ✓ Tip-off file contains misrepresentations
- ✓ Not always fraud
- ✓ Several red flags may signal a fraudulent transaction



40



The 4 Cs

MGIC

Credit: Borrowers' willingness to repay a loan

Capital: Borrowers' investment in the property from savings & other sources

Collateral: Property's value & marketability to provide adequate security for the loan based on an appraisal

Capacity: Borrowers' ability to repay based on the amount & stability of income



Credit report Red flags

MGIC

Fraud alert

- Cautionary flag placed on a consumer's credit file
- Notifies creditors to cautiously ensure consumer's identity prior to lending
- Alerts can appear as general or specific
- Diligently review and address alerts



Credit report Red flags

MGIC

Fraud detection services

- Tools used by credit reporting agencies
- Searches for fraudulent or incorrect information related to borrower
- Discrepancies appear on credit report
 - SSN issued within past 24 months
 - Borrower associated with a decedent



Capacity Red flags

MGIC

- Annual, YTD or past-year earnings rounded dollars
- Generic job title: “manager” or “vice president”
- Income inconsistent
 - with occupation
 - length of time at employer
 - education level
- Recent large pay increases
- Other loan file documentation conflicts



Capacity Red flags continued

MGIC

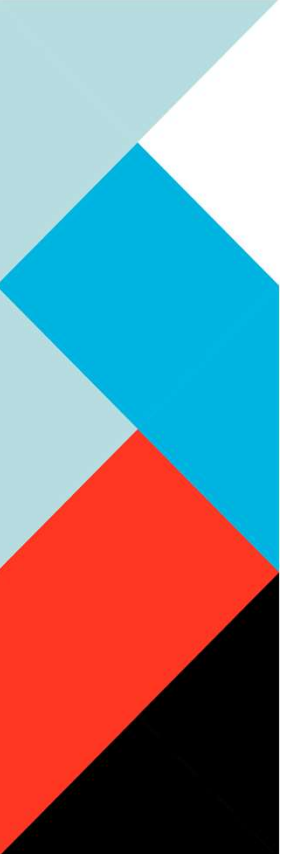
Key indicators of a fake paystub

- Watch out for typos
- Distorted watermarks or missing logos
- The numbers don't add up or unusual tax deductions
- Other loan file documentation conflicts



Assets Red flags

**MGIC**

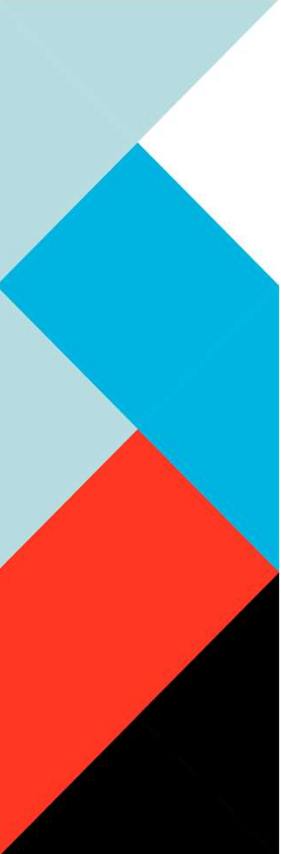
- 
- Web statement, URL (compare to paper documentation)
 - Is the account holder's name and address consistent with other loan documents?
 - Misalignments
 - Excessive balance in checking vs. savings account



Assets

Red flags continued

**MGIC**

- 
- Bank statements: do beginning balances - debits + credits = ending balances?
 - Deposits are inconsistent with reported income
 - Earnest money and/or funds to close from accounts not verified
 - Significant debit card and/or ATM activity outside borrower's general area



Appraisal Red flags

MGIC

- Seller is a business
- Property transferred within past 12 months
- Purchase price substantially higher/lower than predominant market value
- Subject property obsolescence is minimized
- New construction/condo conversion and all comparable sales from subject development
- Map distorts distance of comparable sales
- Weather conditions in photos inconsistent with appraisal date

48



Lender due diligence

The MGIC logo is displayed in a bold, black, sans-serif font.

- Salary.com verifies income for area
- Other loan information supports:
 - Bank statement deposits in-line
 - High income earners = direct deposit
 - Assets align with income level
 - Property location reasonable distance from employer
 - Credit history (or lack of) aligns with income level
 - Employer is listed on credit report

Lender due diligence

The MGIC logo is displayed in a bold, black, sans-serif font in the upper right corner of the slide.

- Look for relationships
 - Family
 - Interested parties to the transaction
- Employer has a presence:
 - Website
 - Business license with the Secretary of State
 - Address is commercial space

Lender due diligence

MGIC

If unable to reconcile employment and income:

- ✓ Obtain additional paystubs, W-2s, tax returns
- ✓ Execute Form 4506T/4506C

Common discrepancies

MGIC

To be completed by the Lender:
Lender Loan No./Universal Loan Identifier _____ Agency Case No. _____

Uniform Residential Loan Application

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

Section 1: Borrower Information.

This section asks about your personal information and your income 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 (mm/dd/yyyy) _____	Citizenship <input type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident <input type="radio"/> Non-Permanent Resident
Type of Credit <input type="radio"/> I am applying for individual credit. <input type="radio"/> 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 separator between names: _____		
Marital Status <input type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Unmarried <small>(Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)</small>	Dependents (not listed by another Borrower) Number _____ Ages _____	Contact Information Home Phone () - () - _____ Cell Phone () - () - _____ Work Phone () - () - _____ Email _____	

Current Address
Street _____ Unit # _____
City _____ State _____ ZIP _____ Country _____
How Long at Current Address? _____ Years _____ Months **Housing** No primary housing expense Own Rent (\$ _____)

If at Current Address for LESS than 2 years, list Former Address Does not apply
Street _____ Unit # _____
City _____ State _____ ZIP _____ Country _____
How Long at Former Address? _____ Years _____ Months **Housing** No primary housing expense Own Rent (\$ _____)

Mailing Address – if different from Current Address Does not apply
Street _____ Unit # _____
City _____ State _____ ZIP _____ Country _____

1b. Current Employment/Self-Employment and Income

Does not apply

Employer or Business Name _____ Street _____ City _____ State _____ ZIP _____	Phone () - () - _____ Unit # _____ Country _____	Gross Monthly Income Base \$ _____ Overtime \$ _____ Bonus \$ _____ Commission \$ _____ Military Entitlements \$ _____ Other \$ _____ TOTAL \$ _____
Position or Title _____ Start Date _____ (mm/dd/yyyy) How Long in this line of work? _____ Years _____ Months	Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	
<input type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) \$ _____ <input type="radio"/> I have an ownership share of 25% or more. \$ _____		

Uniform Residential Loan Application
Freddie Mac Form 65 - Fannie Mae Form 1003
© 2013

- Primary/do not intend to occupy
- Employment/income
- Debt omissions
- Child support/No dependents
- Assets support information
- Earnest money

Lender due diligence – Reconcile discrepancies



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 \$ 180
Property Address

Occupancy

- 1. **Mixed-Use Property** for your own business
- 2. **Manufactured Home**

Section 5: Declarations. This section asks about your financial history.

5a. About this Property and Your Money for this Property

A. Will you occupy the property as your primary residence?
 If YES, have you had an ownership interest in another property in the last three years?
 If YES, complete (1) and (2) below:
 (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)?
 (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?

B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?

C. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application?
 If YES, what is the amount of this money?

NO YES
 NO YES

 NO YES
 NO YES
 \$

10. Special Conditions:

All appliances included in the sale.

All furnishings included in the sale.

Deposit shall be non-refundable due to rental agreement.

Follow-up resources

MGIC

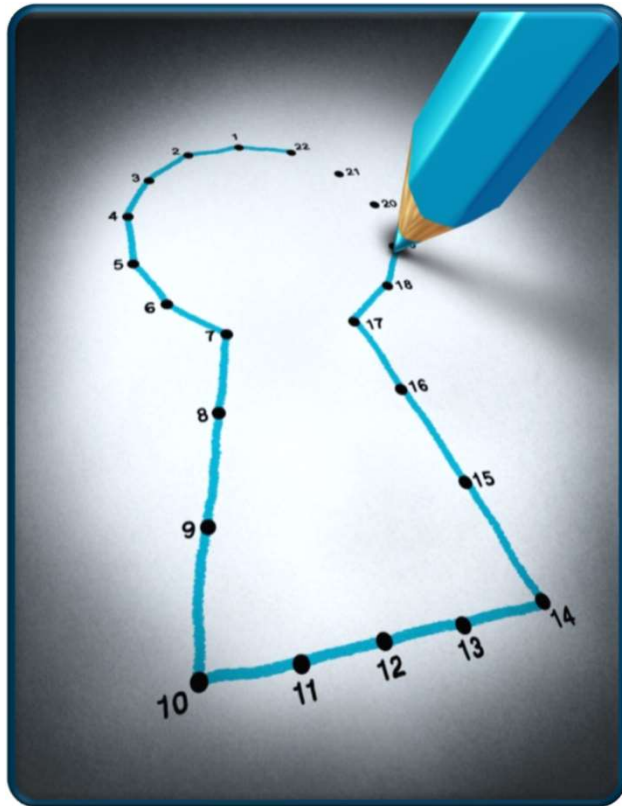


Directory of Secretary of State Offices and Websites

Form 4506-C (October 2022)			Department of the Treasury - Internal Revenue Service IVES Request for Transcript of Tax Return			OMB Number 1545-1872		
Do not sign this form unless all applicable lines have been completed. Request may be rejected if the form is incomplete or illegible. For more information about Form 4506-C, visit www.irs.gov and search IVES.								
1a. Current name				2a. Spouse's current name (if joint return and transcripts are requested for both taxpayers)				
i. First name	ii. Middle initial	iii. Last name/BMF company name		i. Spouse's first name	ii. Middle initial	iii. Spouse's last name		
1b. First taxpayer identification number (see instructions)				2b. Spouse's taxpayer identification number (if joint return and transcripts are requested for both taxpayers)				
1c. Previous name shown on the last return filed if different from line 1a				2c. Spouse's previous name shown on the last return filed if different from line 2a				
i. First name	ii. Middle initial	iii. Last name		i. First name	ii. Middle initial	iii. Last name		

What can YOU do?

MGIC



- Maintain awareness
- Trust - but verify
- Explore red flags
- Maintain a policy of zero fraud tolerance

56

Ask yourself ...

MGIC



- Are there inconsistencies in the file?
- Do any documents appear altered?
- Does the transaction make sense?

Finding fraud after the loan closes costs an additional 33% of the loan amount to investigate, process, etc.

57

Investigative resources

MGIC

Public information:
Business information:
Salary benchmarks:
Real estate databases:

searchsystems.net

secstates.com

salary.com

realtor.com

Fee based:

Consumer information:
Real estate data:
Employment/income:

lexisnexis.com

realquest.com

the.worknumber.com

Remember ...

MGIC

- Fraud types & **red flags** highlighted in this presentation are not all-inclusive!
- Not all **red flags** or inconsistencies indicate fraud – follow up on **red flags** with your manager



59

Resources

MGIC

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

Fannie Mae
Business Partners Homeowners & Renters About Us Research & Insights Newsroom Careers

SINGLE FAMILY Originating & Underwriting Pricing & Execution Delivering Servicing Learning Center Apps & Technology

Home / Mortgage Fraud Prevention

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
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

Beware of scams

[Report Suspected Fraud](#)

https://freddiemac.com/working-with-us/fraud-prevention/emerging-fraud-schemes


Freddie Mac Home Single-Family Division Multifamily Division Capital Markets Division Renters, Buyers and Owners

Freddie Mac SINGLE FAMILY Working with Us Technology Learning News & Insights Search [Seller/Service Guide](#)

Fraud Prevention and Best Practices


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

Special events

MGIC

