

Resources to Help You Combat Mortgage Fraud

Fannie Mae is committed to working with our industry partners to help combat mortgage fraud by offering you the following resources:

Training and education resources

To access these resources, please visit eFanniemae.com and look for the “Preventing Mortgage Fraud” link in the lower right hand section of the home page.

- **Classroom Training:** “Quality Assurance and Fraud Prevention” is a Housing Finance Institute class offered on a regular basis that reviews Fannie Mae requirements for implementing a sound quality assurance program and identifying signs of potential mortgage fraud.
- **Online Seminars:** “Basics of Mortgage Fraud” is a monthly Web seminar that discusses various types of mortgage fraud, shares tips for detecting mortgage fraud, and identifies common “red flags” to look for when analyzing mortgage loan applications.
- **Online Publications:** Publications include “Originating Quality Mortgages,” “Monthly Mortgage Fraud Update”, articles from our “Focus On...” series, and other materials.

Other resources

- **Consultative Services:** Onsite consultation services are available to share best practices to combat mortgage fraud. Contact Debra Brown at (404) 398-6126 for more information.
- **DU[®] Red Flag Messaging:** Within Desktop Underwriter[®] (DU), if the system recognizes a loan that has characteristics that may indicate potential fraudulent activity, DU automatically sends a “Red Flag” message. This message will alert the DU user of the potential issue. Our DU Help Center provides a list of the DU red flag messages along with recommendations on how to respond to them.
- **Dedicated Anti-Fraud Team:** Fannie Mae has a dedicated anti-fraud analysis, investigations, and reporting department that monitors and investigates mortgage-related fraud incidents around the country. This team publishes our “Monthly Mortgage Fraud Update”, available on eFanniemae.com.
- **Fraud Reporting:** Report possible mortgage fraud directly to Fannie Mae via our Web site, eFanniemae.com, or by calling our Fraud Tips Hotline at 1-800-732-6643.

For more information

For additional information, please visit our Web site or contact your Customer Account Manager. Also, please see page 2 for a partial listing of common red flags taken from our publication “Originating Quality Mortgages”.

Common Red Flags that may indicate mortgage fraud:

Mortgage Application

- Significant or contradictory changes from handwritten to typed application
- Unsigned or undated application
- Employer's address shown only as a post office box
- Significant or unrealistic commute distance
- Borrower is downgrading from a larger or more expensive house
- Loan purpose is cash-out refinance when property was recently acquired.
- Borrower intends to rent or sell current residence with no documentation
- Buyer currently resides in property
- Same telephone number for borrower and employer

Credit Report

- No credit history (possible use of alias)
- Invalid Social Security number or variance from that on other documents
- Duplicate Social Security number or additional user of Social Security number
- Recently issued Social Security number
- Liabilities shown on credit report that are not on mortgage application
- Significant differences between original and new credit report
- Also Known As (AKA) or Doing Business As (DBA) indicated

Employment and Income Documentation

- Employer's address is a P O Box, the property address, or borrower's current residence
- Numbers that appear to be "squeezed"
- Even dollar amount in year-to-date or past-year earnings
- Employer unable to be contacted
- Handwritten VOE, pay stubs, or W-2 forms
- W-2 form presented is not the employee's copy
- Income appears to be out of line with type of employment
- Tax returns not signed or dated
- Borrower with substantial cash in bank reporting little or no interest income
- Borrower reporting substantial income but no cash in bank

Appraisal

- Appraisal ordered by a party to the transaction
- Comparable properties are a significant distance from the subject
- Occupant shown to be tenant or unknown
- Significant appreciation in short period of time
- Appraisal indicates transaction is a refinance when it is a purchase
- Large positive adjustments made to comparable properties
- "For Rent" sign appears in photographs
- Appraisal dated before sales contract
- Owner is someone other than seller shown on sales contract
- Prior sales are listed for subject and/or comparables without adequate explanation