

FEDERAL BUREAU OF INVESTIGATION

Albany (518) 465-7551	www.FBI.gov	Norfolk (757) 455-0100
Albuquerque (505) 889-1300	Indianapolis (317) 639-3301	Oklahoma City (405) 290-7770
Anchorage (907) 276-4441	Jackson (601) 948-5000	Omaha (402) 493-8688
Atlanta (404) 679-9000	Jacksonville (904) 721-1211	Philadelphia (215) 418-4000
Baltimore (410) 265-8080	Kansas City (816) 221-6100	Phoenix (602) 279-5511
Birmingham (205) 326-6166	Knoxville (865) 544-0751	Pittsburgh (412) 432-4000
Boston (617) 742-5533	Las Vegas (702) 385-1281	Portland (503) 224-4181
Buffalo (716) 856-7800	Little Rock (501) 221-9100	Richmond (804) 261-1044
Charlotte (704) 377-9200	Los Angeles (310) 477-6565	Sacramento (916) 481-9110
Chicago (312) 421-6700	Louisville (502) 583-3941	St. Louis (314) 231-4324
Cincinnati (513) 421-4310	Memphis (901) 747-4300	Salt Lake City (801) 579-1400
Cleveland (216) 522-1400	Miami (305) 944-9101	San Antonio (210) 225-6741
Columbia (803) 551-4200	Milwaukee (414) 276-4884	San Diego (858) 565-1255
Dallas (972) 559-5000	Minneapolis (612) 376-3200	San Francisco (415) 553-7400
Denver (303) 629-7171	Mobile (251) 438-3674	San Juan (787) 754-6000
Detroit (313) 965-2323	Newark (973) 792-3000	Seattle (206) 622-0460
El Paso (915) 832-5000	New Haven (203) 777-6311	Springfield (217) 522-9675
Honolulu (808) 566-4300	New Orleans (504) 816-3000	Tampa (813) 253-1000
Houston (713) 693-5000	New York (212) 384-1000	Washington, D.C. (202) 278-2000

U.S. Department of Justice

Federal Bureau of Investigation



MORTGAGE FRAUD IS INVESTIGATED BY THE FBI



Mortgage Fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.

Some of the applicable Federal criminal statutes which may be charged in connection with Mortgage Fraud include:

- 18 U.S.C. § 1001 - Statements or entries generally
- 18 U.S.C. § 1010 - HUD and Federal Housing Administration Transactions
- 18 U.S.C. § 1014 - Loan and credit applications generally
- 18 U.S.C. § 1028 - Fraud and related activity in connection with identification documents
- 18 U.S.C. § 1341 - Fraud and swindles by Mail
- 18 U.S.C. § 1342 - Fictitious name or address
- 18 U.S.C. § 1343 - Fraud by wire
- 18 U.S.C. § 1344 - Bank, Postal
- 18 U.S.C. § 1345 - Bank, Postal
- 42 U.S.C. § 4062(a) - Public Social Security Number

Unauthorized use of FBI seal, name, and title in relation to products, trade names, etc., and use of FBI or other Federal names, the authority to mark, advertise or otherwise allow the public to associate with the Federal Bureau of Investigation, and other information is prohibited.

Mortgage Fraud Awareness & Prevention Tips

Criminal Investigative Division
Financial Crimes Section

Mortgage Fraud Awareness and Prevention Tips

Spring 2007

TIPS TO PROTECT YOU FROM BECOMING A VICTIM OF MORTGAGE FRAUD

- a. Get referrals for real estate and mortgage professionals. Check the licenses of the industry professionals with state, county, or city regulatory agencies.
- b. If it sounds too good to be true, it probably is. An outrageous promise of extraordinary profit in a short period of time signals a problem.
- c. Be wary of strangers and unsolicited contacts, as well as high-pressure sales techniques.
- d. Look at written information to include recent comparable sales in the area, and other documents such as tax assessments to verify the value of the property.
- e. Understand what you are signing and agreeing to. If you do not understand, re-read the documents, or seek assistance from an attorney.
- f. Make sure the name on your application matches the name on your identification.
- g. Review the title history to determine if the property has been sold multiple times within a short period. It could mean that this property has been "flipped" and the value falsely inflated.
- h. Know and understand the terms of your mortgage. Check your information against the information in the loan documents to ensure they are accurate and complete.
- i. Never sign any loan documents that contain blanks. This leaves you vulnerable to fraud.
- j. Check out the tips on the Mortgage Bankers Association's (MBA) website at <http://www.StopMortgageFraud.com> for additional advice on avoiding mortgage fraud.

Mortgage Debt Elimination Schemes

- a. Be aware of e-mails or web-based advertisement that promote the elimination of mortgage loans, credit card and other debts while requesting an up-front fee to prepare documents to satisfy the debt. The documents are typically entitled Declaration of Debt, Voidance, Bond for Discharge of Debt, Bill of Exchange, Due Bill, Redemption Certificate, or other similar variations. These documents do not achieve what they purport.
- b. There is no magic cure-all to relieve you of debts you incurred.
- c. Borrowers may end up paying thousands of dollars in fees without the elimination or reduction of any debt.

Foreclosure Fraud Schemes

- a. Perpetrators mislead the homeowners into believing that they can save their homes in exchange for a transfer of the deed, usually in the form of a Quit-Claim Deed, and up-front fees. The perpetrator profits from these schemes by remortgaging the property or pocketing fees paid by the homeowner without preventing the foreclosure. The victim suffers the loss of the property as well as the up front fees.

- i. Be aware of offers to "save" homeowners who are at risk of defaulting on loans or whose houses are already in foreclosure.
- ii. Seek a qualified Credit Counselor or an attorney to assist you.

Predatory Lending Schemes

- a. Before purchasing a home, research information about the prices of homes in the neighborhood.
- b. Shop for a lender and compare costs. Beware of lenders who tell you that they are your only chance of getting a loan or owning your own home.
- c. Beware of "No Money Down" loans. This is a gimmick used to entice consumers to purchase property that they likely cannot afford or are not qualified

to purchase. Beware of the mortgage professional who falsely alters information to qualify the consumer for the loan.

- d. Do not let anyone convince you to borrow more money than you can afford to repay.
- e. Do not let anyone persuade you into making a false statement such as overstating your income, the source of your down payment, or the nature and length of your employment.
- f. Never sign a blank document or a document containing blanks.
- g. Read and carefully review all loan documents signed at closing or prior to closing for accuracy, completeness and omissions.
- h. Be aware of cost or loan terms at closing that are not what you have agreed to.
- i. Do not sign anything you do not understand.
- j. Be suspicious if the cost of a home improvement goes up if you accept the contractor's financing.
- k. If it sounds too good to be true--it probably is!

MORTGAGE LOAN FRAUD

