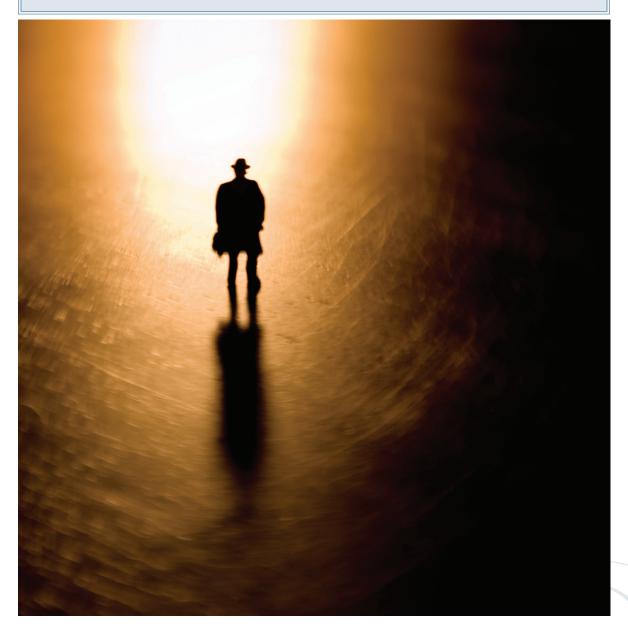
How to Protect Against Mortgage Fraud



The recent boom-and-bust real estate market has produced a nationwide epidemic of mortgage fraud. Considered by the FBI to be one of the country's fastest-growing criminal enterprises, mortgage fraud is committed on an estimated 10 percent of all residential loan applications. Losses as a result of mortgage fraud now exceed one billion dollars annually.

What Is Mortgage Fraud?

Mortgage fraud occurs when a loan applicant or other party to a real estate transaction intentionally deceives a lender or underwriter into funding, purchasing or insuring a mortgage loan.

The intent of the deception is almost always for housing or for profit. Fraud for housing occurs when the loan applicant is not truthful about income or debt in an attempt to purchase a property or primary residence. Although the applicant is deceptive, most have every intention of repaying the loan.

More than three-quarters of fraudulent applications, though, are attempts at fraud for profit. Sometimes referred to as "Industry Insider Fraud," these complicated schemes secure illegitimate proceeds from property sales by falsely inflating property values, revolving equity or issuing loans for fictitious proper-



ties. Mortgage fraud hurts lenders, victimizes homeowners and reduces confidence in the nation's housing market.

Common Mortgage Fraud Schemes

Foreclosure Schemes: Perpetrators mislead homeowners at risk for defaulting on their loans or whose homes are in foreclosure that their homes can be saved in exchange for a transfer of the deed and upfront fees. Perpetrators then remortgage the property for their own profit or pocket any fees paid to the homeowner.

Fraudulent Loan Applications: Information on employment, credit scores or income are untruthful or misrepresented.

Property Flipping and Inflated Apprais-

als: A purchased property is falsely appraised at a much higher value, then quickly sold or refinanced. If the property goes into foreclosure, the lender suffers because the property was illegally appraised for far more than its actual worth.

Silent Second Mortgages: The property's buyer borrows the down payment from the seller through a second mortgage or deed of trust that is concealed from the lender. The undisclosed mortgage is referred to as "silent" because the lender would likely reject the loan if it were disclosed.

Straw Buyers/Nominee Loans: The borrower's identity is concealed through the use of a nominee who allows the borrower to use the nominee's name and credit history to apply for a loan.

Stop the Nightmare of Mortgage Fraud

Don't be afraid to slow the process until you are completely comfortable with all aspects of the real estate transaction.

Fidelity National Title Company is committed to fighting mortgage fraud and identity theft.

Contact your local police on their nonemergency line to share your concerns. Join us in the fight to stop fraud!

Mortgage Fraud Red Flags

- Purchase offer is more than the list price
- Sales price is 30% or more higher than the property's tax appraisal
- Sales contract is amended prior to closing to increase the sales price or to reflect a new buyer
- Real estate commission due the broker is based on a sales price lower than the price specified in the contract
- Sales contract provides for an unusually large "finder's fee" or "maintenance fee" to be paid to a third party on a recently completed house sold by the builder
- Not all parties are aware of addenda to the purchase agreement
- Unusual expenses paid by the seller, including marketing fees, large repair invoices, or large charitable contributions
- Lenders/brokers not willing to put something in writing
- All transaction details are not recorded on the HUD-1 Settlement Statement

PROTECT AGAINST MORTGAGE FRAUD WITH FIDELITY NATIONAL TITLE INSURANCE COMPANY'S FOUR PILLARS OF PROTECTION:

Service

The experience and dedication of our full-service, nationwide network of professionals assure you of an expert title search and examination and an accurate, timely closing.

Security

We're leaders in combating mortgage fraud to help protect you against those who misrepresent themselves or the property or who attempt identity theft.

Technology

We hold the industry's largest collection of real estate-related data, documentation and public record information. Using comprehensive, intuitive technology tools and rapid communications, our professionals can quickly and securely search and clear property titles.

Trust

Home buyers trust our passionate commitment to helping consumers understand the steps, fees and requirements of real estate transactions. Our open process and availability to answer all your questions provide the clarity you need about what is often your largest and most valuable purchase.