



TIP SHEET: MORTGAGE FRAUD RED FLAGS REGARDING BORROWER/BUYER

Mortgage fraud is an industry-wide concern and can occur at any step of the mortgage transaction. As fraudsters continue to find ways to commit fraud throughout the process, mortgage brokerage professionals play a key role in identifying red flags. The following information describes the red flags mortgage brokerage professionals are likely to encounter in their practice based on their discussion with the borrower and the documentation provided. This Tip Sheet is provided to help you identify the red flags regarding the borrower/buyer.

- Borrower's history in the credit bureau report is unusually short
- Borrower does not provide photo identification
- Borrower's photo identification is blurred or unclear
- Transaction involves a relative of the industry professional
- Parties are 'undisclosed,' are 'care of listing brokerage,' or 'nominee'
- Land title records do not match the seller information
- Borrower is an individual seeking a high-ratio mortgage, but the purchase contract indicates the buyer is a corporate entity
- Buyer or seller use partial names, such as no first name or initial for the first name
- Information supporting the borrower's income does not match the salary range for that job
- Buyer purchases a property far from his or her employment for no apparent reason
- Buyer purchases an investment property but does not own a principal residence
- Buyer purchases multiple properties with high-ratio mortgages
- Buyer purchases multiple properties using different names or name variations
- Buyer or other parties to the transaction have no formal/physical office (e.g. communicate by cell, email or fax, hold meetings at restaurants)
- Deposit is from someone other than the buyer
- Deposit is provided in cash or by money order
- Buyer or seller is represented by a person acting on a power of attorney
- Borrower provides unusual instructions to the mortgage brokerage professional
- Borrower's current assets do not indicate they have the cash to close a purchase transaction
- Borrower fails to provide highly relevant information (e.g. the existence of another mortgaged
- Borrower fails to provide information when requested and indicates it cannot be obtained because it has been misplaced, lost, or is unavailable (e.g. leases, expense information, financial statements, etc...)