



TIP SHEET: MORTGAGE FRAUD RED FLAGS REGARDING INDUSTRY PROFESSIONAL CONDUCT

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 related to the conduct of industry professionals.

- Same real estate professional is representing the buyer and seller in the same transaction
- Real estate professional is involved in the transaction but the real estate professional section of the contract is not filled out
- Mortgage brokerage professional does not deal directly with the borrower
- Industry professional tends to use the same lawyer on most transactions
- Industry professional does most transactions with only certain industry professionals
- Signatures are witnessed by someone other than the real estate professional
- Real estate professional provides buyers' financial information and is communicating on behalf of the buyers during the mortgage loan application process
- Industry professional lends the down payment to the buyer to complete the sale
- Industry professional often advertises properties as 'low down,' 'no down,' 'assumable,' 'no qualifying,' 'quick possession'