

Mortgage Fraud Tip Sheet

Be on the lookout for these indications of possible mortgage fraud.

1. **Quitclaim Deeds!** Such as to:
 - To unrelated third parties for no consideration (*i.e.* forgeries), or
 - To “dealers” (really wheeler-dealers!) who may or may not find buyers and may or may not make the mortgage payment with any rent money (“Real Estate Resale Dealers” or “We Buy Homes” people),
 - To out-of-state unrelated “trustees” promising to “eliminate your mortgage!”
 - Why did they use a quitclaim deed?
2. **Mortgage Elimination Schemes!** Property owner conveys title to an out-of-state trustee who then executes their own power of attorney purportedly on behalf of the lender, signs their own “satisfaction” as attorney-in-fact for the lender and quickly refinances without any payoffs (sharing a split of the profits, of course!)
3. **Unexplained cancellations!** Did your seller inherit a fortune recently or where did that payoff come from?
4. **Powers of attorney:**
 - To unrelated, non-bank attorneys in fact
 - To a relative who is using the principal’s assets to pay their personal debts.
 - Always do “alive and well” certification
5. **Trusts** with unrelated, non-bank trustee.
6. **Multiple deeds on a single property**, either at closing or recently, for no apparent reason (AKA “flipping”), especially without stamps or with significantly increasing stamps and/or without disclosure to the true lender. *See* 24 CFR Part 203.37, HUD’s regulations on buying / insuring “resales.”
7. **“Accommodation fees”** (“off the HUD”) – “It’s just between us; no one else needs to know!”
8. **Two (or more) HUD-1 Settlement Statements** for a single closing – “One is for the lender; the other is for ...”
9. **Multiple inconsistent contracts** -- especially with significantly different purchase prices or parties.
10. **Names with punctuation marks** instead of spaces, such as: “John;Smith-Jones”: Have you heard of “freemen?” How do you search that on a computer!?
11. **Inaccurate stamps** on deeds, especially higher than the statutory rate! *See* 2001 FEO 12.
12. **Multiple recent transactions by a single investor** – How many “primary residences” can one person buy in 6 months?

