



# ***Discover Gold Through Quality***

Fraud Prevention  
Best Practices

Available at: [www.freddiemac.com/dgtq](http://www.freddiemac.com/dgtq)

## Chapter 1 – Preventing, Detecting and Resolving Fraud

### Introduction

Freddie Mac's Investigation Unit was created in 1989 to assist in the prevention, detection and resolution of mortgage fraud. We are committed to helping you, and others in the mortgage industry to combat fraud. Working together, we can keep our housing finance system stable and financially strong.

Although your fraud prevention and detection efforts should not be limited to your quality control area, your quality control program is an excellent place to strengthen those efforts.

To combat fraud Freddie Mac recommends you provide all appropriate employees in your organization with the following:

- Clear directives as to their responsibility when they suspect fraud
- An awareness of the major types of fraud
- An understanding of underwriting *red flags* and their use. See Chapter 2, Mortgage Screening Checklist, in this section of *Discover Gold Through Quality*
- A list of resources available to them to detect and investigate fraud

This chapter will give you guidelines to help you prevent, detect and resolve mortgage fraud in your business operations.

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### Fraud Hotline

To report incidents of fraud that might affect Freddie Mac, please contact our **Fraud Hotline** at (800) 437-2838 or (800) 4 FRAUD 8.

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### Preventing Fraud

Efforts to prevent and detect fraud should be made in a number of areas including:

- Employee training
- Prudent underwriting
- Quality control
- Servicing procedures

### Employee Training

Employee training programs that are effective in the fight against fraud:

- Provide employees with the information to help them recognize the *red flags* that may signal the need for more review. See Chapter 2, Mortgage Screening Checklist, of this section of *Discover Gold Through Quality*
- Help employees understand the most common fraud schemes
- Ensure that your work force is familiar with your company's standards for ethical conduct
- Ensure external auditors and/or regulators that sound procedures are in place regarding fraud

### Prudent Underwriting

Prudent underwriting often will be the cornerstone of your efforts to fight fraud. Prudent underwriting includes:

- Know your brokers. See Chapter 5 of the Wholesale Originations Best Practices section of *Discover Gold Through Quality*
- Know your appraisers, builder clients, real estate agents and others with whom you conduct business
- Follow comprehensive written procedures
- Screen all loans through Freddie Mac's Exclusionary List, which you can find on LoanProspector<sup>®</sup>.com, GoldWorks<sup>®</sup> and MIDANET<sup>®</sup>
- Staff your organization in a way that ensures quality before quantity
- Encourage your employees to adhere to the axiom, "If it doesn't make sense, don't make the loan."
- Share information amongst your staff and other departments
- Utilize outside vendors on a rotating basis
- Perform due diligence

## **FRAUD PREVENTION BEST PRACTICES**

### **Quality Control**

To ensure that your fraud prevention and detection efforts are working, you should group and analyze your quality control results according to:

- Branch office
- Loan officer
- Broker
- Underwriter
- Real estate agent
- Product
- Geographic area
- Closing/escrow agent
- Title company
- Appraiser

In addition, you should:

- Consider pre-funding quality control for high-risk loans based on LTV, rate, and FICO
- Target all early payment defaults for reverification and review
- Continually update your quality control policies and procedures
- Immediately report adverse findings to senior management if you suspect fraud
- Immediately report adverse findings to your Freddie Mac Quality Control Manager

### **Servicing Procedures**

A number of things can be done in the servicing area to help you fight fraud, such as:

- Recognize and investigate adverse default trends
- Note changes in who is making payments on loans
- Note address changes by the borrower
- Perform due diligence reviews before acquiring servicing
- Pursue “suspicious” collection calls that may indicate fraud taking place
- Monitor pre-payment speeds on loans retained for servicing

### Detecting and Investigating Fraud

To assist you in identifying fraudulent mortgages, Freddie Mac is providing the following descriptions of several possible fraud schemes. We do not represent this information to be all-inclusive. There are more types of fraud than described in this section, and there will be new schemes.

#### Straw Borrower Scheme

A straw borrower is an individual whose personal profile is used to serve as a cover for a transaction. Straws can be willing participants in the transaction or victims whose identity is being used unbeknownst to them (identity theft). Straw buyers can cause loans to be approved that would ordinarily be declined.

For example, the actual borrower may NOT:

- Qualify for the mortgage
- Intend to occupy the property as a primary residence
- Be eligible for a loan program
- Exist

Some of the following *red flags* may occur in straw borrower transactions:

- 🔒 A quit claim deed is used either right before, or soon after, loan closing
- 🔒 Investment property is represented as owner-occupied
- 🔒 Someone signed on the borrower's behalf
- 🔒 Names were added to the purchase contract
- 🔒 Sale involves a relative or related party
- 🔒 No sales agent is involved
- 🔒 There is an indication of default by the property seller
- 🔒 High FICO score
- 🔒 Power of attorney for borrower
- 🔒 Good assets, but gift used as down payment
- 🔒 Repository alerts on credit report

## FRAUD PREVENTION BEST PRACTICES

### Builder Bailout Scheme

Builder bailouts occur when the builder or developer is motivated to move property quickly in a depressed real estate market.

Some of the following *red flags* may occur in builder bailouts:

- 🔒 The builder is willing to "do anything" to sell property
- 🔒 The borrower is barely qualified or unqualified
- 🔒 The sales price and appraisal are inflated
- 🔒 No-money-down sales are included
- 🔒 "Silent" second mortgages are involved
- 🔒 The sales price is adjusted upwards
- 🔒 The source of funds is questionable
- 🔒 There is a reference to secondary financing on HUD-1 or purchase contract
- 🔒 Parties to the transaction are affiliated
- 🔒 Multiple sales to same person

### Flips

Flips occur when ownership of one property changes several times in a brief period. Flips are often used to artificially inflate the value of the property to obtain larger loans than what might otherwise be possible and to skim the equity off of the property. Flips also are used to conceal the identity of the true buyer or seller of the property

Some of the following *red flags* may occur in flips:

- 🔒 Ownership changes two or more times in a brief period of time
- 🔒 Two or more closings occur almost simultaneously
- 🔒 The property has been owned for a short time by the seller
- 🔒 The property seller is not on title
- 🔒 There is a reference to double escrow or other HUD-1 form
- 🔒 Parties to the transaction are affiliated
- 🔒 Up and down fluctuation of sales price over short period of time
- 🔒 Multiple investment properties obtained by same buyer within short timeframe
- 🔒 "Purchases" disguised as "refinances" to circumvent a down payment

## FRAUD PREVENTION BEST PRACTICES

- 📄 Property seller is an entity/corporation
- 📄 Unusual cash payouts at closing on HUD-1
- 📄 Comparable sales on appraisal are previously flipped properties

### List of Investigative Resources

You should provide your staff with the information on resources available to investigate suspected misrepresentation and/or fraud in the mortgage file. These sources may include:

- Freddie Mac Fraud Hotline: **1-800 4 FRAUD 8**
  - Discover Gold Website [www.FreddieMac.com/dgtq](http://www.FreddieMac.com/dgtq)
  - Freddie Mac Exclusionary List (Seller/Servicers only)
  - Freddie Mac Quality Control Pre-funding Review Service
  - Internet - search and access records/information
    - [www accurint.com](http://www accurint.com) (Accurint records database)
    - [www.lexisnexis.com](http://www.lexisnexis.com) (LexisNexis records database)
    - [www.mari-inc.com](http://www.mari-inc.com) (Mortgage Asset Research Institute)
    - [www.searchsystems.net](http://www.searchsystems.net) (free public information)
    - [www.searchbug.net](http://www.searchbug.net) (people and company finder)
    - [www.mortgagefraudblog.com](http://www.mortgagefraudblog.com) (recent fraud cases)
    - [www.mortgagebankers.org/MBAFightsFraud/](http://www.mortgagebankers.org/MBAFightsFraud/) (Mortgage Fraud Against Lenders Resource Center)
    - [www.mortgagefraud.squarespace.com](http://www.mortgagefraud.squarespace.com) (recent fraud cases)
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## **FRAUD PREVENTION BEST PRACTICES**

### **Resolution**

Once fraud affecting Freddie Mac has been detected, contact our **Fraud Hotline** at (800) 437-2838 or (800) 4 FRAUD 8. If fraud is discovered in an isolated Freddie Mac loan, call your Freddie Mac QC representative.

In addition, the following steps may be taken:

- Require the broker to repurchase the loan
  - Begin foreclosure proceedings or acceleration of the Note in accordance with the mortgage documents
  - Terminate business or employment relationships
  - Initiate civil actions
  - Refer the matter to state or local mortgage regulators
  - Refer the matter to local, state or federal authorities for criminal action
  - If your institution is federally insured, file a Suspicious Activity Report
  - Conduct a comprehensive review of responsible parties
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### **Freddie Mac Exclusionary List**

The Freddie Mac Exclusionary List is updated and distributed monthly. It contains the names and addresses of individuals and companies that have been excluded from participating in transactions involving Freddie Mac loans, either directly or indirectly. Freddie Mac's Seller/Servicers and our contractors must warrant that no person or entity on the Exclusionary List is involved in the origination or servicing of a loan sold to or serviced for Freddie Mac. (See Guide Section 6.11)

The Exclusionary List must not be distributed to third parties because it contains confidential information. There are no exceptions to this policy. Individuals accessing or using the Exclusionary List are required to maintain the confidential nature of the information on the Exclusionary List. By accessing or using the Exclusionary List, the user agrees to indemnify Freddie Mac for any loss, damage or expense resulting from the users' failure to maintain the confidentiality of the information on the List.

The Exclusionary List is available to Freddie Mac Seller/Servicers via LoanProspector.com, GoldWorks and MIDANET.

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## Chapter 2 – Mortgage Screening Checklist

### Introduction

There are a number of details that underwriters, processors and quality control employees should look for in the loan file documents. To assist you in identifying mortgages that may contain false or misleading information, we have put together this *Mortgage Screening Checklist*. Finding one or more of the items does not necessarily mean there is fraudulent intent. However, these *red flags* may signal the need for a more intensive file review.

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### Mortgage Loan Application

- 🔒 Down payment other than cash (rent credit, sale of personal property, repayment of loan, gift, etc.)
- 🔒 Non-purchasing spouse
- 🔒 Borrower buying investment property, but does not own current residence
- 🔒 New home is not large enough for proposed occupants
- 🔒 Post office box is the only address listed for employer (especially on the handwritten application)
- 🔒 Significant or unrealistic commute distance from subject property to employment (on owner-occupied transactions)
- 🔒 Number of years on the job/in that profession inconsistent with borrower's age
- 🔒 Borrower's level of education is inconsistent with employment
- 🔒 Borrower's office phone number is the same as home number (borrower is possibly self-employed)
- 🔒 Assets inconsistent compared to liabilities (for example, significant assets, yet no credit or minimal credit)
- 🔒 Buyer is downgrading to smaller or less expensive home
- 🔒 Incomplete handwritten application
- 🔒 Borrower income inconsistent with type of employment
- 🔒 Non-transient job with company phone number identified as a cell phone
- 🔒 Incomplete Schedule of Real Estate Owned

## FRAUD PREVENTION BEST PRACTICES

- ✎ Significant or contradictory changes in debt, employment, income or assets from the initial to the final application
  - ✎ Borrower is purchasing property from landlord or employer
  - ✎ Handwritten application lists debts in the same order as credit report
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## Credit Report

- ✎ All credit reports and/or supplements are not included in the file
  - ✎ Personal data not consistent with handwritten application
  - ✎ Social security number is invalid or differs from loan application
  - ✎ Variance in residence data from other file documentation
  - ✎ Employment cannot be verified by a credit bureau
  - ✎ Variance in employment data from other file documentation
  - ✎ No credit (possible use of alias or different social security number)
  - ✎ Credit habits inconsistent with income/employment
  - ✎ All trade lines opened at the same time or opened recently
  - ✎ All accounts paid in full recently (possibly a new, undisclosed consolidation loan)
  - ✎ Refinance of recently originated loan (current lender may have accelerated for misrepresentation)
  - ✎ Length of time on credit bureau file inconsistent with buyer's age
  - ✎ Also Known As (AKA) or Doing Business As (DBA) indicated
  - ✎ Recent inquiries from other mortgage lenders
  - ✎ Handwritten application lists debts in the same order as credit report
  - ✎ Indebtedness disclosed on the mortgage application varies from that reflected on the credit report
  - ✎ Infile credit report on closing date shows additional debt
  - ✎ Credit report is from a different lender
  - ✎ Hawk alerts
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## FRAUD PREVENTION BEST PRACTICES

### Verification of Employment (VOE)

- ✎ Appearance that the VOE may have been hand-carried (i.e., folded, not creased)
  - ✎ Name of employer incorporates some form of borrower's name (for example, borrower is John Doe and employer is J.D. Enterprises)
  - ✎ Employer uses mail drop or post office box address
  - ✎ Typed by employer
  - ✎ Date of hire is a weekend or holiday
  - ✎ Generic job titles (for example, manager, general manager, accountant, consultant)
  - ✎ Income is out of line with the type of employment
  - ✎ Commission-type position with "base" salary only (and vice versa)
  - ✎ Round dollar amounts in (i.e., year-to-date or prior year's earnings)
  - ✎ "Squeezed-in" numbers
  - ✎ YTD past year's income says, "See W-2s and Paystubs"
  - ✎ VOE shows company car and application shows auto loan
  - ✎ Illegible signature with no further identification
  - ✎ Co-borrower's maiden name is the same as the signature of employer (self-employed)
  - ✎ Person verifying employment appears to be related to the borrower
  - ✎ VOE completed same day as ordered
  - ✎ White-outs or cross-outs
  - ✎ Credit explanation indicates that borrower was late due to illness/layoff, but income on VOE is not lower during that time period
  - ✎ Business entity is not in good standing or not registered with the appropriate regulatory agencies
  - ✎ Handwritten paystubs or W-2 forms
  - ✎ Company phone number is identified as a cell phone number
  - ✎ "Personnel" is misspelled
  - ✎ Person verifying income is not in a proper position to sign the VOE
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## FRAUD PREVENTION BEST PRACTICES

### Paystubs

- 🔒 Form is handwritten
  - 🔒 Not computer-generated from large employer
  - 🔒 Check numbers do not increase chronologically
  - 🔒 Round dollar amounts
  - 🔒 Amounts withheld for Social Security, Medicare and other government programs are inconsistent with the level required
  - 🔒 Debts reflected as deduction from pay (credit union loans, etc.) not disclosed on application
  - 🔒 Year-to-date totals do not total accurately from paycheck to paycheck
  - 🔒 Social Security number is not consistent with other loan file documents
  - 🔒 Type/fonts are inconsistent
  - 🔒 Number of dependents is inaccurate based on loan application
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### Form W-2/1099

- 🔒 Form is handwritten
  - 🔒 Not computer-generated from large employer
  - 🔒 W-2 is typed, but paystubs are computer-generated
  - 🔒 Different type/font within the form
  - 🔒 Employer identification number is formatted other than XX-XXXXXXX (two digits, hyphen, seven digits) and/or other than numeric (could be invalid)
  - 🔒 Employer and employee names or addresses are inaccurate
  - 🔒 Round dollar amounts
  - 🔒 Income reflected on W-2 statements is different than income reported on mortgage application, VOE and tax returns
  - 🔒 FICA and Medicare wages/taxes and local taxes, where applicable, exceed ceilings/set percentages
  - 🔒 Copy submitted is not “Employee’s Copy” (Copy C)
  - 🔒 Withholdings are inconsistent with paystub
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## **FRAUD PREVENTION BEST PRACTICES**

### **Tax Returns (Form 1040)**

- ✎ No taxpayer label used, yet residence has not changed
  - ✎ Address and/or profession does not agree with other information submitted on the mortgage application
  - ✎ Type of handwriting varies within return
  - ✎ Evidence of “white-out” or other alterations
  - ✎ Unemployment compensation reported, but no gap in employment is disclosed
  - ✎ No estimated tax payments by self-employed borrower (Schedule SE required); or self-employment tax claimed, but self-employment not disclosed
  - ✎ Tax returns are not signed/dated by borrower
  - ✎ Paid preparer signs taxpayer’s copy
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### **Schedule A (Itemized Deductions)**

- ✎ Real estate taxes and/or mortgage interest is paid but no property is owned (or vice versa)
  - ✎ Tax preparation fee is deducted, yet prior year’s return is prepared by borrower
  - ✎ Few or no deductions for a high-income borrower
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### **Schedule B (Interest and Dividend Income)**

- ✎ Borrower with substantial cash in the bank shows little or no related interest income
  - ✎ No dividends are earned on stocks owned
  - ✎ Amount or source of income does not agree with the information submitted on the mortgage application
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## **FRAUD PREVENTION BEST PRACTICES**

### **Schedule C (Profit/Loss from Business Owned)**

- 📄 Business code is inconsistent with type of business
  - 📄 Gross income does not agree with total income on Form 1099s
  - 📄 No “cost of goods sold” on retail or similar type of business
  - 📄 Borrower takes a depreciation deduction for real estate not disclosed (or vice versa)
  - 📄 Borrower shows interest expense but no related loan (possibly business loans with personal liability)
  - 📄 No deductions for taxes and licenses
  - 📄 Wages are paid, but no tax expense is claimed
  - 📄 Wages are paid, but there is no employer identification number
  - 📄 Salaries paid are inconsistent with the type of business
  - 📄 Business expenses are inconsistent with type of business (for example, truck driver with no car and truck expense)
  - 📄 No IRA or Keogh deduction
  - 📄 Income significantly higher than from previous years
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### **Schedule E (Rents and Royalties)**

- 📄 Additional properties are listed, but not shown, on the mortgage application
  - 📄 Mortgage interest is deducted but no mortgage is disclosed
  - 📄 Net income from rents plus depreciation does not equal the cash flow submitted by borrower
  - 📄 Borrower shows partnership income (may be liable as a general partner for partnership’s debts)
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### **Verification of Deposit (VOD)**

- 📄 Source of funds consists of (unverified) note, equity exchange, sale of residence
- 📄 Evidence that VOD may have been hand-carried (i.e., folded, not creased)

## FRAUD PREVENTION BEST PRACTICES

- 📄 Post office box for depository (if not typical for area or company)
- 📄 Cash in the bank is not sufficient to close
- 📄 Round dollar amounts (especially on interest-bearing accounts)
- 📄 New bank account (verify previous account)
- 📄 Significant changes in balance from previous two months to date of verification
- 📄 Savings account with average two-month balance exactly equal to present balance (no interest accumulation)
- 📄 Excessive balance in checking account vs. savings account
- 📄 “Squeezed-in” numbers
- 📄 Loan secured by checking or savings account
- 📄 Bank account not in borrower’s name
- 📄 Bank account or bank statements reflect additional, non-borrowing account holders
- 📄 Illegible signature with no further identification
- 📄 VOD is completed the same day it is ordered
- 📄 Date of verification by the bank is a weekend or holiday
- 📄 “White-outs,” cross-outs
- 📄 Gift letter that is not backed up by written transfer of funds
- 📄 Bank statements reflect periodic deposits at odds with reported income
- 📄 Bank statements include insufficient funds fees
- 📄 Bank statements reflect periodic withdrawals at odds with debts
- 📄 Bank statements reflect daily balances inconsistent with opening/closing balances
- 📄 Bank statements do not reflect withdrawal of earnest-money deposit
- 📄 Deposit money made in multiple transactions
- 📄 Closing check drawn on a different bank
- 📄 VOD signed by bank officer, or someone who ordinarily would not verify an account
- 📄 Bank statement does not reconcile
- 📄 Bank logo on statement is suspicious

## FRAUD PREVENTION BEST PRACTICES

### Bank Checks

- 🔒 Numbers, payee or other information appear to be altered
  - 🔒 Bank and/or account number is inconsistent with the information on application
  - 🔒 Low check number (indicates newly opened account)
  - 🔒 Check is not canceled
  - 🔒 Dollar amount is not encoded correctly on check
  - 🔒 Check number does not agree with encoded number
  - 🔒 Endorsement dates are inconsistent with the date the check was written
  - 🔒 Check numbers from single account do not increase chronologically
  - 🔒 Checks reflect additional signers for the account
  - 🔒 Cashiers check for funds to close mentions an entity on non-interested party as “remittee” (possible flip)
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### Sales Contract

- 🔒 Borrower is not shown as purchaser
- 🔒 Names are deleted from, or added to, the purchase contract
- 🔒 Seller is a realtor, relative or employer
- 🔒 Earnest-money deposit consists of the entire downpayment, or is an odd amount
- 🔒 Sales price is substantially below market value
- 🔒 Second mortgage is indicated
- 🔒 No realtor involved
- 🔒 Name and address on earnest-money deposit check is different from that of the buyer
- 🔒 Earnest-money deposit checks have inconsistent dates; for example,
  - Check #111 dated November 1
  - Check #113 dated September 1
  - Check #114 dated October 1



## **FRAUD PREVENTION BEST PRACTICES**

- 📄 Multiple contracts exist
  - 📄 Earnest-money check is not cashed
  - 📄 Sales contract date is after the appraisal date
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## **Escrow/Closing Instructions**

- 📄 “Fill in the blank” escrow instructions
  - 📄 Change of sales prices to “fit” the appraisal
  - 📄 Odd amounts paid as a deposit/downpayment
  - 📄 Downpayment is paid into escrow upon opening
  - 📄 Cash is paid outside of escrow to property seller
  - 📄 Sale is subject to property seller acquiring title
  - 📄 Business entity acting as the property seller is controlled by or related to borrower
  - 📄 Buyer is required to use a specific broker/lender
  - 📄 Reference to another (double) escrow
  - 📄 Unusual credits with no economic substance
  - 📄 Demands paid off to undisclosed third parties (potential obligations)
  - 📄 Purchase not subject to inspection
  - 📄 Right of assignment (who is the actual borrower?)
  - 📄 Related parties involved in the transaction
  - 📄 Power of attorney used with no explanation (why can’t borrower execute documents?)
  - 📄 Power of attorney is not properly documented/recorded
  - 📄 No amendments to escrow
  - 📄 Unusual amendments to the original transaction
  - 📄 Seller on HUD I different than seller on preliminary title report
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## FRAUD PREVENTION BEST PRACTICES

### Appraisal

- 🔒 Ordered by any party to the transaction other than lender (buyer, property seller, realtor)
- 🔒 Owner's name does not agree with other information disclosed in the loan file
- 🔒 Spaces where requesting information is left blank (borrower, client, occupant, etc.)
- 🔒 Appreciation in stable or declining area
- 🔒 Most recent sale on subject and comps is missing
- 🔒 Date of appraisal is prior to date of sales contract
- 🔒 New home is not large enough for proposed occupants
- 🔒 High land value in urban areas (consider the area)
- 🔒 Comps not verified as recorded (data source MLS, sales office, SREA, CMDC, real estate agent, etc.)
- 🔒 Excessive distance of comps from subject property
- 🔒 Excessive adjustments in urban or suburban area where marketing time is under six months
- 🔒 Income approach is not used on tenant-occupied, single-family dwellings
- 🔒 Ordered before sales contract written
- 🔒 Photos do not match description of property
- 🔒 Photos of subject property taken from odd angles
- 🔒 Photos reveal items not disclosed in appraisal (for example, commercial property next door, railroad tracks, another structure on premises, etc.)
- 🔒 "For rent, for sale" sign in photo of subject property on owner-occupant refinance application
- 🔒 Photos of subject or comps look familiar
- 🔒 Appraiser is located outside of subject property county
- 🔒 Weather conditions in photo of property are not appropriate for the date of the appraisal (i.e., July photo shows snow on the ground for a property in Illinois)
- 🔒 Occupant is identified as a tenant on an owner-occupied application
- 🔒 Occupants are unknown
- 🔒 House number in photo does not match property address

## **FRAUD PREVENTION BEST PRACTICES**

### **Preliminary Title Report/Title Search**

- 📄 Prepared for/mailed to a party other than the lender
  - 📄 Property seller not on the title (double escrow)
  - 📄 Property seller-owned property for a short time with cash out on the sale
  - 📄 Notice of default is recorded (possible cash-out refinance with a straw buyer)
  - 📄 Delinquent property taxes
  - 📄 Judgment against borrower is not shown on credit report
  - 📄 Modification agreement on existing loan(s)
  - 📄 Suspicious transfer
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### **HUD-1/Settlement Statement**

- 📄 Names and addresses of property seller and buyer vary from other loan documentation
  - 📄 Date of settlement is delayed without explanation
  - 📄 Sales price differs from sales contract
  - 📄 Reference is made to undisclosed secondary financing or double escrow
  - 📄 Rent prorated on owner-occupied transactions
  - 📄 Cash proceeds to buyer in excess of \$300
  - 📄 Zero amount due to/from buyer
  - 📄 HUD-1 or escrow instructions contain unusual credits, disbursements, related parties, delinquent loans paid off, or multiple mortgages paid off
  - 📄 Excessive fees
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### **Additional**

- 📄 Type, spacing, and/or font varies within document from a single source
- 📄 Inconsistent borrowers' names, phone numbers, addresses, Social Security numbers, or handwriting throughout file
- 📄 More than one mortgage lender is reflected throughout the file

## **FRAUD PREVENTION BEST PRACTICES**

- 📄 Parties to the transaction have more than one role (for example, realtor is landlord, employer is gift donor)
  - 📄 Borrower appears to be related to any other party reflected in the file except the gift donor (for example, verifier of funds or employment, appraiser, escrow officer, etc.)
  - 📄 Borrowers' signatures differ throughout the loan package
  - 📄 Unusually long or unusually short loan processing time (brokered loans)
  - 📄 Patterns or similarities in loan packages received from a specific broker, loan originator, realtor or property seller
  - 📄 Borrower or any other individual/company is on Freddie Mac's Exclusionary List
-