



DEL TORO LOAN SERVICING INC.

PREMIER SERVICES FOR PRIVATE LENDING PROFESSIONALS

Mortgage Screening Process:

Red Flags to Consider Before You Lend

General Red Flags

- Type, spacing, and/or font varies within document from a single source.
- Evidence of “white-out” or other alterations.
- Contains round dollar amounts or “squeezed-in” numbers.
- Any documentation that is difficult to read (e.g. has been copied numerous times and font appears blurry).
- Inconsistencies identified throughout the file (e.g., applicants’ names, phone numbers, addresses, Social Security numbers, or handwriting).
- More than one mortgage lender is reflected throughout the file.
- Parties to the transaction have more than one role (for example, real estate agent is also landlord; employer is also gift donor).
- Applicant’s name is not identical on all documents.
- Applicants’ signatures vary throughout the loan package.
- Unusually long or unusually short loan processing times (brokered loans).
- Patterns or similarities in loan packages received from a specific broker, loan originator, real estate agent or property seller.

- Borrower or any party to the transaction is on Freddie Mac's Exclusionary List.
- Corporate documents do not match Secretary of State or reflect different states of organization.
- Applicant has not owned the home for very long.

Mortgage Loan Application

- Down payment other than cash (e.g., rent credit, sale of personal property, repayment of loan, gift, etc.)
- Loan is for an owner-occupied refinance, but the applicant does not live in the subject property.
- Applicant is purchasing a second home in close proximity to the primary residence, or in a non-resort area.
- Applicant is downsizing to a smaller or less expensive home, but is retaining previous residence as "rental".
- A significant or unrealistic commute distance from subject property to employment exists (on owner-occupied transactions).
Applicant is buying an investment property or second home, but does not own a current residence.
- Applicant is purchasing a second home in close proximity to the primary residence, or in a non-resort area.
- Applicant is downsizing to a smaller or less expensive home, but is retaining previous residence as "rental"

Fraud Mitigation Best Practices

External Investigative Resources:

- Internet: Search and access records/information. The internet is an awesome resource and can give you the details you need to feel safe about your borrower, broker and lender.
 - www accurint.com (Accurint records database)
 - www.lexisnexis.com (LexisNexis records database)
 - <https://clear.thomsonreuters.com> (CLEAR records database)
 - <https://risk.nexis.com/realestate> (LexisNexis Real Estate Solutions)
 - <http://www.pacer.gov> (case and docket information on federal court cases)
 - www.searchsystem.net (Public information)
 - <http://escrowhelp.com/state-by-state-closing-guide.html> (state-by-state guide to real estate closings)
 - www.searchbug.net (People and company finder)
 - www.salary.com
 - www.zillow.com (Real estate database)
 - www.trullia.com (Real estate database)
 - www.realtor.com (Real estate database)
 - <http://www.whois.net/> (internet domain registry)

Government and Industry Resources:

- www.fbi.gov/hg/mortgage_fraud.htm (Federal Bureau of Investigation)

- www.fincen.gov/news_room/rp/mortgagefraud_suspectedMortgageFraud.html
- (Financial Crimes enforcement Network)
- www.fhfaig.gov/ (Federal Housing Finance Agency- Office of the Inspector General)
- www.ftc.gov/bcp/edu/microsites/idtheft/ (Federal Trade Commission's Identify Theft site)
- <http://www.mba.org/IndustryResources/ResourceCenters/MortgageFraudDetectionandPreventionResourceCenter.htm>
(Mortgage Bankers Association Mortgage Fraud Prevention and Resource Center)
- www.nmlsconsumeraccess.org/ (Nationwide Mortgage Licensing System)
- <http://www.realmarketing.com> (Assessor Links USA – has links to most states' regulatory agency's license lookup websites, such as state Real Estate Board's, Real Estate Appraisal Boards, and tax assessor websites)
- www.preventloanscams.org/ (A Project of the Lawyers Committee for Civil Rights Under Law)
- www.stopfraud.gov (Financial Fraud Enforcement Task Force)
- www.asc.gov/ (Appraisal Subcommittee)
- www.mortgagefraudblog.com (recent fraud cases)
- www.loanscamalert.org/ (loan modification scam alert)
- www.fraud.org (National Consumer League's Fraud Center)