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Staying Ahead of Mortgage Fraud Trends

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AGENDA

01 INTRODUCTION
Why is it so important to learn about mortgage and real estate fraud.

02 STATISTICS
Updated statistics from the mortgage and real estate industry.

03 RECENT TRENDS & NEWS
Review of headlines and other newsworthy topics you should be aware of.

04 PREVENTION & AWARENESS
Discuss tools and resources available to support your reviews.

05 SCENARIOS
Let’s test your knowledge on a few scenarios.

Introduction

01

Staying Ahead of Mortgage Fraud Trends

Radian National Training plans to hold live sessions during the year where we can discuss the recent trends and hot topics.

Statistics

02

Statistics Overview

Reporting

Sources vary from Fannie Mae, Freddie Mac, CoreLogic, and more.

Statistics

May vary based on each reporting data base as they each have their own method of reporting.

Trends

Stats will help identify trends and areas that may require additional focus during loan reviews.

Delays

Due to the time it may take to report and track mortgage fraud, emerging trends may not be visible for months or years.

Fannie Mae Fraud Risk

- Fannie Mae disclosed financial losses related to mortgage fraud
- Fraudulent multifamily lending transactions top risk
- Inflated property valuations allowed borrowers to qualify for larger loans

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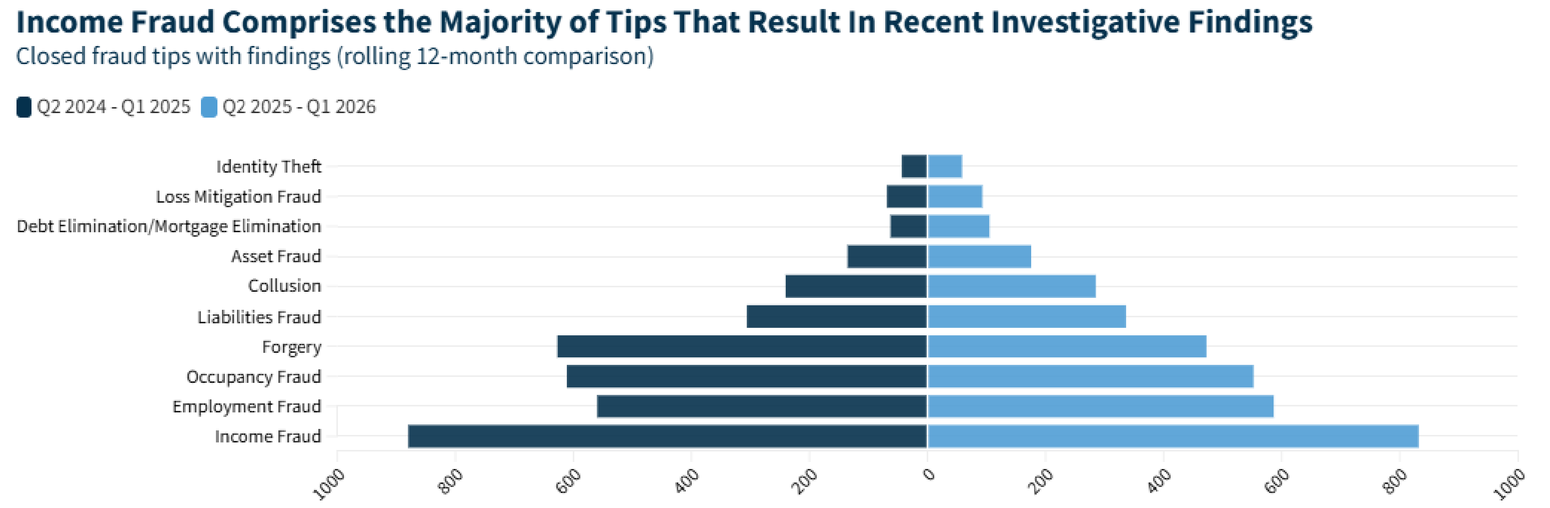
Source: https://singlefamily.fanniemae.com/mortgage-fraud-prevention

Fannie Mae Fraud Tips with Findings



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Source: https://singlefamily.fanniemae.com/mortgage-fraud-prevention

Fannie Mae Top 10 initial significant defects Q3 and Q4 2025: random sample

1. Misrepresentation of primary occupancy
2. Misrepresentation of income
3. Incorrect income calculation – rental income/loss
4. Undisclosed liability
5. Omission of debts documentation missing
6. Monthly payments not properly calculated
7. Incorrect income calculation – base
8. Income not documented – rental income/loss
9. Borrower not employed
10. Insufficient assets to close

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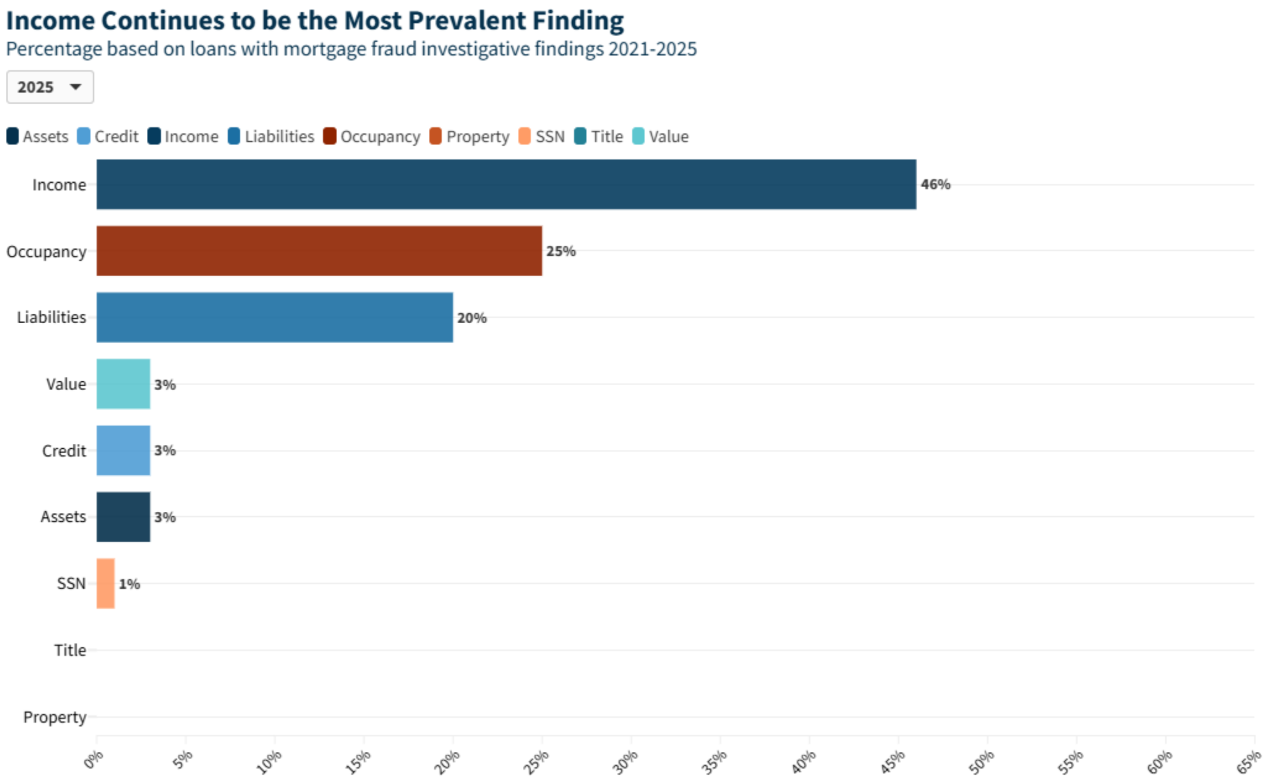
Source: https://singlefamily.fanniemae.com/mortgage-fraud-prevention

Fannie Mae Types of Findings



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Source: https://singlefamily.fanniemae.com/mortgage-fraud-prevention

Q1 2026

1 in 129 of all mortgage applications have fraud indicators

Cotality Reporting

- 1 in 44 investment applications
- 1 in 29 multifamly applications

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Source: https://www.cotality.com/press-releases/mortgage-fraud-risk-decreased-in-beginning-of-2026/

Cotality Fraud Types

Identity Fraud Risk	11.2%
Occupancy Fraud Risk	8.3%
Income Fraud Risk	9.3%
Transaction Fraud Risk	4.9%
Property Fraud Risk	1.4%
Undisclosed Real Estate Debt	7.7%

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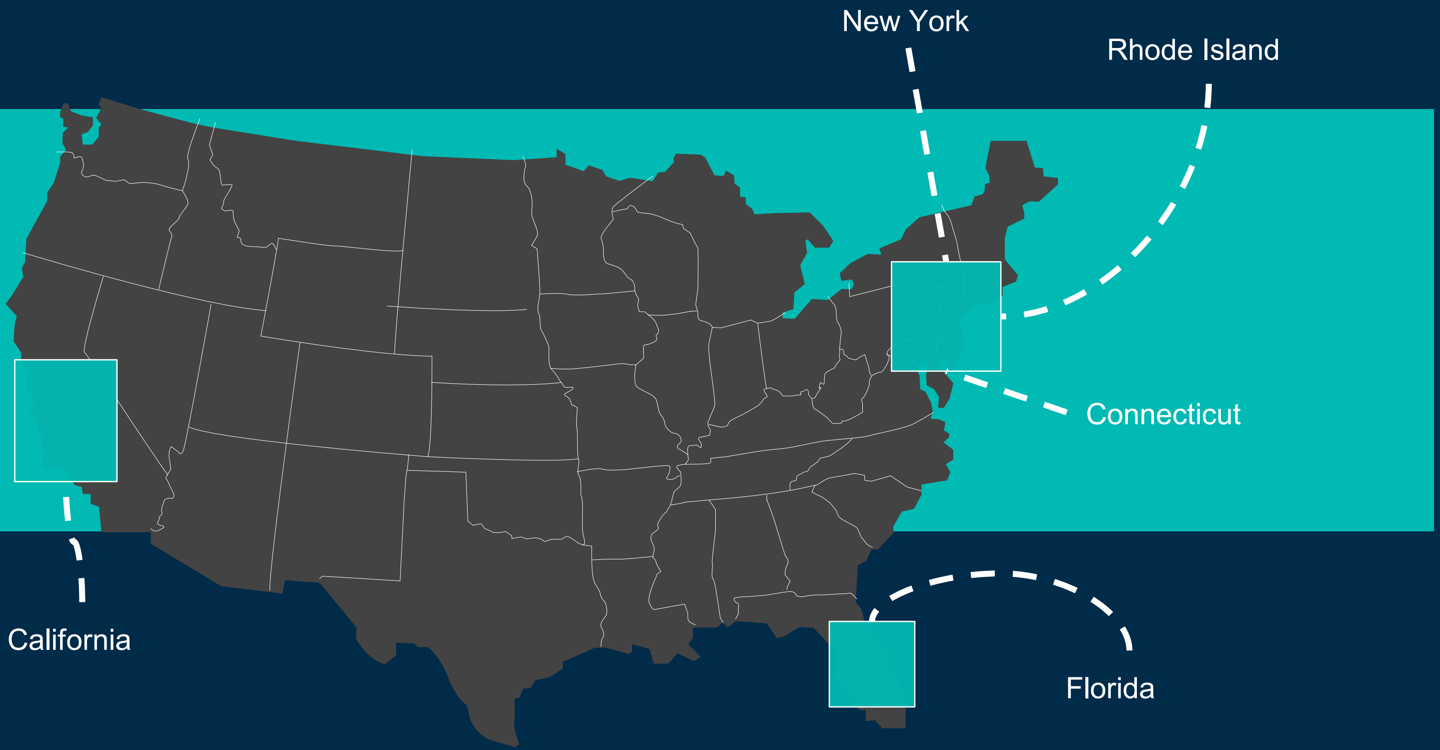
Source: cotality.com

Fraud Locations



Source: https://www.cotality.com/press-releases/mortgage-fraud-increased-across-the-united-states-in-the-second-quarter-of-2025

Recent News & Articles

03

Seller Impersonation Fraud

SELLER IMPERSONATION FRAUD SHOWS NO SIGNS OF SLOWING DOWN

Seller impersonation fraud (SIF) affects title insurance companies and consumers. This illegal activity can be difficult to detect and, if successful, may take months or even years to discover. In 2023, nearly 3 in 10 companies experienced at least one SIF attempt, whether successful or not. In May 2024, nearly 2 in 10 companies reported at least one attempt in the past month.

Companies with successful or unsuccessful SIF attempts in 2023

Companies with successful or unsuccessful SIF attempts in the past month

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Characteristics and Red Flags of this Scheme

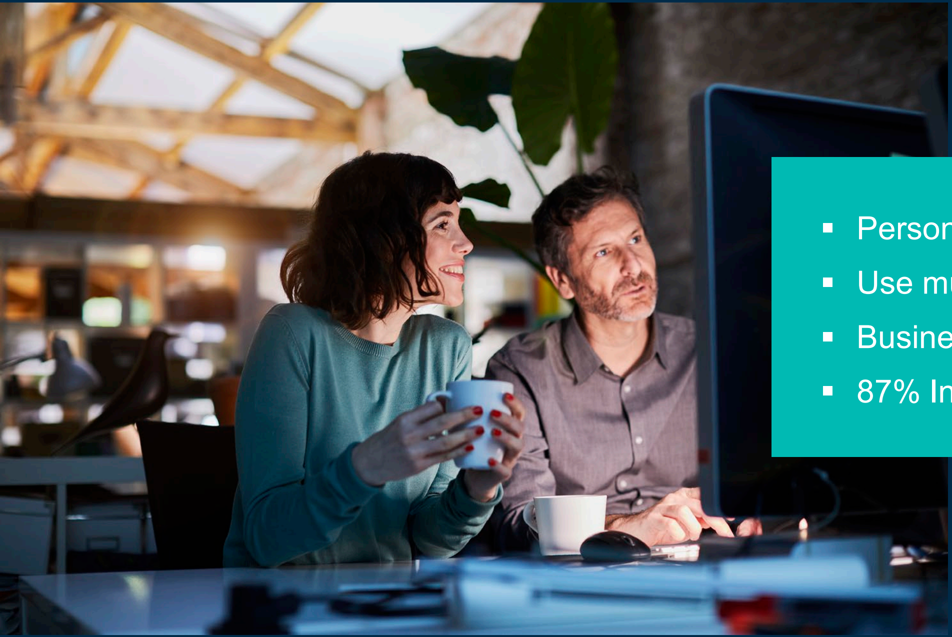
Characteristics

- Fake notary credentials
- Use of real notary credentials without permission

Red Flags

- Vacant Land Transactions
- Use of unknown notary
- All cash transactions

Synthetic Identities, Business Email Compromises & Title Fraud



- Personal Identifiable Information to create synthetic identities
- Use multi-factor authentication
- Business partners have cyber security awareness
- 87% Increase in check fraud since 2021

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Source: (newslink) https://tinyurl.com/5434jxfd

Title Fraud in Real Life

The impersonation of buyers, a title/escrow company, real estate agent, or attorney with the intent to intercept a wire transfer

By compromising business emails, hackers assume the identity of these individuals and forge the person's email and other details about the transaction

The hackers will then send emails from a spoofed account to the unknowing buyer and escrow company and provide new wire instructions to the hacker's bank account.

How Phishing Happens

1. Hackers run scripts for keywords like wire or escrow. hackers wait and phish for communications that are triggered containing these keywords

2. When a pertinent communication is identified, such as closing instructions relating to a wire transfer, Hackers immediately delete the message and recreate it with fictitious information.

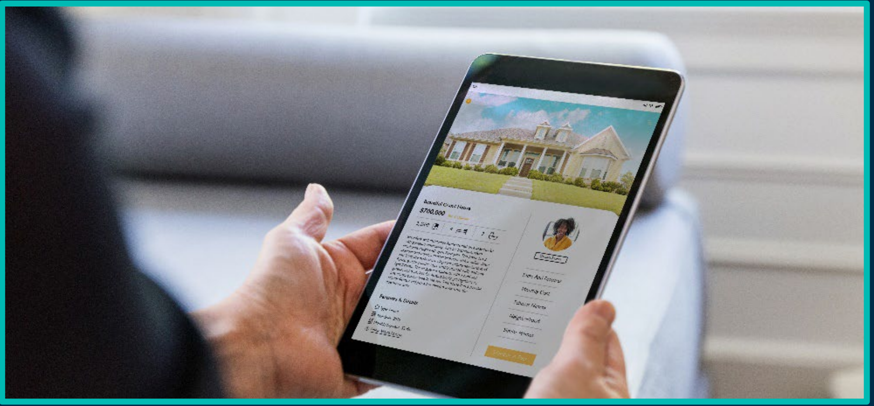
3. Targeted individual complies; wires funds to fictitious account; funds are gone.

4. Then, hackers resend the message hoping the receiver complies with the false instructions.

Prevention & Awareness

04

Types of Fraud



Fraud for Property

- Simple fraud
- Generally, no paid participants
- Primarily borrower involvement – attempt to acquire or retain a property

Fraud for Profit

- Complicated fraud
- Numerous participants – many of which may be paid for participation
- Results could be catastrophic for a business

Know Your Resources

Education

Attend webinars, subscribe to newsletters and stay in the loop.

Resources

Use your company audit and security resources.

Tools

Use company approved websites.

What if you suspect fraud?

- Know where to go
- Anonymous tip line?
- Compliance team?
- Connect with the appropriate teams
- Don't assume you can lead an investigation
- Utilize available resources

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Resources Poll

Does your company have a fraud tip line?

Do you use AVMs to help identify potential red flags related to appraisals?

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Scenarios

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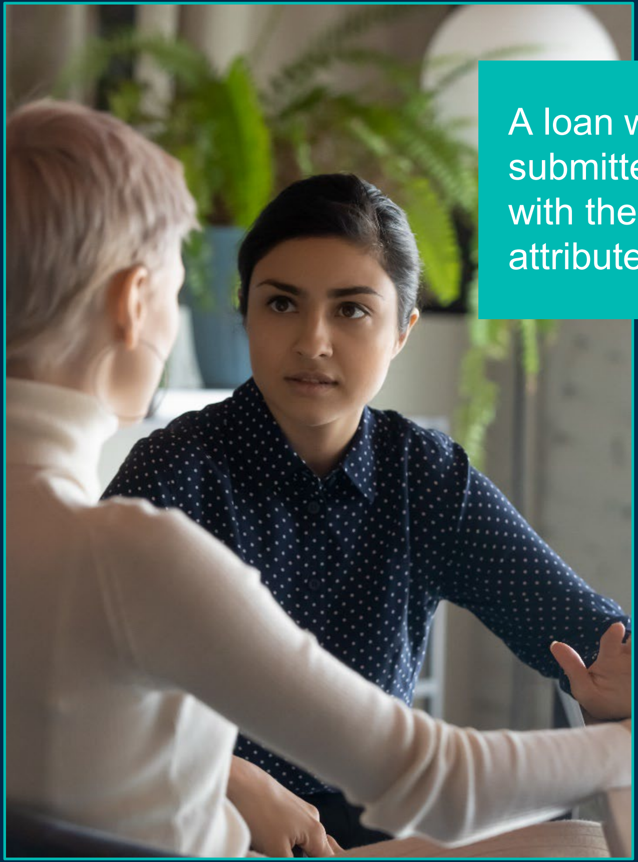
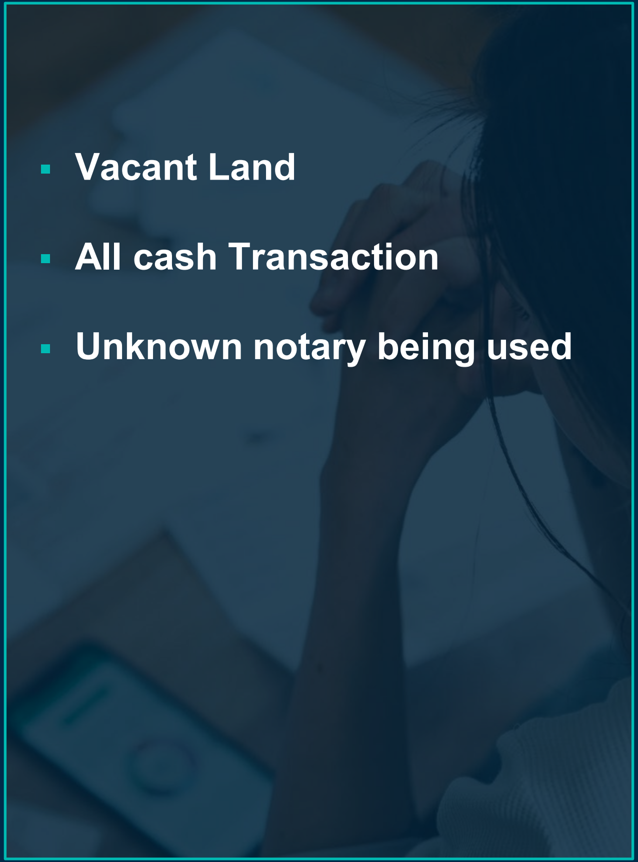
Scenario 1



A loan was submitted with these attributes:



- **Vacant Land**
- **All cash Transaction**
- **Unknown notary being used**

Scenario 2

You suspect potential Title fraud. What red flags may have been identified throughout the loan process?

KEY TAKEAWAYS

- Income, Employment, Occupancy, and Identity Fraud
- Recent Increase of Mortgage Fraud
- Title Fraud
- Fraud in the News
- Know Where to Go!

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THANK YOU!

Any questions?

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