

# Fraud Alert!

## How to Avoid Mortgage Fraud in These Tough Times

Reported incidents of mortgage fraud in the U.S. have increased by 42% in the first quarter of 2008 from a year ago. These schemes victimize individuals and businesses, including low-income families lured into home loans they cannot afford, legitimate lenders saddled with over-inflated mortgages and honest real estate investors fleeced out of their investment dollars.

### Some of the common real estate fraud schemes include:

- **Property Flipping** — A buyer pays a low price for property and resells it quickly for a much higher price. This may be legal but the lender receives false statements, it is not.
- **Two Sets of Settlement Statements** — One settlement statement is prepared and provided to the seller accurately reflecting the true selling price of the property. A second fraudulent statement is given to the lender showing a highly inflated purported selling price. The lender provides a loan in excess of the property value, and after the loans are settled, the proceeds are divided among the conspirators.
- **Fraudulent Qualifications** — Real estate agents assist buyers who would not otherwise qualify by fabricating their employment history or credit record.
- **Beware of “no money down” loans.** Also, be cautious of companies or individuals that claim they can eliminate your debt if you pay an up-front fee – it is a scam!

### What to do:

- **Get referrals for real estate and mortgage professionals when you want to buy or sell a home.** Once you do, check out their licenses with regulatory agencies.
- **Do your own research into what other homes in the neighborhood have sold for.** Look into recent tax assessments of neighborhood homes.
- **Don't let anyone (i.e., a realtor, mortgage broker) talk you into making a false statement on your loan application** i.e. overstating your income or lying about where your down payment is coming from.
- **Never sign a blank document or a document containing blank lines.** If you do not understand what you are signing, get an attorney who will review the documents.

### If you are currently experiencing financial difficulties:

- If you are facing foreclosure, don't fall for any of the fraud schemes, including the one where a perpetrator convinces a homeowner to sign over the house deed “temporarily.”
- Contact your lender before your situation gets too bad. They will most likely be willing to help you work out a solution before you lose your home.

If you have any questions or concerns, contact a reputable realtor, attorney or a member of the Bucks County Older Adults Task Force.

#### BUCKS COUNTY CRIMES AGAINST OLDER ADULTS TASK FORCE

#### FIGHTING ABUSE, NEGLECT, AND EXPLOITATION OF OLDER ADULTS IN BUCKS COUNTY

Bucks County District Attorney's Office

215-348-6344

Bucks County Consumer Protection

215-348-6060

Bucks County Register of Wills

215-348-6265

Bucks County Area Agency on Aging

215-348-0510

Network of Victim Assistance

1-800-675-6900

Bucks County Coroner

215-348-3852

[www.crimesagainstolderadultsbucks.org](http://www.crimesagainstolderadultsbucks.org)

24-Hour Elder Abuse Hotline: 1-800-490-8505