

**MPF Marketing Bulletin:**  
2023-08

**Date:**  
September 19, 2023

**Alert:**  
Clarification  
New Policy  
Policy Update  
**Reminder**  
Training Information

**Audience:**  
**Compliance/Legal**  
Program Management  
**Origination**  
Quality Control  
Servicing  
**Underwriting**

**Product:**  
**MPF Government MBS**  
**MPF Traditional**  
**MPF Xtra®**

**Effective Date:**  
Immediately (*unless  
otherwise noted within*)

## REFERENCE:

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

Visit the [MPF Website](#) to review and register for upcoming complimentary [MPF Webinars](#).

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## MPF Program Fraud Alert: Identity Theft Ring

Fannie Mae recently posted a Fraud Alert notifying Originators of potential and active mortgage fraud scenarios. Fannie Mae has observed misrepresented borrower profiles in numerous mortgage loans that indicate identity theft and have allowed perpetrators to abscond with large sums of money at closing. The alert addresses mortgage loans originated in suburban Atlanta, GA, but similar schemes have been identified in other parts of the country.

This Fraud Alert highlights specific hallmarks of the fraud scheme.

PFIs and Servicers should exercise appropriate due diligence when reviewing loan files, ensure appropriate steps are taken to prevent fraud and follow all applicable policies and procedures when suspicious activity is detected.

PFIs and Servicers are reminded that if suspicion of fraud exists, they must follow their organization's established policies and procedures and the MPF Guides.

Fannie Mae's fraud alert can be found at:  
<https://singlefamily.fanniemae.com/media/36826/display>

## Identity Theft Ring

Fannie Mae's Mortgage Fraud Investigations team alerts the industry to potential and active mortgage fraud scenarios. This alert addresses loans originated in suburban Atlanta, GA, but similar schemes have been identified in other parts of the country. We have observed misrepresented borrower profiles in numerous loans that indicate identity theft and have allowed perpetrators to abscond with large sums of money at closing.



Hallmarks of the scheme include:

- Targeted attacks of identity theft
- Loan transactions are cash-out mortgages on homes without an existing mortgage
- Borrower requests an appraisal waiver
- Highly-priced homes
- Loan amounts usually greater than \$500k
- LTV less than 50%
- All homeowner insurance policies are **new**
- Voice Over Internet Protocol (VOIP) is used for communicating with lenders to avoid using traceable phone numbers
- Majority of homes are in Cobb County/Northern Atlanta vicinity
- Borrower specifies the title company to close the transaction
- Applications are submitted online
- Borrowers use a common email structure: FirstName\_LastName(numbers)@Yahoo.com
- Fabricated Federal Tax Returns are common in identified files

### What can lenders do?

Take special caution on any loans containing any of the aforementioned hallmarks.

### If suspicion of fraud exists

- Follow established policies and procedures within your organization and the [Fannie Mae Selling Guide](#).
- Complete and submit the [Suspected Mortgage Fraud Report](#) on the [Mortgage Fraud Prevention web page](#).

### More general steps lenders can take to detect and prevent fraud

- Know your third-party originators/brokers
- Be “fraud smart” by educating your staff
- Establish a zero-tolerance fraud policy
- Share information within your organization
- If the loan doesn't make sense, don't do it!
- Report any suspicious activity through established channels

*Watch for further “Fraud Alerts” and potential updates to this fraud alert by monitoring the [Mortgage Fraud Prevention web page](#).*