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Economic Snapshot
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Business booms for mortgage fraud

In 2008, home sale, mortgage fraud cases reported to the FBI increased three-fold in Wisconsin and more than doubled nationally. According to Suspicious Activities Reports (SARS) more than 600 cases of potential mortgage fraud were under investigation in Wisconsin. As the housing crisis has intensified, an increasing number and variety of mortgage frauds have been exposed. The combination of increased detection, more aggressive enforcement, and the fact that a slack market makes it more difficult to hide fraudulent cases with a quick sale has dramatically increased the number of fraud cases reported.

Typical frauds include falsifying documents, distorting appraisals, inflating the selling prices of homes, and purchasing homes or applying for loans with false

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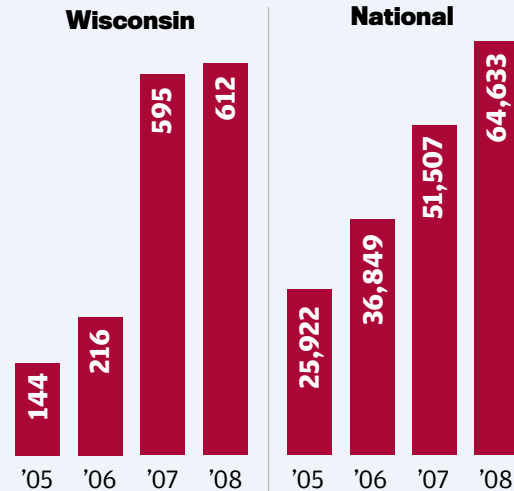
Week 4:
Mortgage fraud cases rise

identities. As the number of foreclosures has increased in the last year, new fraud schemes have emerged. They include convincing distressed homeowners that they can stay in their home by surrendering ownership and

becoming renters of their former home. This sounds like an alternative to keep people in their homes. However, in cases of fraud, eviction proceedings are often initiated soon after the owners forfeit ownership of the home.

Other schemes charge homeowners fees with the false promise of settling mortgage debt or getting the loans forgiven. Law enforcement has placed an increased focus on detecting and investigating mortgage fraud. As a result of increased scrutiny by legislators and hearings, 2009 fraud cases are likely to surpass the record levels of 2008.

Mortgage fraud reports, 2005-2008



Source: SARS FBI,
http://www.fbi.gov/publications/fraud/mortgage_fraud08.htm

State Journal