

Mortgage Fraud On The Rise

October 9, 2018 - Mortgage fraud rates in the United States have increased dramatically over the past year. According to CoreLogic, the rate at which homebuyers commit mortgage fraud is up 22% when compared to the same time last year. In fact, nearly 1% of all home purchase mortgage applications now contain fraudulent information according to the company's data.

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Mortgage fraud by home purchasers usually takes the form of inflated income statements. Technology has made this type of fraud easier to commit through paid online services that will provide real-looking income documents. In some cases, they will also offer telephone confirmation concerning the documents they provide; making it difficult for lenders to determine if information provided is accurate or fraudulent.

For lenders and mortgage investors, mortgage fraud can be disastrous. Lending too much money to someone can easily result of overextension of credit and inability to repay loan amounts. In the end, lenders and investors are left with little choice other than to foreclose.

For borrowers considering "fudging" their income to get a loan, the results can be equally daunting. Mortgage fraud is a crime; both at the state and federal levels. If prosecuted by the state, penalties can vary widely from state to state but usually include fines and jail time—potentially years of jail time. At the federal level, mortgage fraud is a felony that can result in both prison and significant fines. And it should be noted that the federal government doesn't offer early release and parole. If you are sentenced to ten years in federal prison, you're going to be there for ten years.

The bottom line here is that committing mortgage fraud isn't worth it. That house you love will do you absolutely no good when you're bankrupt and sitting behind bars.

by Jim Malmberg

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