

Mortgage Fraud – Big Business in Palm Beach County

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Mortgage fraud consists of a wide range of crimes where people deliberately misrepresent the truth or conceal facts on a mortgage application. In federal courts, mortgage fraud is prosecuted as wire fraud, bank fraud, mail fraud and money laundering - with penalties up to 30 years in prison. Mortgage fraud has grown dramatically over the last few years and many states have begun to enact their own penalties. The state of Florida along with cities and counties including Palm Beach County have established Mortgage Fraud Task Forces.

[Mortgage fraud](#) is different from predatory mortgage lending, which occurs when a customer is misled or deceived by lenders, brokers or agents. However, these two types of crimes often go hand-in-hand.

Types of Mortgage Fraud

Income Fraud

This is when a borrower overstates his or her income to qualify for a mortgage loan. It is mostly associated with so-called "stated income" mortgage loans – or "liar loans." The "mortgage meltdown" was partially created by large numbers of borrowers who lied about their incomes, bought homes they could not afford and then defaulted.

Employment Fraud

This occurs when a borrower claims self-employment in a non-existent company or claims a higher position in a real company to justify a higher income.

Failure to Disclose Liabilities

Borrowers hide mortgage loans on other properties or newly acquired credit card debt to reduce the amount of monthly debt on a loan application. This omission of liabilities lowers the debt-to-income ratio - a key underwriting criterion used for mortgage loans.

Fraud for Profit

A complex scheme involving multiple parties, including mortgage lending professionals, in an attempt to defraud a lender. Fraud for profit schemes often include a "straw borrower" - an individual whose name, social security number, and credit history are used, a dishonest appraiser who intentionally overstates the value of the property, a dishonest settlement agent

who may prepare two sets of HUD statements and a property owner - all in a coordinated attempt to illegally obtain a large loan.

Appraisal Fraud

This is when a property's appraised value is deliberately overstated or understated. When overstated, more money can be obtained by a borrower. When understated, a buyer can get a lower price on a foreclosed home. A dishonest appraiser may be involved in the preparation of the appraisal, or an accurate appraisal may be altered or forged.

Cash-Back Schemes

These occur where the true price of a property is illegally inflated to provide cash back to the participants. Often the borrowers will receive a "rebate" which is not disclosed to the lender. As a result the lender lends too much money, and the buyer keeps the difference or splits it with other participants, including the seller or the real estate agent.

Shotgunning

This occurs when multiple loans for the same property are obtained simultaneously for a total amount that is much larger than the actual value of the property.

Identity Theft

This occurs when a person assumes the identity another and uses that identity to obtain a mortgage without the knowledge or consent of the victim.

Mortgage Fraud Defense

Mortgage fraud and real estate fraud are growing problems in Florida. The government is aggressively pursuing cases against straw buyers and borrowers, homeowners, investors and appraisers in order to curb the rise in these crimes.

If you have been charged with any of the crimes mentioned above, it is important to hire a lawyer who has experience with mortgage fraud cases and knows how to protect your rights.

An experienced Palm Beach County mortgage fraud [attorney](#) will review bank statements, mortgage applications and other documents regarding your case. The attorney will also review the sale and buying history of the property to determine if fraudulent practices occurred before you purchased it. If you are an innocent victim in a larger mortgage fraud scheme, the attorney can have the case dismissed.

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