What Can Go Wrong: Housing & Mortgages

1. A buyer purchased a home for $150,000 (its true value), and colluded with an appraiser to inflate its value to $300,000. Then, the buyer recruited a new buyer, promising the new buyer easy money for a quick flip, because the original buyer would sell the house to the new buyer for 'only' $250,000, far below its 'appraised' value.

2. Over a short time, several individuals colluded to purchase and quickly sell the same property to each other, artificially driving up its price with false appraisals and successive sales. The final buyer in the chain obtained a mortgage using stolen or false information, with the intent of letting the mortgage default. Ultimately, the financial institution got stuck with a property worth much less than the outstanding mortgage, while the colluding individuals split the cash.

3. A real estate agent posted a fake MLS listing and colluded with a title company attorney to create a false buyer. They obtained a mortgage for a property that did not exist.

4. A buyer used stolen financial information to apply for a mortgage and purchase a house that they used as a methamphetamine lab. They kept the mortgage current for a few months, then abandoned the home—significantly damaged—to foreclosure.

5. An individual obtained key financial information pertaining to a homeowner who had no existing mortgage. Without the homeowner's knowledge, the individual forged documents and used the homeowner's information to sell or refinance the property, absconded with the funds, and left the homeowner with an unwanted mortgage on their property that had been sold to someone else.

6. A debt consolidator agreed to pay a struggling family's mortgage, but in order to do so, the consolidator convinced the family to sign over the title to the home. The consolidator sold the home, leaving the family with the mortgage and no house.

7. A borrower falsified their personal and financial information to obtain a larger mortgage than their income could support.

8. An investor recruited (or coerced) new arrivals into the country to serve as straw buyers, providing the investor with their personal information so the investor could obtain a mortgage in the immigrants' names. In return, the new arrivals were allowed to live in their new home for a few months rent-free. The investor defaulted on the mortgage, stole the funds, and left the new arrivals with the debt and no home.

9. An escrow officer stole more than $500,000 in escrow funds from the lending institution for which they worked.

10. A loan officer made loans and accepted inflated appraisals in exchange for gifts and a fee.

11. A lender's employee made adjustments to the due date on their own loan to show it as current, even though they made no payments.

12. A manager paid off bad loans with the proceeds of new loans and changed due dates on others to keep from increasing his loan loss reserves, and avoid criticism.

13. A manager made loans to fictitious borrowers and converted the proceeds to his own use. When the loans were due, he paid them off with the proceeds of new loans made to other fictitious borrowers.

14. Borrowers, in collusion with a loan officer, made mortgage loans in excess of three times the value of the real estate pledged. The appraisals used to value the property were prepared by an appraiser who had never seen the property.

15. A borrower increased his income and assets and omitted liabilities on his loan application in order to get approved. The loan officer looked the other way because the borrower was his brother-in-law.

16. When the financial institution took possession of repossessed and foreclosed property, the property manager stole inventory and tools that went with the property.

17. A loan officer paid for his gambling losses by making mortgage loans to his bookies, with no intention of collecting.

18. A loan officer lured distressed, elderly homeowners to refinance their mortgages into a reverse mortgage. Using false appraisals to inflate the borrower's equity in the home, the officer got reverse mortgages approved that the homeowners would not otherwise have qualified for. After receiving proceeds, the officer closed off the borrower's loans and failed to pay their existing mortgages.

Properties Managed by Others

1. The property manager had vendors, contractors and employees perform work at his personal property, but charged those costs to the properties owned by the financial institution.

2. Fuel oil and other maintenance material was delivered to the property manager's home but billed to the managed properties.

3. Property managers used owner-provided material to perform maintenance on managed properties, but then billed the property as if the property manager had supplied the material.

4. Employees, led by the property manager, stole $350,000 worth of scrap metal from an abandoned property.

5. The property manager for foreclosed properties hired a landscaper for upkeep on 20 properties as long as the landscaper would throw in work on the property manager's and his family members' homes.

6. The property manager claimed plumbing work needed to be done at 10 properties. The work was actually done to his new home under construction, although the expenses were charged to the property portfolio.