



Protect Your Identity to Avoid Mortgage Fraud

Mortgage fraud is the fastest growing white-collar crime in America today. The Federal Bureau of Investigation (FBI) has found that the number of mortgage fraud cases has doubled since 2004. In fact, the FBI has said the mortgage fraud has reached “epidemic” status in recent years.

According to the FBI website “there are two types of Mortgage Fraud: fraud for property and fraud for profit. Fraud for Property, also known as Fraud for Housing, usually involves the borrower as the perpetrator on a single loan... Fraud for Property/Housing accounts for 20 percent of all fraud.” This is when an individual misrepresents or leaves out information on his or her mortgage application in order to qualify for a home loan.

The other type, fraud for profit, usually involves identity theft – an individual steals and uses the personal information of someone else to qualify for a loan.

“The most devastating instances of mortgage fraud are mixed with identity theft,” said Robert Siciliano, a personal security and identity theft expert. “Imagine not only having to beware of questionable mortgage lenders, but of someone else getting a home in your name.”

It is a scary prospect, and unfortunately it happens all too often. Many Americans have been left with emptied bank accounts, ruined credit, and disbelief as they have found themselves the victims of identity theft and mortgage fraud.

So what can you do to protect yourself against this unnerving prospect? First of all, you should be extremely cautious about giving out your personal information (your social security number, your birth date, your credit card numbers, etc.) According to the Federal Trade Commission, identity thieves get a hold of this information through any number of methods including ‘old-fashioned stealing’ where criminals steal your wallet or purse or your financial records. They might also try going through your trash to scoop up any personal or financial data you have thrown away. Another popular technique is through “pretexting” where thieves pose as some legitimate-sounding enterprise in need of your personal information.

So start with a few basics: shred all documents containing important identity data before you throw it away. Do not put your trash out until the morning of the collection day. You should also be very guarded about entering your social security number online for any forms or applications. Make sure the sites are secure before sending that precious data into cyberspace.

In order to detect identity theft and particularly mortgage fraud by means of your information, you should monitor your bank and credit card statements each month. If you see a charge that looks unfamiliar, check it out with the financial institution and make sure it is something you actually purchased. Another important step is to check your credit report regularly to check out any suspicious activity. You can do it at least once a year for free with any of the three credit reporting agencies, Experian, Equifax, or TransUnion. You will have to pay a small fee for repeat checks during the same year, but it may well be worth your while. And don’t worry, checking your own credit report will not bring down your credit score.

Of course, if you discover that identity theft has taken place with any of your information, be sure to report it immediately to the police. The sooner you catch and report fraud incidents, the



more damage you can avoid being down to your accounts and credit. As the FTC website says, “awareness” is the most effective weapon against identity theft and mortgage fraud.