

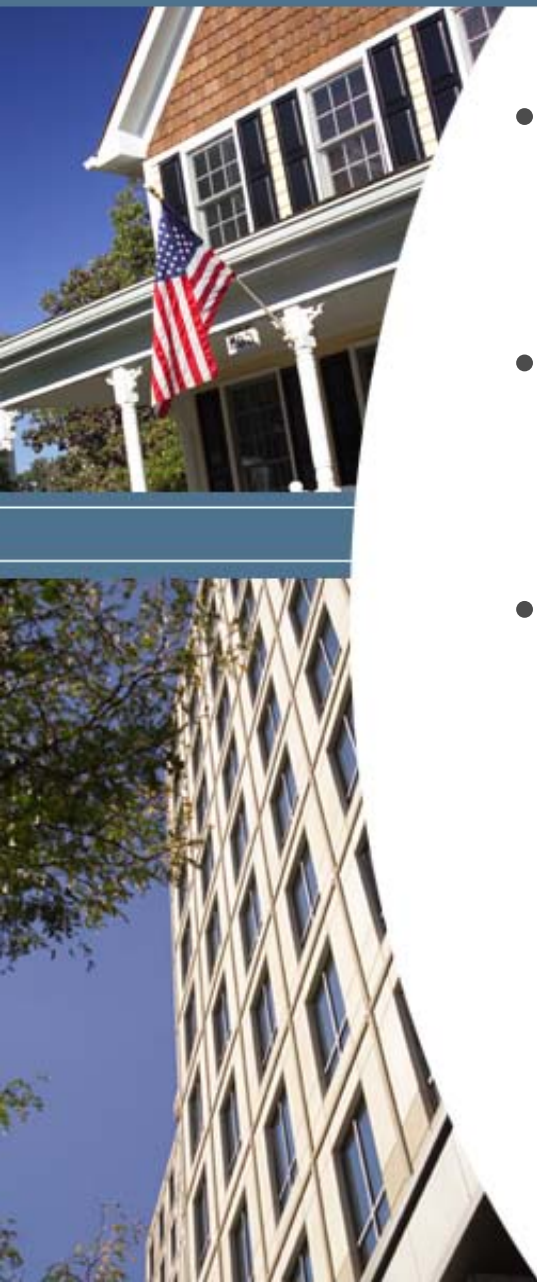
MBA's National Fraud Issues Conference 2010

Fraud in Loss Mitigation and Loan Modification

April 27, 2010

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- Pressure to produce
 - » HAMP
 - » HAFA
 - Borrowers
 - » In need
 - » Searching for opportunity
 - Technology
 - » Service Providers / Scams
 - » Data
 - » Tools

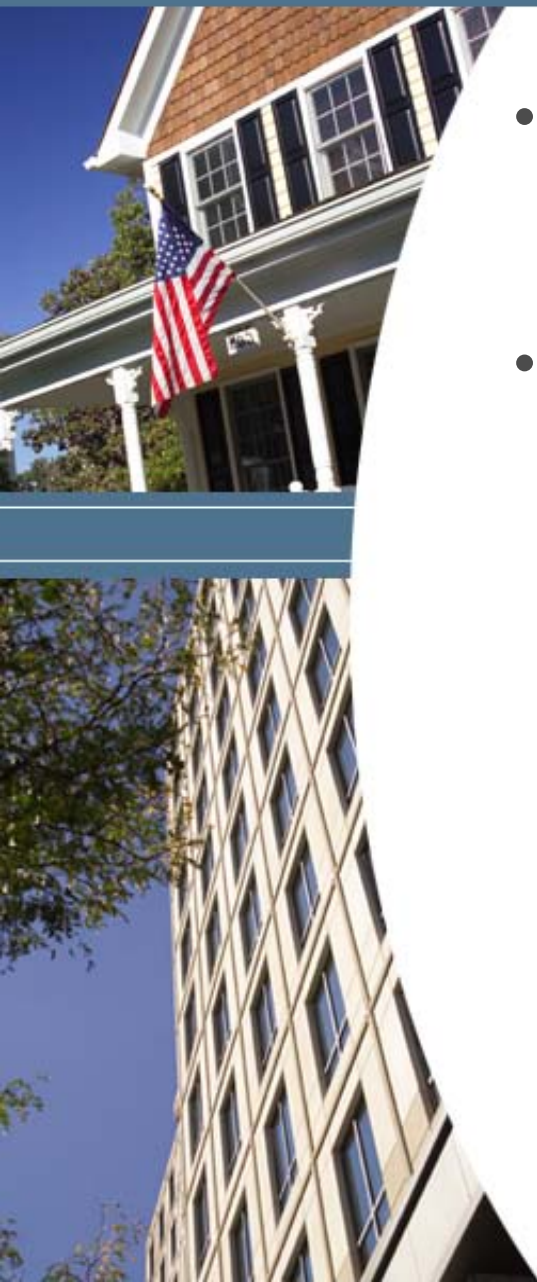
<http://shortsaleflip.com/>

<http://www.biggerpockets.com/forums/103/topics/30644-short-sale-flip-help>

Fraud Types

- For Housing (defined) – borrowers who misrepresent loss mitigation information to either stay in their home or preserve their credit – examples:
- For Profit (defined) – borrowers and service providers that misrepresent information or collude to profit from a transaction

Fraud Schemes

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- For Housing
 - » Income misrepresentation
 - » Short sale
 - For Profit
 - » Income misrepresentation
 - » Short sale flip
 - » Rescue scams
 - » Lease / sell back

Flags & Recommendations

- Short sale flip flags
 - » Sudden default, no workout discussions and immediate offer at short sales price
 - » Ambiguous or conflicting reasons for default
 - » Short sale offer from related party
- Short sale flip prevention
 - » Robust short sale appraisal review process
 - » Borrower / seller interview
 - » Public records research to determine arm-length nature of parties

Final Thoughts

- Use Analytics to Target Borrowers
 - » Capacity
 - » Re-default
 - » Occupancy
- Trust but Verify
 - » Win / Win
 - » HAMP full doc on 6/1
 - » HAFA

More details contact me at asantos@digitalrisk.com