

Mortgage Fraud and Foreclosure in Lamorinda:

Are We Immune to It?

By Steve Snyder, CMG Mortgage Services, Inc.

Mortgage fraud is rampant throughout the United States, creating an immediate threat to homeowners and local communities. Nationwide, mortgage fraud is estimated to have cost businesses nearly \$50 billion and consumers some \$5 billion in the past five years, according to a recent study conducted by the Federal Trade Commission.

Some people consider it akin to cheating on their income tax. But when a borrower makes misrepresentations about their income, personal debt, property value or down payment conditions, it can lead to a fraudulent loan situation. The situation becomes a problem when the borrower cannot continue to make the payments and the home goes into foreclosure. With the current decreasing value market, the lender sometimes has to sell the home for less than the loan amount.

Mortgage fraud in Lamorinda is a very rare instance. Some people have to work very hard to buy in the area to send their kids to the school system they chose, but whatever their income level they are decent people. Unfortunately, some cases of fraud involve loans that lead the consumer to foreclosure because they should have never been put into the product in the first place because they simply cannot afford the loan payment. Sometimes the consumer does not know where to turn for help. As of this writing, there were six hundred eighty eight homes in foreclosure in Contra Costa County with evidence of sixteen of those in the Lamorinda area.

While individual cases of mortgage fraud are increasing, the major rise is from organized groups who work together in a fraud scheme. This can include loan officers, appraisers, lenders, attor-

neys, title and escrow workers and real estate agents. The FBI reports that 80 percent of reported fraud cases involve collaboration or collusion by industry insiders. The Federal Agency has already investigated twice as many fraud cases in 2007 as in all of 2006. There is a recent article, "Former Broker in Contra Costa County accused in \$1.5 Million Fraud." This person allegedly robbed real estate from a ninety two year old person who was not aware they were being taken advantage of.

While many states have, or are considering, laws to make mortgage fraud a crime with harsher penalties, I'd like to offer some tips for consumers to make sure they are not caught-up in a criminal activity:

If you are considering a mortgage loan, get referrals from mortgage and real estate professionals, family, and friends who you trust that have had a satisfactory transaction.

Also, check their licenses and ask for background information and references.

Check to see if they have any complaints on their license.

Always question any outrageous promises or deals and stay away from high pressure sales techniques. If it sounds too good to be true, it is.



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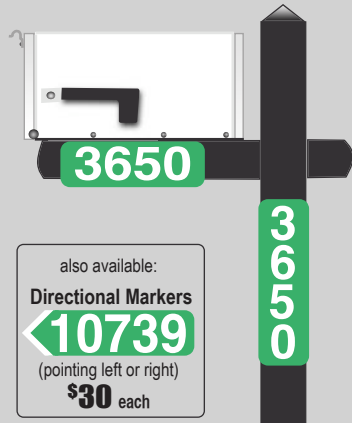
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