

## WHAT IS MORTGAGE FRAUD?

Mortgage fraud refers to the deliberate act of misrepresentation of information that is done with the intent to deceive and have a financial gain to the detriment of another, to obtain a mortgage. Mortgage fraud can be committed by multiple parties in the mortgage transaction in a variety of ways.

### Common Mortgage Fraud Schemes

#### Fraud for Shelter

Fraud for shelter involves genuine intent to purchase a home for owner occupancy. The issue arises when the borrower and/or third parties falsify or provide incorrect information on an application to obtain a mortgage for which they wouldn't otherwise qualify. In contrast to traditional real estate frauds, the goal here isn't to fraudulently sell the property or have a financial gain, but rather to secure housing through questionable means.

#### Fraud for Profit

Fraud for profit is often highly organized and intricate, with multiple parties collaborating for financial gain. Industry professionals like real estate agents, mortgage brokers, lenders, lawyers, or appraisers may be involved. Examples of this fraud include inflating property values, falsifying documentation, and exploiting potential innocent individuals to facilitate transactions. The complexity and collaboration in these schemes distinguish them from simpler forms of fraud in real estate transactions.

### Fraud Prevention

#### Trust but verify!

Document Fulfillment is key in determining the capacity of an applicant to repay the mortgage loan and helps in the detection or determent of fraud. It is important that the appropriate level of due diligence is conducted on all mortgage applications. Thoroughly review all documentation provided and consider if the transaction is **Reasonable, Affordable** and **Sustainable**.

#### Stop, Think, Report

Sagen is committed to working with other parties to prevent fraud in the mortgage industry. While mortgage fraud has always existed, its sophistication is evolving and increasing as seen in new articles and reports nationally. We need your support and collaboration to prevent fraud.



## Sagen's approach to fraud prevention

- **Education** – Sagen has a strong industry presence in providing education and fraud awareness to financial institutions and mortgage professionals.
- **Advanced Analytics** – Sagen employs intelligent analytics tools for proactive fraud detection, actively monitoring and working with lenders in the industry to prevent mortgage fraud.
- **Collaboration** – Sagen continues to establish connections within the industry for information sharing and collective fraud prevention efforts.
- **Subject Matter Experts** – Sagen's seasoned fraud investigation team collaborates with our customers, actively detecting and preventing fraud while fostering industry connections to deter mortgage fraud.

## Report

If you suspect or identify potential misrepresentation or inaccurate information, please submit the information using the [Stop Fraud Notification form](#) or report the concern by sending an email directly to [stopfraud@sagen.ca](mailto:stopfraud@sagen.ca) or [arreterlafraude@sagen.ca](mailto:arreterlafraude@sagen.ca). Sagen investigates all tips received and all sources will remain anonymous.

If you are interested in training and education, please contact your Sagen Account Manager.