



## Identifying Fraud

Fraud has become increasingly common, particularly as it relates to real estate owned (REO) homes. Following are some common fraud schemes, along with red flags that can help you identify them.

### Common Fraud Schemes

#### First Look Violations

**Fraud occurs when an ineligible buyer misrepresents the intended home use as being owner-occupied. Red flags include:**

- The home is listed for rent/for sale immediately or soon after closing
- The home appears to be vacant more than 60 days following closing
- The buyer is known to currently own and reside in a superior property or in a superior area
- The buyer owns multiple investment properties in the same area as the subject home

#### Billing Schemes

**Fraud occurs when Freddie Mac is billed for services not rendered or to companies that do not exist. Red Flags include:**

- Repairs or services that do not make sense for the property, the area or the season
- Visual inspection does not support the invoiced repair(s)
- Invoice amount is excessive for the work

#### Bid Rigging

**Fraud occurs when prospective bids are tendered in a way to ensure that the winning bid is artificially high. Red Flags include:**

- Common format to the bids
- Common identifiers on the bids (e.g. addresses, contact information)
- Name similarities between competing bidders

#### Rental Schemes

**Fraud occurs when a property is advertised as available for rent when it is actually only listed for sale. Red Flags include:**

- A For Sale or For Rent sign that is not the listing agent's sign
- Someone living in a previously vacant home claiming the right to occupy the home
- The deed has been conveyed out of Freddie Mac's name post-foreclosure

#### Reporting Fraud

To report known or suspected fraudulent activity, contact one of the following:

Freddie Mac Fraud Hotline – **1.800.4.FRAUD.8**

HomeSteps Customer Service – **1.800.972.7555**

Freddie Mac Customer Service – **1.800.FREDDIE (373-3343)**

Freddie Mac Compliance Hotline – **1.877.301.CODE (2633)**

Freddie Mac Mortgage Fraud Reporting – **mortgage\_fraud\_reporting@freddiemac.com**