



Fraud Bulletin

U.S. Department of Housing and Urban Development
Office of Inspector General

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Fraud Alert: Appraiser Identity Theft

The Office of Inspector General (OIG) at the U.S. Department of Housing and Urban Development (HUD) uncovered a series of cases of appraiser identity theft. The schemes varied but resulted from someone using the State certification number of a Federal Housing Administration (FHA) roster appraiser. The FHA roster appraiser was unaware of the misuse until it came to light, usually by accident.



Most of the schemes happened when an FHA roster appraiser provided his or her personal identification number (PIN) for the desktop appraisal software to a colleague or supervisor. Providing the PIN was often rationalized because

- It was needed to keep the process timely,
- A fast turnaround was requested by the lender, or
- It was a contingency for when the roster appraiser was away or unavailable.

While these actions may seem innocent enough, they raise severe risks for misuse because the appraiser can never be sure the PIN will only be used with his or her knowledge and for legitimate purposes. Over the last couple of years, OIG has received more than a dozen reports of identity theft by colleagues or supervisors. Following are some case examples of the various schemes.

Washington. An FHA roster appraiser reported that someone conducted appraisals using his name. An OIG investigation found that reverse mortgage loan appraisals were performed by the appraiser's former boss using the appraiser's software PIN. The identity falsification was aided by a mortgage lender. The appraisal report used the FHA roster appraiser's name but listed the phone and appraisal company of the former boss. The offender was convicted of 55 counts of identity theft and mortgage fraud and sentenced to 5 years imprisonment. He was also ordered to pay \$20,250 to the certified appraiser and homeowners that were defrauded. The conspiring lender was sentenced to 90 days in jail and 6 months community service for mortgage fraud.

Illinois. A licensed appraiser used the name and license of two other appraisers when he signed off on appraisals that were used in fraudulent real estate transactions. The two appraisers whose identities were used were unaware that their names and license numbers were associated with the appraisals. The victims' appraisal numbers and signatures were accessed by the perpetrator, who worked with the victims. The subject pled guilty to one count of forgery and was sentenced to 3 years in prison.

California. An appraiser fraudulently used the identity, name, and professional credentials of a FHA roster appraiser 170 times to perpetrate an FHA residential appraising scheme.

He presented a false email and resume, including the FHA roster appraiser's name and certification number, to an appraisal company and pretended to be the certified appraiser. When an FHA staff review appraiser noted inconsistencies, she alerted the FHA roster appraiser, who removed his name from the roster. The phony appraiser then wrote a letter to the appraisal firm, purportedly from HUD, explaining why the certified appraiser's name wasn't listed and that the firm could continue to let him do appraisals. When interviewed by OIG special agents, the appraiser confessed to the schemes. In court, the appraiser pled guilty and was sentenced to 5 year's probation and community service.

Despite the penalties for these fraudsters, reputational damage done to the appraisers can be hard to repair. Protecting your good name requires caution on your part.

All appraisers should be aware that on page 5 of the Uniform Residential Appraisal Report, they are certifying under a Federal criminal statute that the information on the form (including the identity of the appraiser) is true and correct.

Uniform Residential Appraisal Report		File #
The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.		
25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.		

Do's and Don'ts

- **Do** review a list of your appraised properties often to detect any that were not conducted by you, especially after you leave an appraisal firm.
- **Do** follow up on any indication that an appraisal that you did not perform was entered in your name.
- **Do** file a report of suspected fraud on [OIG's Web site \(https://www.hudoig.gov/report-fraud\)](https://www.hudoig.gov/report-fraud) or call your Special Agent in Charge in the Office of Investigation (<https://www.hudoig.gov/about/where-were-located>).
- **Do not** give your system PIN to another person.
- **Do not** leave your PIN where it can be accessed by someone.
- **Do not** do business with a company that requires you to give it your PIN.
- **Do not** use the PIN of another appraiser, even if it is on his or her behalf.
- **Do not** sign an appraisal that you have not personally performed.

"We applaud the HUD Office of Inspector General for raising awareness about appraisal related identity theft. Given the range of interests in appraisal results, and the advent of electronic documentation and signatures, identity theft presents a significant risk to lenders and consumers, and it's an issue that the Appraisal Institute has provided education and guidance to the industry for many years." , **Jim Amorin, MAI, SRA, AI-GRS
President, Appraisal Institute**