

COVID-19 FRAUD BULLETIN



★ ★ OFFICE of ★ ★
INSPECTOR GENERAL

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

➔ Fraud Prevention Tips and Resources

FOR THE MORTGAGE INDUSTRY

April 2020

In response to the pandemic caused by the coronavirus disease of 2019 (COVID-19), Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which provides the U.S. Department of Housing and Urban Development (HUD) the authority to provide flexibilities to keep the industry moving. These flexibilities provide new opportunities for people to take advantage of the system.

HUD OIG encourages you to be alert to possible fraud schemes such as:

- ➔ fraud by individuals misusing appraisal flexibility,
- ➔ fraud by individuals exploiting borrower employment verification flexibility,
- ➔ fraud related to inadequate property inspection and maintenance for properties with delinquent loans,
- ➔ fraud by misappropriation of escrow funds, and
- ➔ fraud in which borrowers are contacted with forbearance and foreclosure schemes.

Report Possible Fraud:

Report possible mortgage fraud to HUD's Office of Inspector General at hotline@hudoig.gov or the official website, <https://www.hudoig.gov/hotline>.

For More Information and Assistance:

The Financial Crimes Enforcement Network (FinCEN) has issued the following news releases about for financial institutions:

- FinCEN Encourages Financial Institutions to Communicate Concerns Related to the Coronavirus Disease 2019 (COVID-19) and to Remain Alert to Related Illicit Financial Activity, <https://www.fincen.gov/news/news-releases/financial-crimes-enforcement-network-fincen-encourages-financial-institutions>, and
- FinCEN Provides Further Information to Financial Institutions in Response to the Coronavirus Disease 2019 (COVID-19) Pandemic, <https://www.fincen.gov/news/news-releases/financial-crimes-enforcement-network-provides-further-information-financial>.
- Fannie Mae and Freddie Mac have posted additional fraud-prevention resources for individuals in the mortgage industry that are available online: Fannie Mae – Mortgage Fraud Prevention, <https://singlefamily.fanniemae.com/mortgage-fraud-prevention> and Freddie Mac – Client Resource Center, <https://sf.freddiemac.com/client-resource-center>.

