



## **Mortgage Fraud Jumps by 45% on Fewer Loan Applications in U.S., Per the Mortgage Asset Research Institute (MARI)**

*Key Findings: Fraud Most Often Occurs at the Beginning of the Loan Process*

**RESTON, Va. – December 2, 2008** – Reported incidents of mortgage fraud in the U.S. increased by 45 percent on fewer loan applications in the second quarter of 2008 from a year ago, according to a new report released today by the Mortgage Asset Research Institute (MARI<sup>SM</sup>), a LexisNexis service. The *MARI Quarterly Fraud Report* is based on data submitted by MARI subscribers on loans originated in the second quarter of this year that have since been classified as fraudulent.

Key findings from the *MARI Quarterly Fraud Report* include that fraud most often occurs at the beginning of the loan process. More than 65 percent of fraud incidents are attributed to “General Application Misrepresentation” – a trend that has continued over the past two quarters. General Application Misrepresentation is when information such as when an incorrect name, occupancy or asset is potentially misrepresented during the application process. This fraud trend is followed closely by reported misrepresentations related to “Income” at 36 percent of Q2 applications and “Employment” at 20 percent of Q2 applications. The *MARI Quarterly Fraud Report* is available on MARI’s Web site at <http://www.marisolutions.com/resources-news.asp>.

Within the *MARI Quarterly Fraud Report* are three observations to help combat fraud, including:

- Mortgage organizations need better technology tools to evaluate applications;
- More collaboration is needed between mortgage organizations; and
- Mortgage organizations need to stop suspicious loan applications at the beginning before they go into the origination stage – the stage where most of the fraud occurs.

MARI provides valuable industry insight derived from its Mortgage Industry Data Exchange (MIDEX®) database, which contains an aggregation of 18 years of historical reported incidents of fraud and verified misrepresentations submitted by leading mortgage industry participants. MARI analyzes this industry data and presents reports that depict a national composition of residential mortgage fraud and misrepresentation to support the industry’s effort in the fight against mortgage fraud.

In addition to aggregate fraud, the quarterly report tracks fraud at the state level. For example, for two consecutive quarters, Florida leads all states in reported mortgage fraud, followed by California and Illinois, respectively.

### **Additional MARI Fraud Prevention Products**

To assist the mortgage industry in identifying mortgage fraud, MARI created its MARI<sup>SM</sup> Loan Fraud Alert Service Pro (LFAS Pro), a loan-level comparison analysis tool that scores and alerts customers of inconsistencies across loan applications within their pipeline and at an industry level. LFAS Pro is a patent-pending technology that supports the aggregation of industry-contributed mortgage loan applications, with near real-time notifications of conflicting application information. It is designed to help detect potential fraud schemes and applicant identity risk, as well as notification of insider risk using MIDEX. LFAS Pro addresses industry demand for greater transparency in the mortgage origination process by performing critical risk checks at the earliest stage of origination.

MIDEX and LFAS Pro are key components of the comprehensive LexisNexis® Identity Risk Management (IRM) solutions for the mortgage industry. The company's IRM solutions help mitigate fraud by allowing organizations to better know their customers, employees and vendors.

### **About Mortgage Asset Research Institute**

The Mortgage Asset Research Institute, LLC (MARI) is a premier provider of mortgage fraud prevention solutions and information services to the mortgage and financial services industries. MARI's 600+ subscribers represent the entities involved in over 80 percent of the wholesale mortgages originated in the United States. MARI's Mortgage Industry Data Exchange (MIDEX) service assists lenders in identifying mortgage and real estate professionals that have been associated with fraudulent activity or serious misrepresentation. For more information about MARI's services to combat mortgage fraud, go to [www.marisolutions.com](http://www.marisolutions.com).

### **About LexisNexis**

LexisNexis® ([www.lexisnexis.com](http://www.lexisnexis.com)) is a leading global provider of content-enabled workflow solutions designed specifically for professionals in the legal, risk management, corporate, government, law enforcement, accounting and academic markets. LexisNexis originally pioneered online information with its *Lexis*® and *Nexis*® services. A member of Reed Elsevier [NYSE: ENL; NYSE: RUK] ([www.reedelsevier.com](http://www.reedelsevier.com)), LexisNexis serves customers in more than 100 countries with 18,000 employees worldwide.

## **About LexisNexis Risk & Information Analytics Group**

LexisNexis Risk & Information Analytics Group is a natural extension of the core competencies and technologies proven in the LexisNexis online products from the past 30 years. The LexisNexis Risk & Information Analytics Group builds on the LexisNexis tradition as a trusted provider and custodian of quality information, and leverages new cutting-edge technology, unique data and advanced scoring analytics to create total solutions to address client needs. LexisNexis Risk & Information Analytics Group is specifically designed to serve the multi-billion dollar risk information industry which is comprised of professionals and organizations such as law enforcement, government agencies, financial services firms, collection agencies, insurance and health care providers, hiring managers, and other professionals. Visit <http://risk.lexisnexis.com> for more information.

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**Contacts:** Kimberly Tate-Nuwar  
LexisNexis Risk & Information Analytics Group  
770-752-3985  
[Kimberly.Tate-Nuwar@lexisnexis.com](mailto:Kimberly.Tate-Nuwar@lexisnexis.com)