



Avoiding mortgage fraud

In an effort to help both consumers and professionals recognize mortgage fraud, the Department of Insurance, Financial Institutions and Professional Registration offers a list of tips for both buyers and sellers.

This material was prepared by the Missouri Division of Finance, Insurance Consumer Affairs Division, the Real Estate Commission and the Real Estate Appraisers Commission.

The DIFP will continue to look for ways to educate consumers, lenders, mortgage brokers, realtors and appraisers about this issue by communicating with individuals from these fields and law enforcement already working on mortgage fraud cases.

Seller tips:

- Don't do business with strangers. Work with real estate and mortgage professionals that are known to you or recommended by someone you trust.
- Consult with a reputable real estate professional to determine the sale price of your home. Be wary of an offer to buy your home for an amount that's substantially higher than the listed sale price or that sounds too good to be true.
- Be cautious of a stranger asking to buy your property when it is not listed for sale.
- Never sign blank or incomplete documents. Read and understand the documents before you sign them.
- Do not help the borrower "qualify" for financing by agreeing to sell your home for an amount above the asking price with the understanding that you will refund or forgive the difference after closing.

Buyer tips:

- Don't buy more house than you can truly afford.
- Be suspicious of "no money down/cash back at closing" investment opportunities.
- Be wary of assurances from others that they will assume responsibility to pay a mortgage in your name.
- Never allow someone to buy property in your name with the agreement that you will sell the property at a later date and split the profit.
- Do your homework: Check the sales history of the property - several sales within a short period of time could indicate inflated values. Consult with your own real estate professional to establish the legitimate value of the property.
- Read and understand everything you are asked to sign. If necessary, talk with a lawyer.
- Never sign blank or incomplete documents. Read and understand the documents before you sign them.

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- Review a copy of the “final” settlement statement prior to closing. Don’t be rushed through the closing. Ask questions if you do not understand what you are signing.
- If a deal seems too good to be true, it probably is.

Consumer with questions can contact the Division of Finance at **888-246-7225** or **missouri-finance.org**.

About the Missouri Department of Insurance, Financial Institutions & Professional Registration

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) is responsible for consumer protection through the regulation of financial industries and professionals. The department’s seven divisions work to maintain consumer confidence by examining and monitoring industries and professions and by establishing coherent and evolving policies. DIFP works to enforce state regulations both efficiently and effectively while encouraging a competitive environment for industries and professions to ensure consumers have access to quality products.

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