



Fannie Mae Mortgage Fraud Update

May 2008

Mortgage Fraud Statistics

The following charts and tables reflect data on loans delivered to Fannie Mae. They are a reflection of Fannie Mae's experience, and do not purport to represent statistics covering the mortgage lending industry as a whole. They are intended to be used for information and benchmarking purposes only.

Types of Misrepresentation Findings

Definitions:

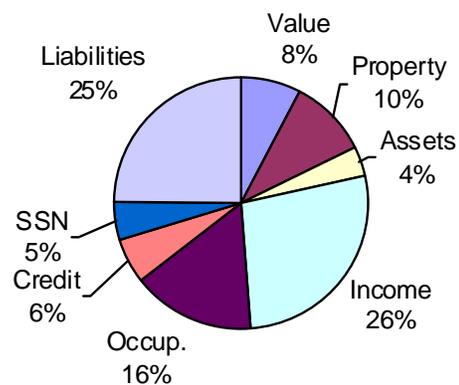
- **Credit** = The borrower's identity and/or credit history was/were misrepresented.
- **SSN** = There is a significant discrepancy in the SSN(s) used to qualify the borrower(s).
- **Liabilities** = The borrower's liabilities were misrepresented.
- **Value** = The property value was inflated and there was non-property-related misrepresentation in the loan transaction.
- **Property** = A specific material fact about the property and/or the comparable sales was misrepresented.
- **Assets** = The borrower's funds information was inflated or fabricated.
- **Income** = The borrower's income/employment information was inflated or fabricated.
- **Occupancy** = The borrower's intent to occupy the subject property was materially misrepresented.

Distribution of Misrepresentation Findings by Type

The following pie chart depicts the distribution of significant misrepresentation findings by type. It reflects findings for loans originated in 2006-2007, as of reviews completed through April 2008.

Observations

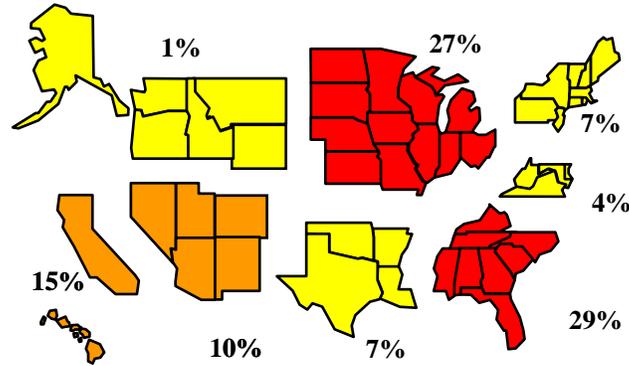
- Income misrepresentation is the most common single misrepresentation finding at 26%.
- Credit-related misrepresentation (Credit, SSN and Liabilities) is the most common group (36%).
- **The top seven markets for SSN misrepresentation (by first 3 zip code digits and representative city):**
 1. 554 – Minneapolis, MN
 2. 551 – St. Paul, MN
 3. 553 – Burnsville, MN
 4. 841 – Salt Lake City, UT
 5. 303 – Atlanta, GA
 6. 325 – Fort Walton Beach, FL
 7. 770 – Houston, TX



Distribution of Misrepresentation Findings by Geography

By Region

The following map depicts the distribution of significant misrepresentation findings by geographic region. It depicts all loans with misrepresentation that were originated in 2006-2007, as of reviews completed through April 2008.



Observation

- The Southeast has a leading share of Fannie Mae loans with mortgage fraud findings, followed closely by the Midwest. The West's share is third followed by the Southwest.

By Zip Code Area

The following table depicts the top ten zip code areas (first three zip code digits) for Fannie Mae misrepresentation findings, a representative city, and the most common types of misrepresentation findings for each area. The table depicts all loans with misrepresentation that were originated in 2006-2007, as of reviews completed through April 2008.

Rank	Zip3	City, State	Most Common Fraud Types
1.	482	Detroit, MI	Liabilities & Property/Value
2.	554	Minneapolis, MN	Credit & SSN
3.	336	Tampa, FL	Occupancy & Property/Value
4.	303	Atlanta, GA	Credit/Liabilities & Income
5.	330	Pompano Beach, FL	Income & Credit
6.	891	Las Vegas, NV	Credit/Liabilities & Income
7.	331	Miami, FL	Income & Assets
8.	481	Dearborn, MI	Liabilities & Property/Value
9.	381	Memphis, TN	Income & Assets
10.	328	Orlando, FL	Occupancy & Property/Value

Observations

- The top ten zip code areas account for 23 percent of the fraudulent loans thus far identified among 2006-2007 originations.
- Three of the top ten areas (336, 891 and 328) contain loans with significant fraud issues related to condominium projects. The specific issues impacting these projects include:
 - Project Level –
 - Ineligible use (condotel); Lease-back agreements with no access to units for owner-borrowers;
 - Seller contributions that are either ineligible or excessive (payment abatements, marketing fees, etc.);
 - Inflated appraised values (failure to adequately adjust for sales contributions and/or market conditions, use of superior sales as comparables, etc.); and/or
 - Mandatory arbitration clauses in contracts.
 - Borrower Level –
 - Misrepresented income; Misrepresented intent to occupy; and/or Undisclosed liabilities.