

Mortgage Fraud in Miami, South Florida 2nd Highest in USA - But Are Con Artists That Rampant Here in Miami-Dade? No.

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Mortgage fraud is a national problem that's getting more and more rampant in our area, according to Interthinx, a company that periodically releases its research analysis of national fraud numbers.

Its *warnings are particularly dire for the Miami area*, where [South Florida's ranking 2nd](#) in the country for mortgage fraud risk in 2011. Last year, that [ranking was 20](#), making South Florida the only area in the country with a significant increase in mortgage fraud.

[You can read the Interthinx Mortgage Fraud Risk Report for the first quarter of 2011 here \(downloadable pdf format\).](#)

[The report is dealing with housing scams, and the study focuses upon a review of mortgage applications provided by cooperating lenders.](#) Interthink scans the applications for red flags that suggest something is not quite right in an application, using its internally devised system of mortgage fraud indicators. The report itself measures (1) overall fraud as well as four subsets: (a) property valuation fraud; (b) identity theft; (3) occupancy fraud; and (4) falsified income reports.

Our local area is number 1 in all these rankings, except for the falsified income report frauds.

When considering **occupancy fraud**, **identity fraud**, and **property valuation fraud**, things may need to be clarified. In many cases, fraud is very much what we think it is - scam artists falsifying documents, hiding relevant information, and wrecking havoc with the lending community. There are, however, instances where the fraud is to some extent more benevolent (though fraud nonetheless). In these cases (and this happens often in South Florida), the "fraud" is really an attempt by family members to help each other out, in transactions where individuals close on homes that become theirs, with mortgages that are kept current.

It is true that mortgage fraud in this area is rampant. There are con artists taking advantage of buyers from foreign countries as well as other parts of the country (in addition to Floridians), and general mortgage fraud that fits into the category of classic white collar crime - falsifying information, hiding information, and creating deals for short term transactional profit - at the expense of others and of our economy at large. It's good to make everyone aware of these scams.

However, this new Fraud Report provides numbers that also [incorporate family members that are trying to help loved ones stay in their homes, however fraudulent their actions may be.](#) These instances do not reflect a danger to the investing public at large, and potential buyers and investors should not be swayed by the Fraud Danger that is being discussed as being overwhelming here in South Florida.

There may be a lot of hinky mortgage applications in South Florida right now; however, in our Great Recession there are lots of applications that are disingenuous as [family members try and help each other out](#).

These fathers and brothers and sisters and cousins are not a danger to the incoming investor, and that should be considered when pondering the impact of this new Fraud Report.