

Potential Mortgage Fraud Red Flags

Category	Red Flag
Appraisals	Data is inconsistent within the Appraisal, or is inconsistent with other underwriting data, current market conditions or comparable data.
	Close relationship between the appraiser and Sponsor.
	Property's appraised value is significantly greater than the value of comparable properties, or the appraiser selects inappropriate comparable properties.
Financial Statements and Financing Structure	Income or expenses differ significantly from comparable properties.
	Unexplained income or expense variances (e.g. sudden decline in operating income or increases in expenses after funding).
	Missing or late financial statements.
	Multiple successive cash-out refinances across a Sponsor's portfolio.
Property Condition and Inspections	Property Condition Assessment results are inconsistent with expectations for a property of the same age, use, and profile.
	Property Condition Assessment results are inconsistent with attached photos or other underwriting data.
	Missing or late inspections.
	Tenant complaints about Property condition that are inconsistent with representations about the Property condition, improvements or capital expenses reported.
Other	Sponsor litigation is not adequately addressed.
	Documents appear to be altered.

Potential Money Laundering Red Flags

Category	Red Flag
Counterparty to the Transaction	Counterparty provides suspicious identification or contact information.
	Counterparty asks/exhibits concern about Fannie Mae's Anti-Money Laundering obligations and/or inquires if a certain transaction will be reported.
	Counterparty is domiciled outside of the United States.
	Counterparty is a shell company, and the beneficial owners are not readily apparent.
	Counterparty has not typically engaged in the multifamily business, and has no prior experience with multifamily transactions.
Funds	Funds used in the transaction originate from a foreign jurisdiction.
	Borrower funds used in the transaction originate from multiple sources, or from unrelated third parties.
	Funds wired at closing are materially more than would be expected based on the closing statement.
Change of Ownership	Unexpected or unapproved change of an LLC Borrower's ownership shortly after funding.