

MORTGAGE FRAUD – RED FLAGS

- The mortgage advance exceeds the balance due on closing.
- Credits which are not referenced in the purchase agreement or in amendments to the purchase agreement are granted to the purchaser for purported reasons including the following:
 - additional deposit
 - gift
 - promissory note
 - renovations and repairs
 - vendor take-back mortgage
 - rebate for real estate commission
- The mortgage advance exceeds the balance due on closing.
- Credits are granted to the purchaser in an amendment to the purchase agreement that have not clearly been disclosed to the lender.
- The purchase price of the property has escalated substantially over a relatively short period of time.
- The lender is effectively advancing more than 95 percent of the purchase price where the mortgage is insured.
- The purchaser provides no or minimal funds on closing such that only the mortgage advance is required to complete or substantially complete the purchase.
- Closing funds come in the form of a cheque or bank draft drawn from a source that indicates that the source may not be the purchaser.
- The purchase agreement (and any amendments to the agreement) indicate that the deposit is payable directly to the vendor rather than to the vendor's real estate broker or lawyer.
- There is third-party involvement including instructions, directions, client identification and information coming from a third party, or alternatively, directions to report to or pay excess mortgage proceeds to a third party.
- The same purchasers, vendors, real estate agency or mortgage broker are present in multiple transactions.
- The lawyer is asked to make a last-minute registration under a power of attorney.
- The lawyer is asked to complete a transaction in a short period of time.
- The lawyer is offered higher than usual legal fees for acting on the transaction.