

Lenders pool loan data to detect fraud

Database now includes 80M loan applications

BY INMAN NEWS, FRIDAY, OCTOBER 1, 2010.

[Inman News](#)

Lenders who originate 70 percent of U.S. mortgages are now participating in a loan monitoring program operated by data aggregator CoreLogic to help detect short-sale "property flops" and other mortgage fraud, the company says.

Lenders participating in CoreLogic's Mortgage Fraud Consortium contribute their loan information to a database that currently houses more than 80 million loan applications and is growing by eight to 10 million applications per year, CoreLogic said.

The database can be accessed by CoreLogic's fraud detection tools, which are designed to uncover patterns of unethical behavior by real estate agents and others involved in short sales.

The detection tools look for rapid resales of properties or repeat transactions in which the resale amount is much higher than the short-sale amount, and can also issue alerts when there's more than one loan application pending on the same property.

Lenders participating in the consortium gain the ability to track the behavior of real estate brokers and agents across multiple lender relationships, the company says.

CoreLogic estimates that short sales have more than tripled since 2008, to an estimated 400,000 per year. About 2 percent of short sales show signs of "egregious flipping," [the company said](#) in releasing the results of a recent study, costing lenders about \$310 million a year.

In addition to pre-closing and post-closing loan information contributed by lenders, CoreLogic's fraud detection tools can draw on property listings data the company licenses from multiple listing services.

In August, CoreLogic [announced agreements](#) to license sold listings data from eight MLSs with a combined total of 82,000 members, and said it is in negotiations with more than 50 other MLSs. Sold listings data CoreLogic licenses from MLSs is utilized by applications like the company's LoanSafe Fraud Manager.

CoreLogic hosts meetings of the Mortgage Fraud Consortium four times a year. When the consortium meets next on Oct. 5-7 in Chicago, government experts from the FBI, Financial Crimes Enforcement Network, Internal Revenue Service and the Department of Justice will discuss current policies and trends, CoreLogic said.

Since the consortium was founded in 2008, lenders are more aware of fraud patterns and mortgage fraud has continued to decrease, said Tim Grace, CoreLogic senior vice president, fraud analytics, in a [press release](#).