

# The Interthinx® F.R.A.U.D. Report

TOP 10 "HOT SPOTS" FOR FIRST QUARTER 2008  
For States With Over 2,000 Total Submissions For the Quarter

State	Loans with Variances	Employment Income	Identity	Occupancy	Straw Buyer*	Property Valuation	Property Flipping
IA	36.05%	1.83%	26.19%	1.18%	0.06%	13.47%	0.36%
OH	34.31%	5.54%	15.18%	2.12%	0.14%	18.71%	0.40%
MD	32.55%	5.49%	19.79%	2.47%	0.10%	12.99%	1.32%
LA	31.95%	2.51%	24.71%	1.85%	0.19%	7.23%	0.07%
MI	31.27%	6.42%	9.59%	3.30%	0.51%	19.72%	0.28%
GA	31.24%	4.43%	15.51%	3.11%	0.36%	14.78%	0.61%
CO	30.89%	3.64%	19.01%	2.12%	0.21%	11.43%	0.16%
OK	30.48%	6.22%	17.83%	2.09%	0.44%	10.48%	0.16%
VA	30.17%	3.80%	21.40%	2.37%	0.21%	9.88%	0.19%
NV	29.48%	4.26%	16.66%	4.26%	0.45%	10.76%	0.47%

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## FRAUD RELATED ACTIVITY/ USEFUL DATA

- **26.29% of all applications** analyzed by Interthinx® in the first quarter of 2008 **scored as "high risk"**, a **4.57% increase** from the fourth quarter of 2007 and a **6.87% increase** from the first quarter of 2007.\*
  - **Identity was the most common** fraud indicator, representing **54.49% of all "high risk" applications**, a **16.77% increase** from the fourth quarter 2007 and a 15.10% increase from the first quarter 2007.
    - The states with the highest incidence of Identity fraud are Mississippi, Idaho, Louisiana, Iowa, Kansas, Virginia, Utah, Alabama, Arizona and Colorado.
  - **Inflated Property Value was the second most common** fraud indicator, representing **38.86% of all "high risk" applications**, a **3.60% decrease** from the fourth quarter 2007 and a 2.60% decrease from the first quarter 2007.
    - The states with the highest incidence of Inflated Property Value (in descending order): **Michigan, Ohio, Massachusetts, South Carolina, Georgia, Minnesota, Tennessee, Illinois, Connecticut and Wisconsin.\*\***
  - **Employment / Income fraud** indicators represent **16.62% of all high-risk applications**, an 11.50% decrease from the fourth quarter 2007 and a 0.60% decrease from the first quarter 2007.
    - The states with the highest incidence of Employment/Income fraud were: **Indiana, California, Utah, Washington, Oregon, Michigan, Oklahoma, Illinois, New Jersey and Connecticut.\*\***
  - **Occupancy fraud** indicators represent **10.47% of all high-risk applications**, a 4.40% decrease from the fourth quarter 2007 and a 9.93% decrease from the first quarter 2007.
    - The states with the highest incidence of Occupancy fraud were: **New Jersey, Connecticut, Massachusetts, California, Nevada, Minnesota, New York, Kentucky, Illinois and Florida.\*\***
- The states with the **highest overall incidence of high-risk applications** were (in descending order): **Iowa, Ohio, Maryland, Louisiana, Michigan, Georgia, Colorado, Oklahoma, Virginia and Nevada.\*\***
  - The top fraud indicators identified for these states are: Identity and Inflated Property Value.

None of these results reflect either civil or criminal cases of fraud proven in a court of law. The results are derived from analysis of the data provided by Interthinx clients, internal and external Interthinx data sources, Interthinx product scoring results, and human decision-making logic. Interthinx alerts are generated when there is a significant variance between borrower provided data and the data from the sources set forth above, and indicate an increased risk that borrower data was misrepresented.

The Interthinx Top Ten Hot Spots are derived from an analysis of all loan application data submitted to our fraud detection tools in 2008, and highlights the rate of potential misrepresentation in one of the following categories: Employment / Income, Identity, Occupancy, Strawbuyer, Property Valuation and Property Flipping. Interthinx data differs from FBI statistics because it includes data from loan files originated only in 2008 during pre-funding reviews. FBI statistics are derived primarily from Suspicious Activity Reports (SARs), which may include closed loans and loans originated in prior years.



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NOTES: Interthinx fraud indicator data is derived from the analysis of all mortgage loan application data submitted during the identified time period in the categories of Employment/Income, Identity, Occupancy, Straw Buyer, Property Valuation and Property Flipping.

\* An application is scored "high risk" when it contains at least one high-impact indicator of possible fraudulent activity for Employment/Income, Identity, Occupancy, Straw Buyer, Inflated Property Value or Property Flipping.

\*\* Only states with at least 2,000 submitted applications are included in this analysis.

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