

# The Interthinx® F.R.A.U.D. Report

TOP 10 "HOT SPOTS" FOR SECOND 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
MI	30.68%	6.13%	8.74%	4.33%	1.06%	19.91%	0.19%
NJ	28.07%	5.16%	12.57%	8.58%	1.03%	10.69%	0.24%
OH	27.05%	5.09%	6.58%	2.50%	0.20%	18.01%	0.33%
NV	25.01%	4.00%	8.45%	3.69%	0.62%	14.59%	0.52%
CA	23.79%	5.02%	9.78%	3.43%	0.40%	11.51%	0.17%
MD	23.33%	5.07%	8.60%	3.20%	0.24%	11.95%	0.41%
FL	23.23%	5.40%	8.61%	3.33%	0.45%	11.02%	0.45%
NY	23.15%	4.30%	8.21%	3.13%	0.38%	12.20%	0.38%
GA	23.03%	4.36%	7.45%	2.84%	0.56%	12.79%	0.38%
IL	22.68%	5.04%	7.75%	3.20%	0.35%	11.69%	0.42%

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## FRAUD RELATED ACTIVITY/ USEFUL DATA

- **21.22% of all applications** analyzed by Interthinx® in the second quarter of 2008 scored as "critical risk", a **5.08% decrease** from the first quarter 2008 and a **2.20% decrease** from the second quarter of 2007.\*
- The states with the **highest overall incidence of critical risk applications** were (in descending order): **Michigan, New Jersey, Ohio, Nevada, California, Maryland, Florida, New York, Georgia and Illinois.\*\***
  - The top fraud indicators identified for these states are: **Inflated Property Value and Identity.**
  - **Inflated Property Value was the most common** fraud indicator, representing **49.19% of all critical risk applications**, a **10.33% increase** from the first quarter 2008 and a **0.02% increase** from the second quarter 2007.\*\*
    - The states with the highest incidence for this category are **Ohio, Michigan, Massachusetts, Tennessee, South Carolina, Iowa, Nevada, Minnesota, Georgia and Colorado.\*\***
  - **Identity was the second most common** fraud indicator, representing **37.51% of all critical risk applications**, a 16.98% decrease from the first quarter 2008 and a 4.11% increase from the second quarter 2007.
    - The states with the highest incidence for this category are (in descending order): **Utah, Washington, Texas, Oregon, New Jersey, Louisiana, California, Arizona, Kentucky and Alabama.\*\***
  - **Employment/income** fraud indicators represent **20.62% of all critical risk applications**, a 4.00% increase from the first quarter 2008 and a 3.68% decrease from the second quarter 2007.
    - The states with the **highest overall incidence of Employment/income fraud** were: **Indiana, Utah, Oregon, Kentucky, Missouri, Florida, Virginia, Illinois, Maryland and California.\*\***
  - **Occupancy** fraud indicators represent **14.25% of all critical risk applications**, a 3.78% increase from the first quarter 2008 and a 2.85% decrease from the second quarter 2007.
    - The states with the **highest overall incidence of Occupancy fraud** were: **New Jersey, Kentucky, Missouri, Alabama, Louisiana, Pennsylvania, Nevada, Utah, Minnesota and California.\*\***

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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\* An application is scored "critical risk" when it contains at least one high-impact indicator of potential 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.