



Mortgage Fraud Brief

Quarterly Mortgage Fraud Insights

The CoreLogic® National Mortgage Application Fraud Risk Index (Index) for Q3 2023 is 123, up 4.3% from the prior quarter. The year-over-year trend is up less than 1% from Q3 2022, when the Index stood at 122.

Overall application volumes have increased slightly over the last two quarters, and the purchase share remains high at 72% - 75% of all transactions for the last four quarters. As we have seen over the last year, government-backed purchase share has steadily increased, from 23% of all applications to 27% of all applications.

As the mortgage market has been drastically dampened to the higher interest rates and low inventory levels, we are observing incredibly stable levels of overall and specific risks over the last two quarters.

The geographic index of the top metro areas has likewise seen little change.

One risk area found to have increased as reported in our annual report — issued in October — was identity fraud. This has been a relatively rare fraud in the primary mortgage market due to the length of time a loan is in process and the multiple touch points with the borrower at application and closing. Fannie Mae issued a fraud alert in August, warning of an identity theft ring that operated in suburban Atlanta, GA, targeting homes that were mortgage-free. The red flags included avoidance of any direct contact with the borrower, from appraisal waivers to independent title agents to online applications. These used to be unusual situations, but today are less likely to stand out as mortgages become more automated. With a reported 40% of US homes owned free and clear, the risk of these types of schemes, particularly in the home equity loan space, is growing. A risk and controls assessment of this specific type of fraud is a timely exercise given the changes in loan processing in the last several years.

Highest Fraud Risk Metros

METRO NAME	POPULATION*	Q3 2023 FRAUD RISK RANK	Q2 2023 FRAUD RISK INDEX	Q3 2023 FRAUD RISK INDEX	QUARTER-OVER-QUARTER, Q2 2023 to Q3 2023
Miami-Fort Lauderdale-Pompano Beach, FL	6,173,008	1	320	322	1%
Poughkeepsie-Newburgh-Middletown, NY	678,527	2	201	229	14%
Bridgeport-Stamford-Norwalk, CT	942,426	3	219	229	5%
Cape Coral-Fort Myers, FL	790,767	4	200	219	10%
San Jose-Sunnyvale-Santa Clara, CA	1,971,160	5	203	212	4%
New Orleans-Metairie, LA	1,272,258	6	168	205	22%
New York-Newark-Jersey City, NY-NJ-PA	19,124,359	7	192	204	6%
Stockton, CA	767,967	8	222	203	-9%
Los Angeles-Long Beach-Anaheim, CA	13,109,903	9	199	199	0%
Houston-The Woodlands-Sugar Land, TX	7,154,478	10	189	185	-2%

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Highest Fraud Risk Metros (continued)

METRO NAME	POPULATION*	Q3 2023 FRAUD RISK RANK	Q2 2023 FRAUD RISK INDEX	Q3 2023 FRAUD RISK INDEX	QUARTER OVER QUARTER, Q2 2023 to Q3 2023
New Haven-Milford, CT	851,948	11	189	181	-4%
San Francisco-Oakland-Berkeley, CA	4,696,902	12	159	173	9%
Riverside-San Bernardino-Ontario, CA	4,678,371	13	149	171	15%
Fresno, CA	1,000,918	14	168	169	1%
Springfield, MA	695,654	15	153	168	10%

CoreLogic Mortgage Fraud Solutions

CoreLogic is the industry's trusted provider for mortgage risk mitigation solutions. With the nation's largest mortgage application database, patented risk analytics and team of mortgage fraud experts, CoreLogic knows how to identify and lower the risk of mortgage fraud. [Learn more.](#)

The Mortgage Fraud Risk Index

The Mortgage Fraud Risk Index is calculated from the aggregation of individual loan application fraud risk scores during the previous quarter. Score compilations are calculated for the 100 highest-populated Core Based Statistical Areas (CBSA) in the US, and the 15 CBSAs with the highest Fraud Risk for the most recent quarter are shown in rank order.

For more information, visit corelogic.com or call 866-774-3282

The CoreLogic Mortgage Fraud Brief analyzes the collective level of loan-application fraud risk the mortgage industry is experiencing as measured quarterly by the CoreLogic Mortgage Application Fraud Risk Index, which is based on residential mortgage loan applications processed by CoreLogic LoanSafe Fraud Manager™. For information on our Mortgage Application Fraud Index Methodology, email loansafe@corelogic.com.

The top 100 CBSAs for fraud risk are available to members of the CoreLogic Mortgage Fraud Consortium and can be downloaded from the [LoanSafe Connect™](#) Resource page.

** Top 100 CBSAs are determined by population. 2019 resident total population estimate from U.S. Census Bureau Population Division March 2020 release.*

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