Loan Fraud
by Phil Burch
U.S. Department of Housing and Urban Development (HUD)©

Office of Lender Activities & Program Compliance

Quality Assurance Division Mission Statement

The Quality Assurance Division will strive to ensure that HUD approved lenders are originating and servicing FHA-insured loans in compliance with the Department's requirements.

How does HUD ensure compliance?

And…

deal with non-compliance?

Detection & Targeting

QAD's Tool Kit

- Electronic Monitoring
  - Neighborhood Watch
    - Originations, claims and defaults
      - Targeted
      - Random

- Referrals
  - State, Federal, Mortgagees
  - AND…

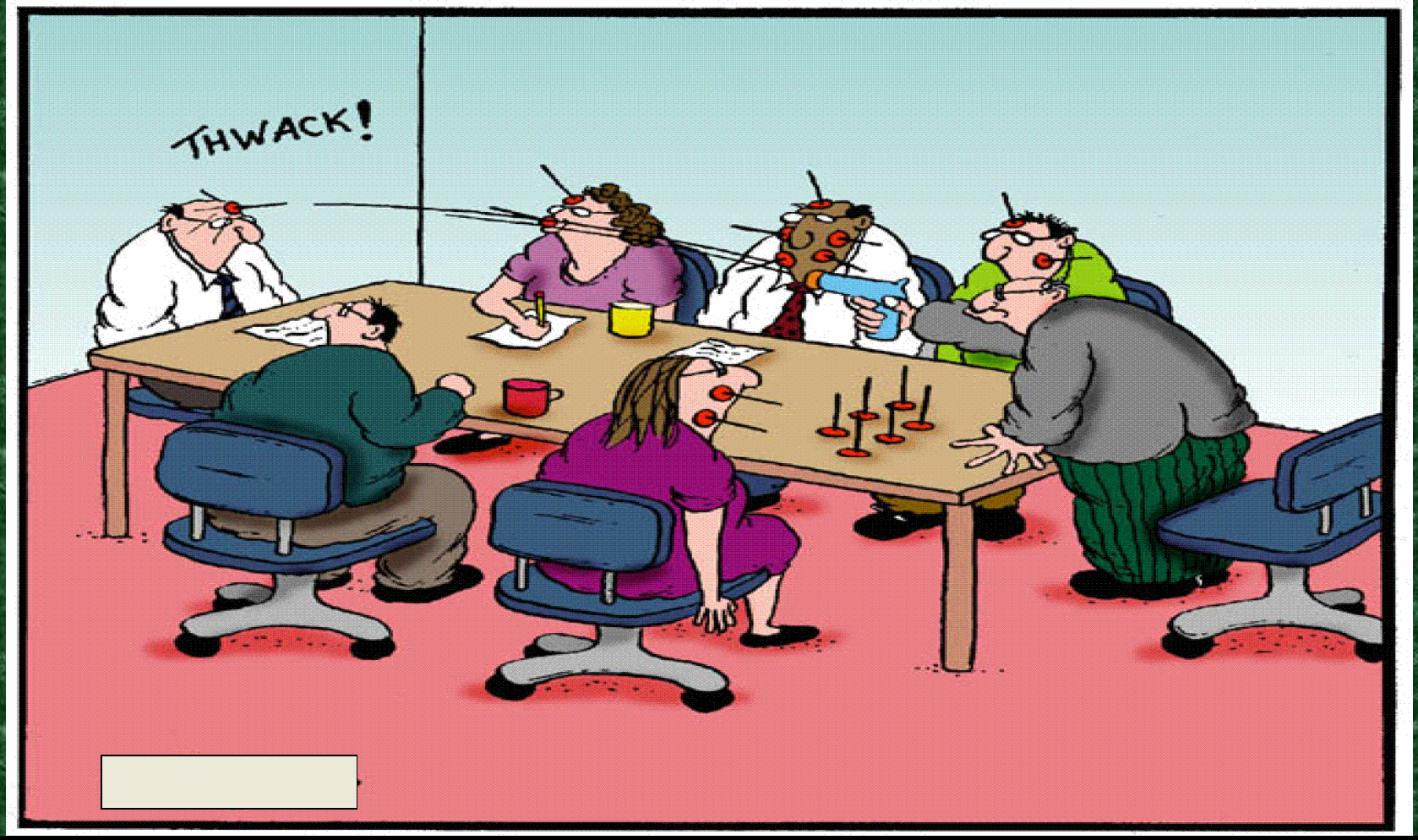
Ratted Out!

- Ex-Spouses
- Former business partners
- Competitors
- Anonymous calls

Other Tools

- Credit Reports
- Auto TrackXP
- State

HUD's Branch Chief selects the Auditor



ME !

Preparation for audit

- FHA Connection –
  - Neighborhood Watch Default Data
  - California Department of Real Estate Webb Site
  - Auto Track Data Base
  - Review Complaints

Neighborhood Watch - Netscape

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Bookmarks Netsite: https://entp.hud.gov/sfnw/nw/ What's Related

HUDweb HUD Homepage

EARLY WARNING SYSTEM MENU

- Early Warnings
- Servicing
- Analysis
- Details
- Lender Details
- Program Profiles
- Default Cases
- Queries

Loans Endorsed Between 06/05/2001 and 03/31/2002 within HOC - SANTA ANA with a first default reported within the first 3 years

Originating ID	Sponsor ID	Srvcr/ Holdr ID	Case Number	ADP Code	Liv Unit	Loan Purp	Gift Ltr Amt	Gift Ltr Src	Mort Amount	Int Rate	Front/ Back Ratio	Borrower N SSN Num
1024500010		68013 10245	022-156	703	1	3	$0	0	$90,649	7.500	0.000 0.000	ABALOS, STEPHA
1024500010		68013 10245	022-157	703	1	3	$0	0	$59,141	7.500	0.000 0.000	LAWLER, BREEN
1024500010		42162 42162	022-158	703	1	3	$0	0	$63,585	7.500	0.000 0.000	GARCIA, ALMA

Displaying records 1 to 3 out of a total number of 3 records

Download this report to an Excel file [Help]

Report Run: May 3, 2002

Document: Done

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TA ANA

thin the first 3 years

Borrower Name/ SSN Number	Street Address/ City State Zip	Ins Stat A43	Closing/ Endorse Date	Endr Pkg Rcvd Date	Underwriter Name/ ID	Unwtr Rvw Appr	Unwtr Mort Cr Rtng	Unwtr Clsg Pckg Doc	Def Status Date	Def Stat	Def Rsn	# Pmnts Before Frst Def Reported	Indem
KES, LORRAINE G.	2412 CORINTO CT	C	04/25/2001 05/18/2001	05/14/2001					03/15/2002	46	15	0	
UELTAS, ANTONIA	1245 EMERALD ST	A	06/04/2001 06/29/2001	06/27/2001					08/01/2002	42	06	13	
IS, MICHAEL W.	25040 TULANE CT	A	04/11/2001 05/03/2001	05/02/2001					10/31/2002	42	06	13	
GUE,CHRISTOPHER D.	13055 LAKOTA RD	C	12/29/2000 01/23/2001	01/22/2001					09/04/2002	46	06	2	
IORA,ROSIE ANN	570 AGNES DR	A	02/05/2001 02/26/2001	02/23/2001		F	P	G	03/01/2002	19	15	10	
NK, MARY	14258 BONANZA RD A 92392	A	01/23/2001 02/09/2001	02/08/2001					07/01/2002	19	06	9	
ULLAH, AHMED	13268 VIA PALMA RD	A	01/31/2001 02/23/2001	02/20/2001					10/21/2002	68	06	5	
MONA, KATHY G.	836 S 2ND AVE	C	04/05/2001 06/01/2001	05/08/2001					07/08/2002	46	07	5	
ERA JR, RICHARD	14652 PRENDA LN 94	A	07/26/2001 08/14/2001	08/10/2001		P	P	F	06/01/2002	42	07	2	
RMAN,DONALD L.	21761 OCOTILLO WAY 08	A	08/14/2001 09/12/2001	09/07/2001	LOAN, PROSPECTOR ZLPR	F	P	F	08/01/2002	42	06	10	
ULZU,RONALD	12912 TOPAZ CIR A 92392	A	08/01/2001 08/20/2001	08/16/2001		F	P	F	02/01/2002	42	06	3	
IERREZ, JESUS	25358 ANDERSON AVE	C	10/03/2001 11/01/2001	10/31/2001					09/23/2002	46	06	1	

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Bookmarks Netsite: https://entp.hud.gov/sfnw/nw/

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Neighborhood Wa HUDweb HUD Homepage FHA Connection

Claim Information

Servicer: 70864 (WASHINGTON MUTUAL BAN FA-HOMESIDE)

Claim History

Form Type	Date Received	Date Prepared	Date Processed	Claim Type	Total Paid	Dat Pai
A	09/07/99	09/03/99	09/08/99	01	$93,928.60	09/11
Total					$93,928.60	
B	10/08/99	10/07/99	10/12/99	01	$4,359.01	10/15
Total					$4,359.01	

Claim Type Definitions: 01 = Conveyance; 02 = Assignment; 03 = Automatic Assignment; 04 = Coinsurance; 05 = Supplemental; 06 = Non-Conveyance; 07 = Preforeclosure Sale. Loss Mitigation: 31 = Special Forbearance, 32 = Lo Modification NA, 33 = Partial Claim

The data elements below are applicable only if a sale has been executed

Property Sale:

Sale Date: 03/09/00

Profit/Loss: $-33,264

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California Department of Real Estate

DRE - Public Licensee Search Results - Netscape

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Bookmarks Location: http://www2.dre.ca.gov/PublicASP/pplinfo.asp?start=1 What's Related

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Public License Search Results

1 to 12 of 12 matches

LICENSE ID	NAME	LICENSE TYPE	CITY
00602330	AAA Mortgage,	DBA	HENDERSON, NV
01096146	AAA MORTGAGE,	DBA	SACRAMENTO, CA
00053043	AAA Mortgage Co,	DBA	SAN PEDRO, CA
00649447	AAA Mortgage Co,	DBA	SANTA ROSA, CA
00441765	AAA Mortgage Co,	DBA	SUNNYVALE, CA
01277492	AAA Mortgage Company,	DBA	SAN DIEGO, CA
01268594	AAA Mortgage Inc	Corporation	EL MONTE, CA
00270317	AAA Mortgage Loans,	DBA	OAKLAND, CA
01157059	AAA Mortgage Market	DBA	SAN DIEGO, CA
01100907	AAA Mortgage Money Resources Inc	Corporation	TEMECULA, CA
01100907	AAA Mortgage Resources	DBA	TEMECULA, CA
00304640	Aaa-Mortgage Service,	DBA	OXNARD, CA
NEW SEARCH			

Home

Document: Done

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California Department of Real Estate

Netscape

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Neighborhood Wa HUDweb HUD Homepage FHA Connection

Main Office:	4623 GREENE ST SAN DIEGO, CA 92107
DBA	AAA Mortgage Company ACTIVE AAA Real Estate Company ACTIVE
Branches:	NO CURRENT BRANCHES
Affiliated Licensed Corporation(s):	NO CURRENT AFFILIATED CORPORATIONS
Salespersons:	01209006 - Black, Douglas Michael 01305350 - Sandman, Teddy 01318622 - Thompson, Michael Shawn
Comment:	NO DISCIPLINARY ACTION NO OTHER PUBLIC COMMENTS

Document: Done

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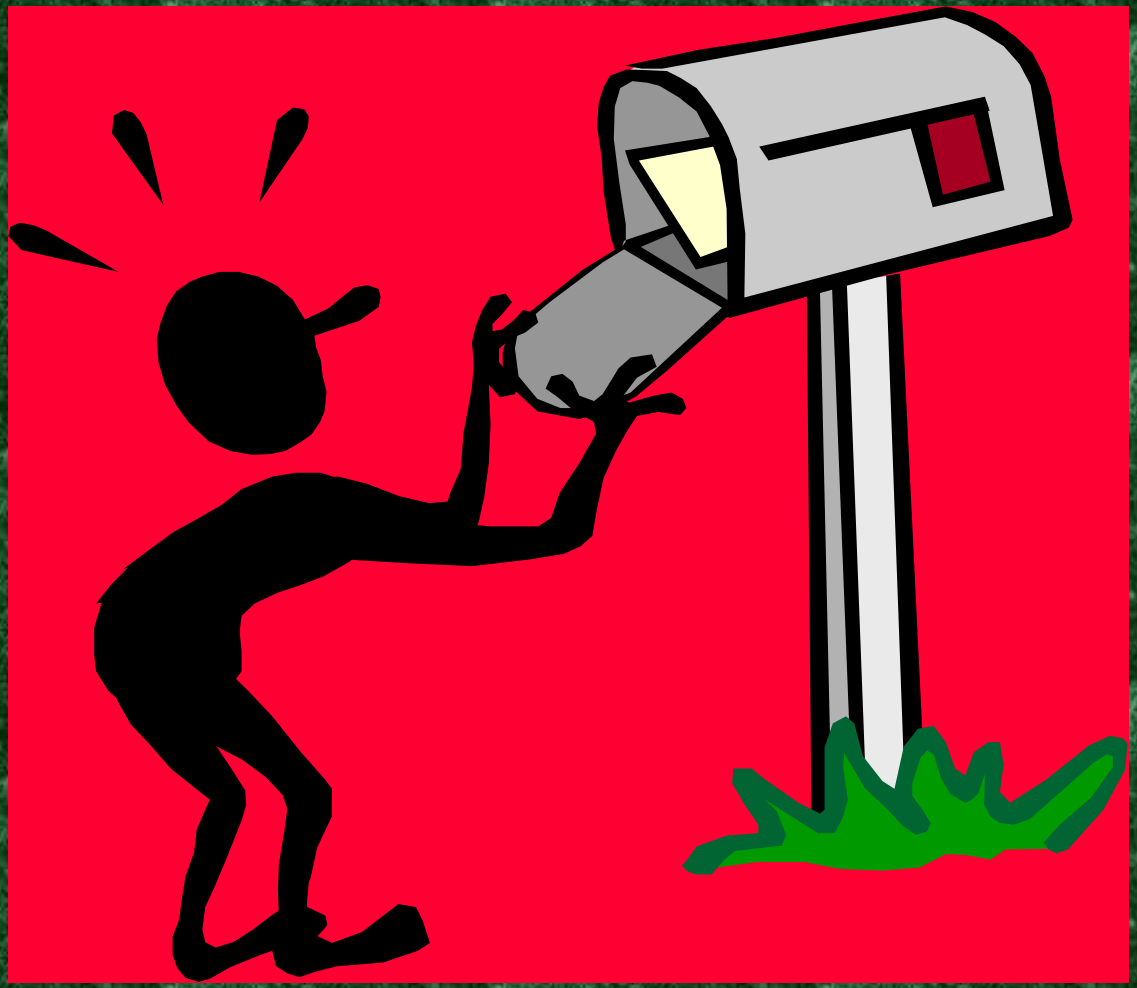
Mortgagee Notification



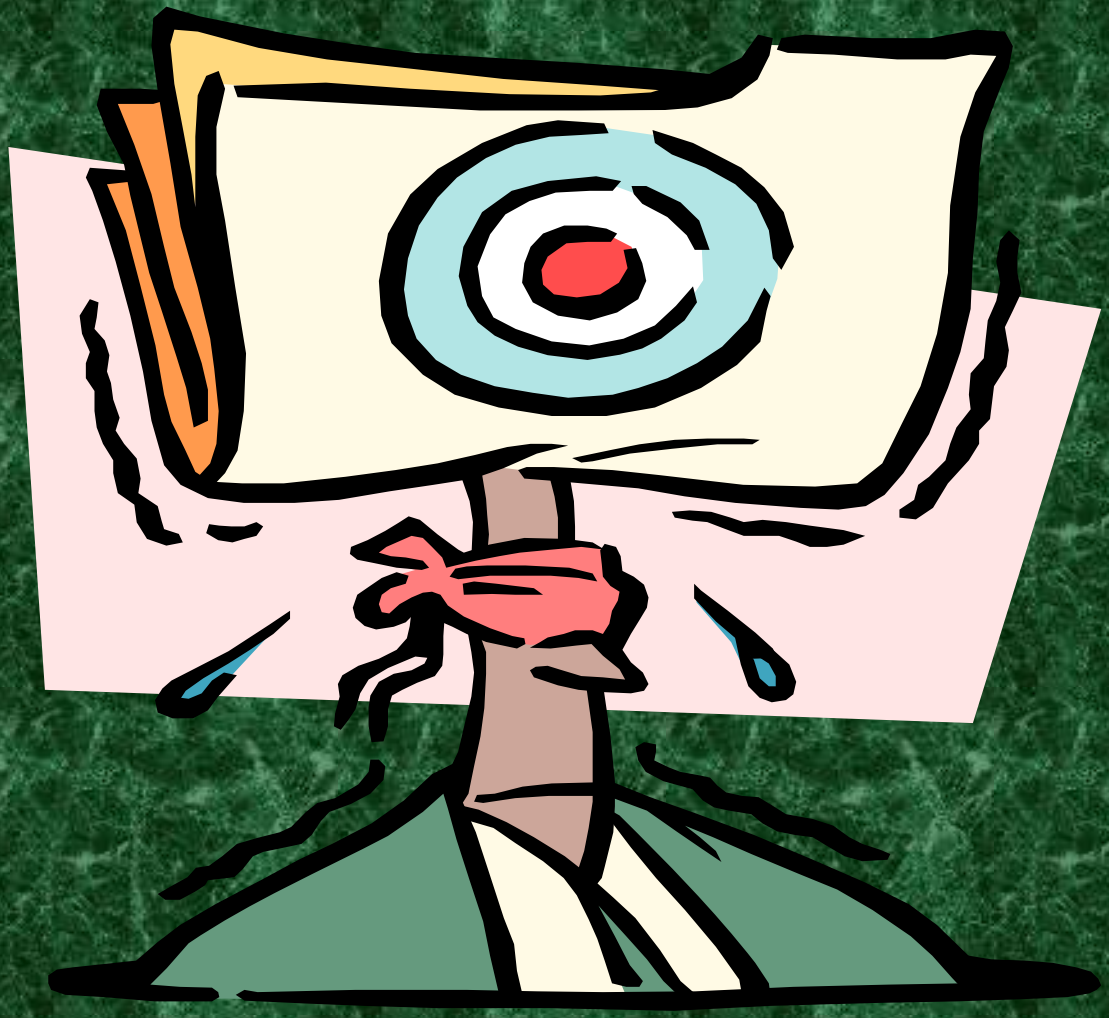
HUD will request…

- Quality Control Reviews and reports to management for the past 12 months;
- A list of all employees and positions to include terminated employees
- Funding log
- Loan files where a repurchase request has been made for the last 12 months

HUD will identify…

- Files that it wants to review…
  - Files that have been identified as being in default or which HUD has paid a claim.
  - Recently closed loans.
  - Loans which your quality control has identified problems…

Opening Interview



Office Requirements
(Main Office)

- Be clearly identified to the public so that mortgagors will know, at all times, exactly with which business entity they are doing business.

- A mortgagee is required to have its own telephones.

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LAS AMERICAS
BUSINESS CENTER, INC.
(425)
672-255
ACCOUNTING
NOTARY
MORTGAGE LOANS
INCOME TAXES
REAL ESTATE
INSURANCE
BUSINESS CONSULTING
TRANSLATIONS INTERPRETATIONS
ENGLISH CLASSES
ATTORNEY A
19903

LAS AMERICAS
BUSINESS CENTER, INC.

(425)
672-4255

ACCOUNTING
NOTARY
MORTGAGE LOANS
INSURANCE
INCOME TAXES
REAL ESTATE
BUSINESS CONSULTING
TRANSLATIONS INTERPRETATIONS
ENGLISH CLASSES

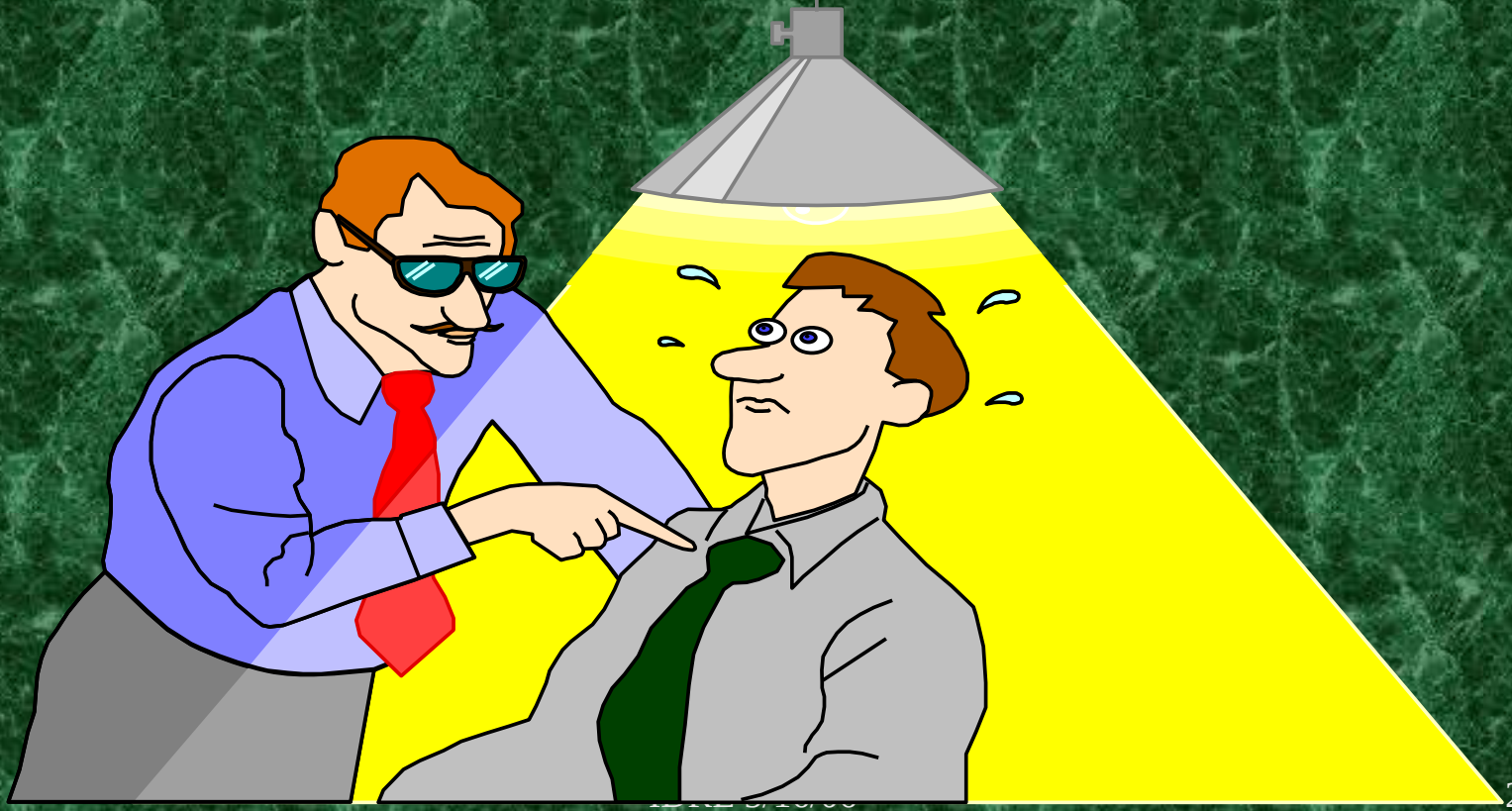
HOFFMAN
INSURANCE AGENCY

W. John Hoffman
670-2530

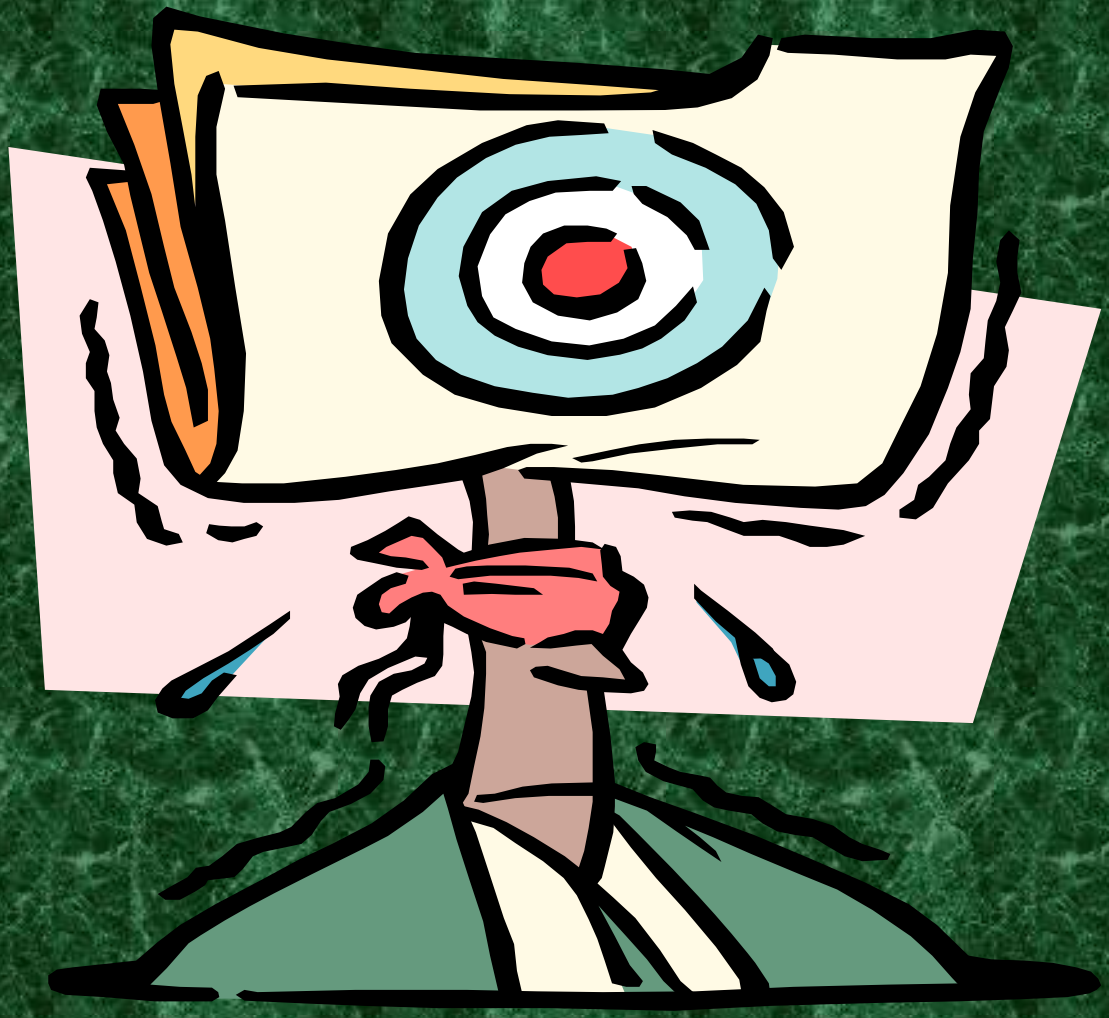
REPARACION
DE
COMPUTADORAS

Case #	LO	Appraiser	Seller	Default	Units
1	Valdez	Barney	Kopple	2	3
2	Smith	King	Jones	3	
3	Valdez	Barney	Kopple	1	
4	Smith	King	Rogers	4	2
5	Valdez	Barney	Garcia	4	
6	Valdez	Barney	Burnett	0	
7	Wegman	Reed	Muncie	2	
8	Johnson	Lacey	Martin	5	4
9	Legg	Hergert	Kane	7	
10	Valdez	Barney	Andre	4	
11	Lombardi	Nichols	Garcia, M	2	
12	Bonorden	Edmunds	Hunsaker	0	
13	Smith	King	Bacon	6	2
14	Flemming	Johnson	Martinez	2	
15	Nichols	Barney	Dale	0	

What did HUD Find?



Remember the Opening Interview?



QAD asks the mortgagee…

- Any non-employees/brokers taking applications for HUD/FHA insured loans?
- Any real estate brokers with whom you have ceased doing business within the last 12 months?

Mortgagee Employment requirements

- All employees of the mortgagee, except receptionists, whether full time or part-time, must be exployed exclusively by the mortgagee at all times…
- HB 4060.1 REV-1, paragraph 2-14

Following exhibits show loans originated by active real estate professionals

may result in civil liability and/or criminal penalties including, but not limit
States Code, Section 1001, et seq. and liability for monetary damages to the
who may suffer any loss due to reliance upon any misrepresentation which I/w

Borrower's Signature	Date
X Richard Lucio Jr.	07/18/01

X. INFORMATION FOR GOVERNMI

The following information is requested by the Federal Government for cert
compliance with equal credit opportunity, fair housing and home mortgage c
encouraged to do so. The law provides that a Lender may neither discrim
it. However, if you choose not to furnish it, under Federal regulations this
or surname. If you do not wish to furnish the above information, please cl
the disclosure satisfy all requirements to which the Lender is subject under

BORROWER

☑ I do not wish to furnish this information

Race/National Origin: ☐ American Indian or Alaskan Native ☐ Asian or Pacific Islander ☐ Black, not of Hispanic origin ☑ Hispanic ☐ White, not of Hispanic origin ☐ Other (specify)_____

Sex: ☐ Female ☑ Male

To be Completed by Interviewer

This application was taken by

☑ face-to-face interview

☐ by mail

☐ by telephone

Interviewer's Name (print or type)

Thomas

e Lawrence

Interviewer's Phone Number (incl. area code)

760-241-2747

FHA Case #	Borrower	Loan Officer	Closed	Status
197-		, Chub	12/13/99	Conveyed to HUD on 2/1/01
197-		, Eustacio	2/23/01	Current
197-		, Eustacio	1/26/01	Current
197-		, Eustacio	1/17/01	Current
197-		, Eustacio	12/5/01	Not Endorsed
197-		, Eustacio	12/5/01	Not Endorsed
197-		, Eustacio	11/21/01	Not Endorsed
048-		, Eustacio	2/2/01	Terminated
048-		, Eustacio	3/28/01	Current
197-		, Eustacio	3/8/01	Current
197-		, Eustacio	12/17/01	Not Endorsed
048-		, Eustacio	3/20/01	Default
197-		, Eustacio	2/8/01	Current
197-		, Eustacio	1/12/01	Current
197-		, Eustacio	7/7/00	Current
197-		, Eustacio	11/30/00	Default
048-		, Eustacio	8/31/00	Default
048-		, Eustacio	7/24/00	Claim
048-		, Eustacio	6/15/00	Claim
561-		, Sara	12/29/00	Foreclosure
048-		, Leticia	10/18/00	Foreclosure
197-		, Leticia	8/18/00	Claim Pd.
197-		, Leticia	6/9/00	Claim Pd.
048-		, Leticia	6/2/00	Foreclosure
197-		Rodrigo	1/30/01	Current
197-		Rodrigo	2/13/01	Foreclosure

GIFT LETTER

I, JOE GARCIA DO HEREBY CERTIFY THE
DONOR
FOLLOWING:

1. HAVE MADE A GIFT OF $ 4,100.00 TO

AURELIO GONZALEZ
RECIPIENT

COUSIN
RELATIONSHIP

2. THIS GIFT IS TO BE APPLIED TOWARD THE PURCHASE OF THE PROPERTY LOCATED AT:

[redacted]
PROPERTY ADDRESS

3. NO REPAYMENT OF THE GIFT IS EXPECTED OR IMPLIED EITHER IN THE FORM OF CASH OR BY FUTURE SERVICES OF THE RECIPIENT.

4. THE SOURCE OF THIS GIFT IS: Checking Account.

Joe S. Garcia
SIGNATURE OF DONOR

JOE GARCIA
PRINT OR TYPE NAME OF DONOR

[redacted]
ADDRESS OF DONOR

( ) [redacted]
PHONE NUMBER OF DONOR

I have reviewed this gift letter and this is not my signature

Thank you
Joe Garcia

GIFTLTR.frm-calyx-1/11

Gift Requirements

- Acceptable Sources
  - Borrower's relative
  - Borrower's employer
  - Labor union
  - Charitable organization
  - Governmental agency

- **Unacceptable Sources**
- Donor may not be person/entity with interest in the sale of the property, such as the seller, real estate agent, broker, builder or any entity associated with them

Gift Requirements

Conditions:

No repayment of the gift may be expected or implied

- **Audit Trail**
- Lender **MUST** document the gift funds!

Only family members may provide equity credit on property being sold to family members

- Refer to Handout on gift funds

ClientName	[redacted]	Rpt. Month	July, 2001	Rpt. Date	October 23, 2001

Borrower	[redacted]	Zip Code	90604	Branch Office	n/a
Borrower	Ve[redacted]	Loan Amount	$ 152,605.00	Loan Rep	Francisco Granadeno
Borrower		Loan Type	FHA/Purchase	Processor	Patty Fuentes/Blanca
Borrower		Interest Rate	7.5 % Fixed	Underwriter	[redacted]
Loan No.	10500110	Appl Date	5/10/01	Appraiser	Ernesto Zavala
Property	[redacted]	Approval Date	7/20/01	R. E .Broker	n/a
City	Whittier	Closing Date	8/3/01	Escrow Co.	Powerhouse Escrow
State	CA	FicoScore	502/536/567	Correspondent	n/a

Exception Number	Underwriter's Exceptions, Comments and Explanations	Weight
2	APPRAISAL	
	Unable to locate the DE HUD Reviewer Analysis Report, HUD form 54114, in the file completed and signed by the underwriter.	5
	The appraisal shows the zip code of the property as 90604, however other documents in the file including the Note and the HUD-1 in the file show the zip code as 90804.	4
4	VERIFICATION OF EMPLOYMENT AND ALTERNATE DOCUMENTATION EXCEPTIONS	
	"RED FLAG" Unable to determine if the employers for both the borrower and the co-borrower completed the VOE. The VOEs in the file show the income sections were completed in different handwriting and different ink then the signature sections.	6
10	GIFT LETTER EXCEPTIONS	
	The Gift Letter in the file does not show all of the borrowers' signatures as the guidelines require.	7
	SETTLEMENT STATEMENT(HUD-1) & CLOSING EXCEPTIONS	
	The HUD-1 in the file did not list all borrowers on the loan.	5

Tuesday, October 23, 2001

Page 1 of 3

Management Report

ClientName	[redacted]	Rpt. Month	July, 2001	Rpt. Date	October 23, 2001

Borrower	[redacted]	Zip Code	92555	Branch Office	n/a
Borrower		Loan Amount	$ 122,970.00	Loan Rep	Paul Allen
Borrower		Loan Type	FHA/Purchase	Processor	Jamie Krenek / M.C.
Borrower		Interest Rate	8.0 % Fixed	Underwriter	[redacted]
Loan No.	10500212	Appl Date	5/20/01	Appraiser	Michael B. Bates
Property	[redacted]	Approval Date	6/27/01	R. E .Broker	Team Realty Group
City		Closing Date	7/27/01	Escrow Co.	Moreno Escrow, Inc.
State	CA	FicoScore	562/606/557	Correspondent	n/a

Exception Number	Underwriter's Exceptions, Comments and Explanations	Weight
2	APPRAISAL	
	Unable to locate the DE HUD Reviewer Amlysis Report, HUD form 54114, in the file completed and signed by the underwirter.	5
	Unable to determine why the appraiser did not make an adjustment to Comps 1 and 2 for the site sizes.	5
3	VERIFICATION OF DEPOSITS, SOURCE OF FUNDS AND INCOME EXCEPTIONS	
	"RED FLAG" Unable to locate an explanation in the file for the large deposits made into the borrower's bank account. The bank statement in the file dated 1/11/01 shows the borrdwer's balance to be -$195.42, however by 4/11/01 the borrower's balance was $26,126.75.	9
	SETTLEMENT STATEMENT(HUD-1) & CLOSING EXCEPTIONS	
	"RED FLAG" The Good Faith Estimate in the file did not list all fees and costs associated with the transaction. These include all fees charged to the seller and P.O.C. fees shown on the HUD-1: Loan Discount $1,229.70, Credit Report $65, Tax Service $81, Processing $155, Underwriting $300, Funding $110, Administration $100, Flood Cert $54 and Document $150.	8
17	FINAL TYPED APPLICATION EXCEPTIONS	
	"RED FLAG" The final typed loan application in the file does not show the 2-year employment history as required.	6

FORM W-2

WAGE & TAX STATEMENT

Check box if Form W-2 has been altered or ☐

a Control number		Wages for (T) axpayer or (S) ☐	
b Employer's 33-0863599		1 Wages, tips, 46,800.00	2 Fed tax 10,296.00
c Employer's name, address and ZIP code YOUNG'S RECORDING STUDIO [redacted] City: GARDEN GROVE St: CA Zip: 92843		3 Soc sec wages 46,800.00	4 SS tax withheld 2,901.60
		5 Medicare wages 46,800.00	6 Medicare withheld 678.60
		7 Soc sec tips	8 Allocated tips
d Employee's soc sec [redacted]		9 Advance EIC pay	10 Dep care
e Employee's name, address and ZIP code [redacted] I [redacted] [redacted] ANAHEIM, CA. 92804		11 Nonqualified	12 Ben incl box 1
		13 See instr box	14 Other
		15 Stat Emp ☐ De-cease ☐ Pens plan ☐ Legl rep ☐ Hshld emp ☐ Def com ☐	

16 St. Name	Employer's state ID	17 St Wages tips, etc	18 State inc tax	19 Locality name	20 Local Wages	21 Local inc tax
CA	451-2508-5	46,800.00	1,497.60	SDI	31,767.00	158.84

YOUNG'S RECORDING STUDIO

101	[redacted]	[redacted]	12-13-99	12-17-99	341
EMP. NO. DEPT.		SOCIAL SECURITY NO.	PERIOD BEG.	PERIOD END	CHECK NO.

EARNINGS	RS/UNIT	CURRENT	YEAR TO DATE	DEDUCTIONS	CURRENT	YEAR TO DATE
WEEKLY		1,000.00	51,000.00	FED. W/H	220.00	11,220.00
				SOC. SEC.	62.00	3,162.00
				STATE W/H	32.00	1,632.00
				MEDCARE	14.50	739.50
				S.D.I.	0.00	158.84

	1,000.00	328.50	671.50	51,000.00	16,912.34	34,087.66
PAY RATE	CURRENT EARNINGS	CURRENT DEDUCTIONS	NET PAY	Y.T.D. EARNINGS	Y.T.D. DEDUCTIONS	Y.T.D. NET PAY

0. *

WEEKLY INCOME 1,000. x

52. =

52,000.

52,000. ÷

12. =

4333.33333333

.O BOX 2208 #77, WESTMINSTER, CA 92683. TEL (714)373-1263 FAX (714)373-0250

IMPERIAL DATA SERVICES

FILE # 10039835

ACCOUNT # [redacted]
ATTENTION MICHAEL
DATE ORDERED 12/15/99 COMPL DT: 12/15/99
SOURCE TRW,TU
LOAN # N/A LOAN TYPE

BORROWER

NAME LEE, C[redacted]
ADDRESS [redacted]7
CITY, STATE, ZIP [redacted]
SOCIAL SECURITY [redacted] AGE 58

CO-BORROWER

NAME NOT APPLICABLE
ADDRESS
CITY, STATE, ZIP
SOCIAL SECURITY # AGE

CURRENT EMPLOYMENT

EMPLOYED YOUNG'S STUDIO
POSITION RECORDING ENGR
SINCE 4.5 YRS INCOME DECLINED
VERIFIED BY GARY/SECRE DATE 12/15/99

EMPLOYER
POSITION
SINCE INCOME
VERIFIED BY DATE

MARITAL STATUS UNMARRIED

RECORD OF SEPARATION OR DIVORCE N/A

DEPENDENTS AGE NONE

CREDITGRANTOR / ACCOUNT NUMBER	B/A	DATE OPENED	HIGH CREDIT	HIGHEST CREDIT	AVERAGE BALANCE	TERMS PAYMENT	MONTHS PAST DUE 30	60	90	NEG REV	CURRENT STATUS / LOAN TYPE
ROVIDIAN FINANCIAL 5542852400414650	B	08-99	11-99	508	0	REV	0	0	0	04	AS AGREED CHG ACCT
OBINSONS/MAY 8803080343	B	10-98	07-99	179	0	REV 0	0	0	0	09	AS AGREED CHG ACCT
LT FINANCE LTD 990513121121	B	05-99	06-99	200	0	PAID	0	0	0	01	AS AGREED INST

NQUIRIES:
AST 90 DAYS

FLAGSTAR FSB/FHLMC ON 12-07-99.
BANK OF AMERICA ON 11-28-99.
TOYOTA MOTOR CREDIT CO ON 11-15-99.
CARSON TOYOTA ON 11-15-99.
SUMMIT ACCEPTANCE CORP ON 11-10-99.
CONSECOFIN ON 11-09-99.
AMERICAN EXPRESS ON 10-20-99.
ORCHARD ON 10-07-99.
HOME DEPOT/MCCBG ON 10-02-99.
AHESI ON 09-21-99.
FIRST USA BANK ON 09-16-99.
CITIBANKSD ON 10-11-99.
UNITED CR NB ON 09-28-99.
ASSOC HOUS ON 09-21-99.
SEARS CNTRL ON 09-16-99.

UBLIC RECORDS: NONE IN THE LAST 7 YEARS

ORROWER FICO SCORE: +640; EMPIRICA: +629

END OF REPORT PRINTED ON 12/15/99 AT 17:29:32

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when [ ] the income or assets of a person other than the "Borrower" (including the Borrower's spouse) will be used as a basis for loan qualification or [ ] the income or assets of the Borrower's spouse will not be used as a basis for loan qualification, but his or her liabilities must be considered because the Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

I. TYPE OF MORTGAGE AND TERMS OF LOAN

Mortgage Applied for: [ ] V.A. [ ] Conventional [ ] Other: [✓] FHA [ ] FmHA

Agency Case Number: [redacted]

Lender Case Number: 12990332

Amount	Interest Rate	No. of Months	Amortization Type:
$ 91,859	8.500 %	360/360	[✓] Fixed Rate [ ] Other (explain): [ ] GPM [ ] ARM (type):

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state, ZIP)
1[redacted]

No. of Units: 1

Legal Description of Subject Property (attach description if necessary)
SEE PRELIMINARY REPORT

Year Built: 1987

Purpose of Loan: [✓] Purchase [ ] Refinance [ ] Construction [ ] Construction-Permanent [ ] Other (explain):

Property will be: [✓] Primary Residence [ ] Secondary Residence [ ] Investment

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a+b)
	$	$	$	$	$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	
	$			Cost $	[ ] made [ ] to be made

Title will be held in what Name(s): [redacted] CHIEN VAN LEE

Manner in which Title will be held: A SINGLE MAN

Estate will be held in: [✓] Fee Simple [ ] Leasehold (show expiration date)

Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain)
Checking/Savings

III. BORROWER INFORMATION

Borrower

[redacted] Name (include Jr. or Sr. if applicable)
CHIEN VAN LEE

Social Security Number: [redacted]
Home Phone (incl. area code):
Age: 57
Yrs. School: 16

[ ] Married [✓] Unmarried (include single, divorced, widowed) [ ] Separated
Dependents (not listed by Co-Borrower): no. ; ages

Present Address (street, city, state, ZIP) [ ] Own [✓] Rent 2.5 No. Yrs.
3[redacted]
ANAHEIM, CA 92804

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) [ ] Own [ ] Rent ____ No. Yrs.

Former Address (street, city, state, ZIP) [ ] Own [ ] Rent ____ No. Yrs.

Co-Borrower

Co-Borrower's Name (include Jr. or Sr. if applicable)

Social Security Number
Home Phone (incl. area code)
Age
Yrs. School

[ ] Married [ ] Unmarried (include single, divorced, widowed) [ ] Separated
Dependents (not listed by Borrower): no. ; ages

Present Address (street, city, state, ZIP) [ ] Own [ ] Rent ____ No. Yrs.

Former Address (street, city, state, ZIP) [ ] Own [ ] Rent ____ No. Yrs.

Former Address (street, city, state, ZIP) [ ] Own [ ] Rent ____ No. Yrs.

IV. EMPLOYMENT INFORMATION

Borrower

Name and Address of Employer: [redacted] STUDIO
10281 ORREY STREET
GARDEN GROVE, CA 92843

[ ] Self Employed

Yrs. on this job: 11

Yrs. employed in this line of work/profession: 4.5

Position/Title/Type of Business: RECORDING ENGINEER

Business Phone (incl. area code): 714-531-4217

Co-Borrower

Name and Address of Employer [ ] Self Employed

Yrs. on this job

Yrs. employed in this line of work/profession

Position/Title/Type of Business

Business Phone (incl. area code)

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Name and Address of Employer [ ] Self Employed Dates (from-to)

Name and Address of Employer [ ] Self Employed Dates (from-to)

[redacted] Los Angeles | 1

Legal Description of Subject Property (attach description if necessary)
LOT 19, OF TRACT NO. 16863, BOOK 398, PGS. 27-28

Year Bu
195

Purpose of Loan: [✓] Purchase [ ] Refinance [ ] Construction [ ] Construction-Permanent [ ] Other (explain):

Property will be: [✓] Primary Residence [ ] Secondary Residence [ ] Inves

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a+b)
	$	$	$	$	$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements [ ] made [ ] to be
	$	$		Cost $

Title will be held in what Name(s) [redacted]
ROSA YCOCHEA, A SINGLE WOMAN

Manner in which Title will be held: JOINT TENANTS

Estate will be h
[✓] Fee Simple
[ ] Leasehold (
expiration da

Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain)
SAVINGS/CASH ON HAND

III. BORROWER INFORMATION

Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)			
ROSA YCOCHEA							
Social Security Number	Home Phone (incl. area code)	Age	Yrs. School	Social Security Number	Home Phone (incl. area code)	Age	Yrs. S
[redacted]	[redacted]	46	12				
[ ] Married [✓] Unmarried (include single, divorced, widowed) [ ] Separated	Dependents (not listed by Co-Borrower) no. ___ ages ___			[ ] Married [ ] Unmarried (include single, divorced, widowed) [ ] Separated	Dependents (not listed by Borro no. ___ ages ___		
Present Address (street, city, state, ZIP) [ ] Own [✓] Rent 2.4 No. Yrs.				Present Address (street, city, state, ZIP) [ ] Own [ ] Rent ___ N			
[redacted] B							

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) [ ] Own [ ] Rent ___ No. Yrs.	Former Address (street, city, state, ZIP) [ ] Own [ ] Rent ___ N
Former Address (street, city, state, ZIP) [ ] Own [ ] Rent ___ No. Yrs.	Former Address (street, city, state, ZIP) [ ] Own [ ] Rent ___ N

IV. EMPLOYMENT INFORMATION

Name and Address of Employer	Self Employed	Yrs. on this job	Name and Address of Employer	Self Employed	Yrs. on t
MCDONALD'S [redacted] HAWTHORNE, CA 90250		2 / Yrs. employed in this line of work/profession 13			Yrs. emp in this lin work/prof
Position/Title/Type of Business: COOK	Business Phone (incl. area code): [redacted]		Position/Title/Type of Business	Business Phone (incl. are	

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Name and Address of Employer	Self Employed	Dates (from-to) / Monthly Income	Name and Address of Employer	Self Employed	Dates (fro / Monthly I
		$			$
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. are	
Name and Address of Employer	Self Employed	Dates (from-to) / Monthly Income	Name and Address of Employer	Self Employed	Dates (fro / Monthly I
		$			$
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. are	

B/C | Monthly Amount
$

VI. ASSETS AND LIABILITIES

This statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise separate Statements and Schedules are required. If the Co-borrower section was completed about a spouse, this Statement and supporting schedules must be completed about that spouse also.

Completed [✓] Jointly [ ] Not Jointly

Description ASSETS	Cash or Market Value
Cash deposit toward purchase held by:	$
List checking and savings accounts below	
Name and address of Bank, S&L, or Credit Union	
Acct. no.	$
Name and address of Bank, S&L, or Credit Union	
Acct. no.	$
Name and address of Bank, S&L, or Credit Union	
Acct. no.	$
Stocks & Bonds (Company name/ number & description)	$
Life insurance net cash value	
Face amount: $	$
Subtotal Liquid Assets	$
Real estate owned (enter market value from schedule of real estate owned)	$
Vested interest in retirement fund	$
Net worth of business(es) owned (attach financial statement)	$
Automobiles owned (make and year)	$
1993 FORD	12,000
Other Assets (itemize)	$
PERSONAL ITEMS	20,000
Total Assets a.	$ 32,000

Liabilities and Pledged Assets. List the creditor's name, address and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.

LIABILITIES	Monthly Payt. & Mos. Left to Pay	Unpaid Balance
Name and address of Company	$ Payt./Mos.	$
Acct. no.		
Name and address of Company	$ Payt./Mos.	$
Acct. no.		
Name and address of Company	$ Payt./Mos.	$
Acct. no.		
Name and address of Company	$ Payt./Mos.	$
Acct. no.		
Name and address of Company	$ Payt./Mos.	$
Acct. no.		
Name and address of Company	$ Payt./Mos.	$
Acct. no.		
Name and address of Company	$ Payt./Mos.	$
Acct. no.		
Alimony/Child Support/Separate Maintenance Payments Owed to:	$	
Job Related Expense (child care, union dues, etc.)	$	
Total Monthly Payments	$	
Net Worth (a-b)	$ 32,000	**Total Liabilities b.** $

NO ASSETS LISTED

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number

VII. DETAILS OF TRANSACTION

a. Purchase price	$ 222,000.00
b. Alterations, improvements, repairs	
c. Land (if acquired separately)	
d. Refinance (incl. debts to be paid off)	
e. Estimated prepaid items	
f. Estimated closing costs	3,166.00
g. PMI, MIP, Funding Fee	3,760.75
h. Discount (if Borrower will pay)	
i. Total costs (add items a through h)	228,926.75
j. Subordinate financing	
k. Borrower's closing costs paid by Seller	3,166.00
l. Other Credits (explain)	
m. Loan amount (exclude PMI, MIP, Funding Fee financed)	214,900.00
n. PMI, MIP, Funding Fee financed	3,760.00
o. Loan amount (add m & n)	218,660.00
p. Cash from/to Borrower (subtract j, k, l & o from i)	7,100.75

VIII. DECLARATIONS

If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.

	Borrower Yes	Borrower No	Co-Borrower Yes	Co-Borrower No
a. Are there any outstanding judgments against you?		✓		
b. Have you been declared bankrupt within the past 7 years?		✓		
c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?		✓		
d. Are you a party to a lawsuit?		✓		
e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name and address of Lender, FHA or VA case number, if any, and reasons for the action.)		✓		
f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes," give details as described in the preceding question.		✓		
g. Are you obligated to pay alimony, child support, or separate maintenance?		✓		
h. Is any part of the down payment borrowed?		✓		
i. Are you a co-maker or endorser on a note?		✓		
j. Are you a U. S. citizen?	✓			
k. Are you a permanent resident alien?		✓		
l. Do you intend to occupy the property as your primary residence? If "Yes," complete question m below.	✓			
m. Have you had an ownership interest in a property in the last three years?		✓		
(1) What type of property did you own-principal residence (PR), second home (SH), or investment property (IP)?				
(2) How did you hold title to the home-solely by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?				

IX. ACKNOWLEDGMENT AND AGREEMENT

The undersigned specifically acknowledge(s) and agree(s) that: (1) the loan requested by this application will be secured by a first mortgage or deed of trust on the property described herein; (2) the property will not be used for any illegal or prohibited purpose or use; (3) all statements made in this application are made for the purpose of obtaining the loan indicated herein; (4) occupation of the property will be as indicated above; (5) verification or reverification of any information contained in the application may be made at any time by the Lender, its agents, successors and assigns, either directly or through a credit reporting agency, from any source named in this application, and the original copy of this application will be retained by the Lender, even if the loan is not approved; (6) the Lender, its agents, successors and assigns will rely on the information contained in the application and I/we have a continuing obligation to amend and/or supplement the information provided in this application if any of the material facts which I/we have represented herein should change prior to closing; (7) in the event my/our payments on the loan indicated in this application become delinquent, the Lender, its agents, successors and assigns, may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency; (8) ownership of the loan may be transferred to successor or assign of the Lender without notice to me and/or the administration of the loan account may be transferred to an agent, successor or assign of the Lender with prior notice to me; (9) the Lender, its agents, successors and assigns make no representations or warranties, express or implied, to the Borrower(s) regarding the property, the condition of the property, or the value of the property.

Certification: I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) or this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq. and liability for monetary damages to the Lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.

Borrower's Signature	Date	Co-Borrower's Signature	Date
X Rosa Ycoches	7/28/00	X	

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling, in order to monitor the Lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations this Lender is required to note race and sex on the basis of visual observation or surname. If you do not wish to furnish the above information, please check the box below. (Lender must review the above material to assure that the disclosure satisfy all requirements to which the Lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER

☐ I do not wish to furnish this information

Race/National Origin: ☐ American Indian or Alaskan Native ☐ Asian or Pacific Islander ☐ Black, not of Hispanic origin ☐ White, not of Hispanic origin ☑ Hispanic ☐ Other (specify)

Sex: ☑ Female ☐ Male

CO-BORROWER

☐ I do not wish to furnish this information

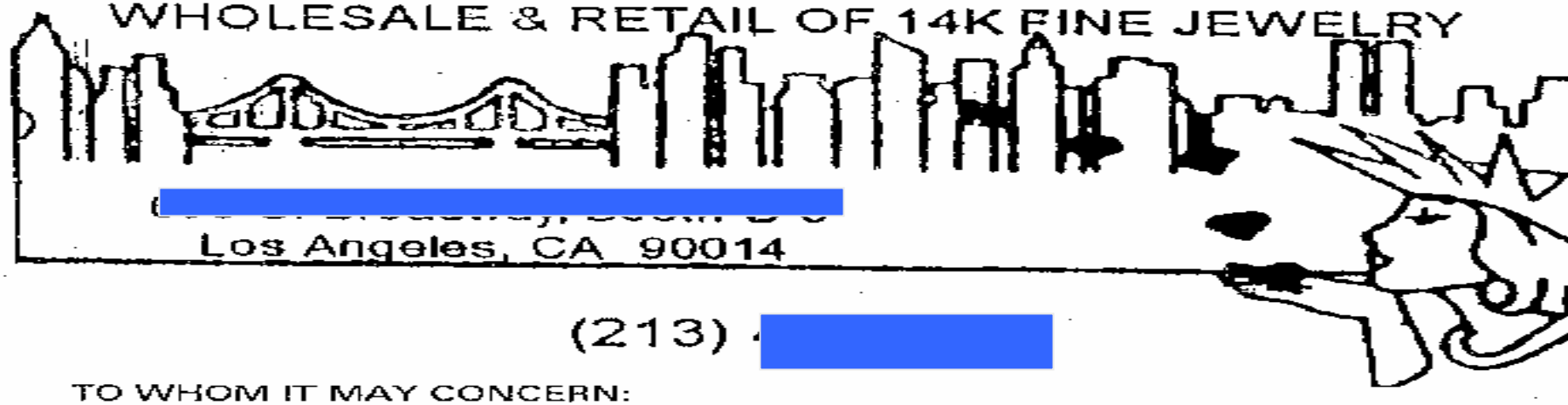
Race/National Origin: ☐ American Indian or Alaskan Native ☐ Asian or Pacific Islander ☐ Black, not of Hispanic origin ☐ White, not of Hispanic origin ☐ Hispanic ☐ Other (specify)

Sex: ☐ Female ☐ Male

To be Completed by Interviewer	Interviewer's Name (print or type)	Name and Address Interviewer's Employer
This application was taken by: ☑ face-to-face interview ☐ by mail ☐ by telephone	[redacted] DEZ	[redacted] 20
	Interviewer's Signature	Date 7/28/00
	Interviewer's Phone Number (incl. area code) 626-350-8140	

GOLD CITY JEWELRY

WHOLESALE & RETAIL OF 14K FINE JEWELRY



[redacted]
Los Angeles, CA 90014

(213) [redacted]

TO WHOM IT MAY CONCERN:

RE: ROSA YCOCHEA
SS# [redacted]

Miss ROSA YCOCHEA, has been dealing with us since December of 1996. During this time she is bought several pieces of jeweleries and had a hight credit limit of $3,170.00, and for 35 months she has made payments of $87.00 a month until she pay off all her balance.
The interest rate was 12.00% by year, and she has no balance with us so far. She's had no problem whatsoever concerning her payments habits and I would highly recommend her as responsible client.

Sincerely,

IRASEMA JIMENEZ
Manager.

JUNE 13, 2000.

Budget Letter

To Whom It May Concern:

In anticipation of a home purchase, I've been budgeted our monies, saving for the down payment and closing costs. To better understand my/our ability to save, I've offer below a summary of my/our monthly budget.

NET MONTHLY TAKE HOME PAY ..... $ 804.00
Ingreso Limpio

LESS:

Present rent or mortgage payment (PITI) Renta actual	$ 400.00
Car payment(s) Pago de Automovil	$ 0
Revolving charge card installment payment(s) Tarjetas de credito	$ 0
Utilities (gas, electric and telephone) Costo de gas, electricidad & Telefono	$ 0
Food (groceries) Comida	$ 100.00
Health & Auto insurance payment(s) Seguro de Auto & Medico	$ 0
Entertainment Entretenimiento	$ 30.00
Child Care Cuidado de ninos	$ 0
Clothing Ropa	$ 50.00
Miscellaneous expenses (gas, etc.) Gastos adicionales	$ 75.00

LESS TOTAL MONTHLY EXPENSES: - $ 655

TOTAL DISPOSABLE INCOME AVAILABLE FOR SAVINGS: = $ 149

Of the above total disposable income, I've been managed to save $ 2,235 per month, for the last 15 months, for a total of $ 2,235.
I have now deposited the money at ..... (location). I save money at home because .....

Rosa Ycochea
Borrower

Borrower

Borrower

Borrower

5/26/00
Date

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details, see Title 18 U.S. Code Sections 1001 and 1010.

HOUSING EXPENSES

Name: Rosa Ycochea
Month: June Year: 2000

Monthly Income:	$ 804.00
Rent:	$ 400.00
Creditors:	$ —
Telephone:	$ 35.00
Gas:	$ —
Electricity:	$ —
Food:	$ 70.00
Clothing:	$ —
Gas/Oil	$ 40.00
Car Repairs:	$ —
Entertainment:	$ 35.00
Car Payments:	$ 30.00
Saving:	$ 194.00

I was able to save $ 127.00 a month, for 18 months, a total of $ 2,28

Rosa Ycochea
Borrowers Signature

Borrower Signature

Borrower Signature

U.S. BANK
U.S. Bank of Idaho

OFFICIAL CHECK

942018636

Date May 29, 1998

Pay to the Order of **TRANSNATION TITLE** $**10,000.00**

U.S. Bank 10,000 DOL 00 CTS

Purchased By: **STEVEN CRAIN**

U.S. Bank of Idaho

Payable through Citibank N.A. Los Angeles CA
For Citibank (NY State) Buffalo, NY
Issued by Integrated Payment Systems Inc., Englewood, Colorado

Authorized signer for U.S. Bank

⑆022000868⑆58⑈130222 942018636

U.S. BANK
U.S. Bank of Idaho

OFFICIAL CHECK

942018636

Date **FEB 24, 1998**

Pay to the Order of **TRANSNATION TITLE COMPANY** $**10,000.00**

U.S. Bank 10,000 DOL 00 CTS

Purchased By: **MIKE MCDOUGAL**

U.S. Bank of Idaho

Payable through Citibank N.A. Los Angeles CA
For Citibank (NY State) Buffalo, NY
Issued By Integrated Payment Systems Inc. Englewood, Colorado

Authorized signer for U.S. Bank

⑆022000868⑆58⑈130222 942018636

U.S. BANK
U.S. Bank of Idaho

OFFICIAL CHECK

942018636

Date 01/16/98

Pay to the Order of *TRANSNATION TITLE* $ 11,000.00*

U.S. Bank 11,000 DOL 00 CTS

Purchased By *SALLY GROESSER*

U.S. Bank of Idaho

Payable through Citibank N.A. Los Angeles CA
For Citibank (NY State) Buffalo, NY
Issued By Integrated Payment Systems Inc. Englewood, Colorado

Authorized signer for U.S. Bank

We also perform field reviews of appraisals.

307

316

13

FOR SALE
Mahogany
382-2027

Flipping

- …a practice whereby a recently acquired property is resold for a considerable profit with an artificially inflated value, often abetted by a lender’s collusion with the appraiser.

721

dit
8
nance.com

44
CONTRACT PENDING
FOR SALE WITH
FREE

If FHA insurance is used…

- Seller must be the owner of record and the transaction may not involve any sale or assignment of the sales contract.

- Re-sales occurring **90** days or less following acquisition. Not eligible for FHA insurance.

Flipping (Cont'd)

- Re-sales occurring between **91-180** days following acquisition:
  - If resale price is 100% or more over the price paid by the seller then the lender is required to obtain a second independent appraisal.
  - Second appraisal cannot be charged to borrower.

Flipping (Cont'd)

- If between **91** days and **12** months…
  - 91 days and prior to the end of 12 months FHA reserves the right to require additional documentation from the lender to support the re-sale value if the sales price is 5% or greater than the lowest sales price of the property the preceding 12 months.
  - May include an appraisal from another appraiser.

Mortgagee Letter 2003-7

Prohibited Payments

A mortgagee may not pay a fee:

- To any person or entity for referral of the loan or as a “finder’s fee.”

- To any person or entity which has received or is to receive any other payment or consideration for services realted to the transaction, except a commission in connection with the sale of a hazard insurance policy at the request of the mortgagor.

A mortgagee may not pay a fee:

- To any person or entity for referral of the loan or as a “finder’s fee.”

- To any person or entity which has received or is to receive any other payment or consideration for services realted to the transaction, except a commission in connection with the sale of a hazard insurance policy at the request of the mortgagor.

- Pay any compensation that is prohibited by the Real Estate Settlement Procedures Act (RESPA)

- HB 4060.1 REV-1

Other prohibited Compensation

- Advance funds to a real estate agent, real estate broker, mortgage broker, or packager as an advance of anticipated commissions on sales to be financed with a HUD- insured mortgage loan to be provided by the mortgagee.

Closeout…

Findings (Unofficial)

- Deficient QC Plan;
- HUD not notified of serious irregularities;
- Permitted 3d party originations;

- Fraudulent origination; (gifts letters, VOE's, Doc's);
- Poor appraisals
- Inadequate facilities
- AND MUCH MORE!

What is next?

- Mortgagee Board Referral!
- State agency referral
- Inspector General Referral

Potential Remedies by HUD (Administrative)

- Civil Money Penalties ($5,500 per each violation)
- Indemnification
- Revocation of approval
- Limited Denial of Participation

Should our mortgagee retain HUD Approval?

- If they do…
- In the immortal words of Arnold…(the Governor of California)

I’ll be back…