

Battling fraud one loan center at a time

What is the number one way to uncover mortgage loan fraud?

Paul Sullivan, a fraud unit manager in Fort Washington, knows the answer to this question first hand, and along with his fellow teammates in risk management, is on a mission to stop it. In June, he takes his training class on the road to ResCap loan centers to keep loan quality high and reduce any risk to the company.

“Mortgage fraud is at an all time high, and tips from company employees is the top way of uncovering a problem,” he says. “Therefore, the key to successful risk management and fraud prevention is training.”

Sullivan, who has been with GMAC for almost 14 years, created fraud training for correspondent and consumer lending employees alike in hopes of eliminating the problem.

“Mortgage fraud can take many forms, such as multi lien fraud (several loans are taken out on one property), fraud to qualify (the applicant provides false information), appraisal fraud and foreclosure schemes to name a few,” says Sullivan. “In the sessions we train associates to look for red flags and compare the information on the application carefully to the information found on the credit report and other documents.”

The training is made up of two sessions, the first for newer hires that covers fraud 101, and the employee’s role in prevention, and the second for advanced employees, that covers current trends, investment scams, and foreclosure schemes. While the training is computer based, Sullivan feels it is crucial to meet with trainees face-to-face to show them that no one is immune.

“It’s not about finger pointing, but it is about education,” he says. “We use real documents and examples with the names blanked out to make it more effective.”

While bringing loan fraud to our employees’ attention is what these classes aim to do, Sullivan realizes he has to be careful not to make employees overly paranoid.

“The majority of the loans we process at GMAC are good loans,” he says. “We’ve simply created the tools to bring the issue to light and teach employees when they should raise a red flag.”

Training is mandatory for employees and kicks off in Phoenix on June 15 and 16 before moving to Costa Mesa, Calif. on June 17 and 18. In mid July Sullivan will visit the operation centers in Charlotte, N.C., Hartford, Conn. and Fort Washington to continue training.