

Section 1.19 - Fraud Prevention Guidelines

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Overview

General

In an effort to align with industry and current market conditions, Truist has implemented fraud guidelines designed to protect lenders from industry participants engaged in complex fraudulent schemes. These guidelines will assist lenders in taking the necessary steps to mitigate risk due to misrepresentation as a result of fraud.

Correspondent Lender's In-House Fraud Review

The fraud review of the mortgage is performed in-house, or, with Truist's written consent, the fraud review may be performed by a third party.

Related Bulletins

General

Related bulletins are provided below in PDF format. To view the list of published bulletins, select the applicable year below.

- [2021](#)
 - [2020](#)
 - [2019](#)
 - [2018](#)
 - [2017](#)
 - [2016](#)
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Social Security Validation

Overview

- The borrower(s) identity must be verified by validating that borrower(s) Social Security Number (SSN) reflected on the application was issued to the borrower and is consistent on all credit documentation.
- Truist is not currently pulling Social Security verifications from the Social Security Administration at this time. A vendor or the SSI Administration will be able to provide verifications to lenders with an applicable fee.

Reference: See General [Section 1.36: Social Security Validation Guidelines](#) of the [Correspondent Seller Guide](#) for additional information on validating the Social Security Number.

Verbal Verification of Employment

Overview

Agency Loan Programs

See “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” in the “Income” topic outlined in [Section 2.01 Agency Loan Programs](#) of the *Correspondent Seller Guide* for additional information on validating the borrower’s employment.

Non-Agency Loan Programs

Reference: See “Income Documentation” outlined in [Section 2.23: Veterans Administration \(VA\) Loan Program](#) of the *Correspondent Seller Guide*.

The following guidelines apply to Key and Jumbo Solution Second Mortgage loan programs:

- A verbal verification of employment (VVOE) is required on **ALL** loan transactions (conventional and government) for **ALL** borrowers in order to verify that the borrower’s employer or self-employed business exists and that the borrower is actively employed as of the date of performing the VVOE.
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MERS Fraud Tools

General

- Correspondent lenders are required to be an active member of MERS to sell loans. Active members create unique MIN numbers for each transaction and should deliver loans on MOM documents using a MIN that they have generated.
- MERS active members must not use the MIN that is automatically assigned by Truist at loan registration/lock-in. Correspondent lenders are responsible for registering the loan with MERS using their company name, NOT Truist as the lender.
- MERS Fraud Tools (accessed either directly through MERS or through Interthinx, CoreLogic, DataVerify, or Kroll Factual Data) must be utilized within 15 days of the date of the Note to confirm no undisclosed liabilities identified under each borrower's social security number.
- A printout of the search results must be included in the loan file.
- MERS members have the ability to navigate from the main page of the website to this section to access this look-up tool. A log in and password are required. The output can be printed out and should be included in your file for purchase.

Note: The MERS website is <http://mersinc.org>. Location: 1818 Library Street, Suite 300, Reston, VA 20190. Phone number is (800) 646-6377 and fax is (703) 748-0183.

- MERS must be utilized separately to screen for undisclosed real estate liabilities to be acceptable to Truist.

Reference: See the Correspondent Closing Checklist ([COR 0013](#)) for placement of all applicable MERS documentation in the loan file to be delivered for purchase.

MERS Process

General

- Correspondents must accurately register all loans closed with MERS as **Original Mortgagee (MOM) Security Instruments** within seven (7) calendar days of the close date (Note date).
 - The information registered on MERS must match the information reflected on the closing documents and the loan lock information.
 - Enter the originating ORG ID into the MERS system at registration.

Note: MOM loans require the originating ORG ID to be entered into MERS at registration or within 90 calendar days of registration.

- Property addresses must match exactly.
- MERS requires a new indicator in their system. Set the “owner occupied” flag in MERS as Y or N **on any active MIN**, not just on owner-occupied loans.

Notes:

- If any discrepancies are found between the information registered on MERS and the information on the closing documents, the loan will be pended until the discrepancy is corrected.
 - For escrow states and refinances, the loan must be registered within seven (7) calendar days of the disbursement date.
 - Truist will pend the loan if the loan has not been registered with MERS prior to purchase.
- Once Truist has notified the Correspondent lender of the purchased loan, the lender will transfer the Beneficial and Servicing Rights to Truist on the MERS system. **The transfer must be completed within five (5) calendar days from execution.**

Notes:

- Update the assignment Sent Date in MERS within five (5) calendar days of execution.
 - Name MERS as the Assignee in MERS in accordance with MERS document standards in the county land records.
 - Truist Correspondent Operations will pursue any transfers outstanding after the loan purchase with your company’s MERS Administrator.
- The Correspondent lender must enter assignment and security instrument information within sixty-(60) calendar days of the effective transfer date, Note date, or assignment date.
 - The Correspondent lender will need to create a Transfer of Servicing (TOS)/Transfer of Beneficial (TOB) to transfer both the servicing and investor rights to #1015224.
 - If Fannie Mae, Freddie Mac or Ginnie Mae are listed as the investor, then only a TOS will need to be created to transfer the servicing rights to #1015224. The appropriate Option 1 Investor should be listed as the current investor in the transfer.

Understanding the MERS Fraud Report

General

It is possible the MERS undisclosed liability check will reflect a mortgage liability that does not appear to belong to the borrower. In order to clear the borrower from a mortgage debt that does not belong to them, the client should take the following steps:

- Check the SSN on any supporting income documents to make sure they match.
 - Check for fraud alerts for the borrower's social security number in the credit report.
 - If the credit report does not verify the debt, and/or confirm it has been paid or refinanced, the borrower should provide evidence that the borrower is not liable for the debt disclosed by MERS for their SSN.
 - Have the title company do a search and confirm the borrower is not on the Note or the Mortgage disclosed by MERS.
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MERS Options

A brief summary of available options with access to the Fraud Tool Set are reflected below:

- MERS Active
- MERS Lite
- MERS Link

Reference: See the subtopic *MERS Fraud Tools* under the *MERS Topic* in General Section [1.08: Loan Delivery and Purchase Review](#) of the [Correspondent Seller Guide](#), for more detailed information on the MERS options available.

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Third Party Originated Loans (TPO) Delivered to Truist

General

- All Truist approved Third Party Originating (TPO) Correspondent lenders must ensure loans sold to Truist follow all published MERS rules.
- Correspondents approved to sell third party transactions to Truist originated by a third party may:
 - Have the originator become a MERS member, or
 - Have the originator become a MERS TPO member. The approved Correspondent lender would facilitate MERS for the originator.

Note: MERS TPO Membership is not an option for our Correspondent lenders. Our approved Correspondents must register as a full MERS or MERS Lite member.

- All Truist approved TPO Correspondent lenders are required to complete the Loan Originator Compensation Certification on Third Party Originated Transactions ([COR 0014](#)) for all TPO loans delivered to Truist.
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Exclusionary Lists

General

Agency Loans

Reference: See “Validation of Parties to the Mortgage Transaction” in the “Eligible Transactions” topic outlined in [Section 2.01 Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

Key Loan and Jumbo Solution Second Mortgage Loans

Reference: See “Validation of Parties to the Mortgage Transaction” in the “Eligible Transactions” topic outlined in [Section 2.06 Key Loan Program](#) of the *Correspondent Seller Guide* for guidelines.

FHA and VA Loans

References:

- For FHA loans, see the “Validation of Parties to the Mortgage Transaction” topic outlined in [Section 2.22: The FHA 203b Loan Program](#) of the *Correspondent Seller Guide* for guidelines.
- For VA loans, see the “Validation of Parties to the Mortgage Transaction/Program Participants” topic outlined in [Section 2.23: Veterans Administration \(VA\) Loan Program](#) of the *Correspondent Seller Guide* for guidelines.

CorrAdvantage

- Truist ineligible list does not apply.
 - Lenders must comply with all Freddie Mac required review for exclusion and ineligibility from the transaction.
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Truist Ineligible List Certification

General

- ***The Truist Ineligible List contains confidential information and is only for use by Truist employees and/or Correspondent lenders of Truist in connection with transactions with Truist.***
- ***Due to the confidential nature of the information contained therein, the Truist Ineligible List is password protected and distribution of the Truist Ineligible List is strictly prohibited.***
- By accessing or using the *Truist Ineligible List*, the user agrees to indemnify Truist for any loss, damage, or expense resulting from the user's failure to maintain the confidentiality of the information it contains.
- Correspondent lenders will be required to check the *Truist Ineligible List* for appraisers and/or appraisal companies that are not eligible to perform appraisals.
- Any Appraiser or Appraisal Companies identified on the *Truist Ineligible List* are not eligible to perform appraisal assignments, either directly or indirectly, on properties that secure loans to be funded or purchased by Truist.
- Correspondent lenders will also be required to check the *Truist Ineligible List* for settlement agents and/or companies that are not eligible to perform loan closings or provide title services, either directly or indirectly, on real properties that secure loans to be funded or purchased by Truist.
- For CorrAdvantage transactions, lenders are not required to check the Truist Ineligible List for ineligible parties.

Reference: See General Section [1.07: Appraisal Guidelines](#) and [1.39: Ineligible Settlement Agent Guidelines](#) of the *Correspondent Seller Guide*, to access the *Truist Ineligible List*.
