

FSRA's Proposed Guidance: Detecting and Preventing Mortgage Fraud

Proposed Amendments Submitted by: Chicago Title Insurance Company Canada

The suggested edits below correspond to content set out in FSRA's [Proposed Guidance](#) on the website. Please note that we have only reproduced those sections of the Guidance where we have suggested edits.

Purpose

Forms **Consequences** of mortgage fraud

Mortgage fraud takes many forms. It may include the intentional misstatement, misrepresentation, or omission of information to obtain a mortgage. It can result in:

Mortgage fraud can result in serious consequences for a number of parties, including:

NEW additional bullet

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- **third party homeowners who may lose equity in or possession of their home if they become the victim of a true owner impersonation**

Interpretation

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Mortgage transaction documentation

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FSRA interprets the above prohibitions as requiring licensees and administrator staff to take the following steps, at minimum, to identify potential falsification of documents and help prevent fraud:

- **Use third-party sources** to confirm that information presented by the parties is consistent across different reliable forms and documents provided to support the transaction
- Review original documents....
- Use **multi-factor authentication (MFA)** to conduct identity confirmation ~~Use multiple sources of valid government issued ID to conduct identity confirmation (one piece must be government issued photo ID)~~

Appendices and reference

Appendix 1

Key steps for Detecting and Preventing Mortgage Fraud

Verify identification

- ~~Verify identification through multiple reliable sources (e.g., request more than one piece of identification, consider multi-factor authentication (MFA)).^{20,21}~~
 - ~~The minimum requirement is one piece of valid government-issued photo identification and one piece of secondary identification~~
- Verify the client's identification through the use multi-factor authentication (MFA), either in-house or through the services of a third-party provider.
 - MFA is a method of verifying identity by comparing and validating client information across multiple data points (or factors) that fall under three general categories:
 - Knowledge Factor: Something the client knows. For example, an account number, balance, or other specific information you can confirm against the credit report, utility bill, etc.
 - Possession Factor: Something the client has. For example, valid government-issued photo identification (ID), original documentation, etc.
 - Inherence Factor: Something inherent and unique to the client. For example, the image of the client on the provided ID matches the client you meet (in-person or via virtual meeting), photos across different ID show the same person, signatures across different ID and documents match, etc.
- At least one data point from each category must be provided in order to authenticate an identity.
- To satisfy the "Possession Factor", collect and check at least three pieces of ID, at least two of which must be government-issued photo ID. All three must include the legal name, date of birth and signature, and at least one must include an address.