

**Press Release  
For Immediate Release**

## **Credit Enhancement is the Latest Danger in Real Estate Fraud**

*Underground Industry Falsely Boosts Credit Scores to Get Home Loans*

DETROIT, Michigan March 3 -- Adding an authorized user to your credit card account seems harmless enough, but it can hurt more than it helps, warns Real Estate and Mortgage Fraud expert Ralph R. Roberts. Problems can result when this personal convenience is used for credit enhancing, the practice of piggybacking on someone else's credit in order to qualify for a mortgage they really can't afford.

"It's as easy to authorize additional people to use your credit card as it is to swipe the card at the checkout counter," Roberts points out. "By phone or online, within minutes your wife or your kid at college can be added to your account, and within days a new card arrives in the mail. But consumers might not realize that adding someone as an authorized user means that person inherits your credit history. In other words, if you have an excellent credit rating and you add your daughter's name to your account, she automatically receives a boost in her own credit rating--a boost she did not earn."

Unfortunately, Roberts says, unprofessional real estate agents and mortgage brokers have been telling clients with poor credit scores to do the same thing. "An entire industry now operates underground to boost consumers' credit scores so they'll qualify for home loans," explains the author of *Real Wealth by Investing in Real Estate* (Penguin/Prentice Hall) and other books about real estate sales and investing.

Roberts cites a company called Credit Funding Solutions, Inc. (formerly Credit Launchers and also known as CFS), which promises to improve consumers' poor credit scores to unreasonably high levels in as few as 90 days for a flat fee that consumers have to pay in advance. "According to its web site (which has now been taken down), the company could add the name of a consumer applicant to the CFS president's own personal credit card accounts--again, allowing someone to benefit from a drastically improved credit rating that they did not earn," Roberts says.

Since last year, however, participants in this sort of activity are technically breaking a federal law. "Current U.S. Code on bank fraud says whoever knowingly executes, or attempts to execute, a scheme to defraud a financial institution by means of false or fraudulent pretenses can be fined up to \$1 million or imprisoned up to 30 years, or both," Roberts says.

Nevertheless, CFS is marketing its services in nearly every state with aggressive, Internet-based advertising on sites like craigslist.org, and a competitor called Seasoned Trade Lines has emerged. "Both companies offer consumers with good credit scores thousands of dollars to allow strangers to piggyback on their credit card accounts," Roberts asserts. "What's even more alarming is that mortgage brokers and REALTORS encourage the practice by referring customers to both companies!"

Roberts has no problem with an individual adding someone to his or her credit account as an authorized user. "It's perfectly legal, and in most cases is done for perfectly legitimate reasons," he says. "What I'm not okay with, both as a REALTOR® and private

citizen, is someone with a poor credit score or non-qualifying income being able to qualify for a home loan based on an artificially inflated credit score. In case after case, the new homeowner defaults on the loan, which only adds to the problem.”

Roberts wants the three major credit reporting bureaus--Equifax, Experian, and TransUnion--to address this issue. “For consumers and the real estate industry, the stakes are too high for us not to be talking about it,” he says. “Anything that can manipulate the system and be used to commit Real Estate Fraud needs to be road blocked, and anyone who piggybacks on someone else’s credit score with the intent of securing a home loan should be stopped, as should the real estate industry professional who suggested it.”

Dubbed by *Time* magazine “*the best-selling REALTOR® in America*,” Ralph R. Roberts is a recognized authority on residential real estate, Real Estate Fraud, personal salesmanship and sales force and office management, motivation, and design. For more than a quarter century, he has helped thousands of consumers realize the dream of homeownership and helped federal officials educate state and local law enforcement, regulators, and financial institutions on the problems associated with Real Estate Fraud.

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