Federal Housing Finance Agency
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In the Matter of:
Jacob Rappaport,
(a/k/a Yakov Mordechai Rappaport)

Matter No. 2026-SCP-00064

FINAL SUSPENSION ORDER

The Federal Housing Finance Agency ("FHFA"), as safety and soundness regulator of the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), and the eleven Federal Home Loan Banks (collectively, the "regulated entities"), is issuing this final suspension order (the "Final Order") pursuant to the following legal authorities:

1. Section 1313 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008, Pub. L. No. 110-289, 122 Stat. 2654 (codified as 12 U.S.C. § 4511 et seq.), ("Safety and Soundness Act"), authorizes FHFA to exercise such incidental powers as may be necessary in the supervision and regulation of the regulated entities. *See* 12 U.S.C. § 4513(a)(2).

2. Section 1313B of the Safety and Soundness Act authorizes FHFA to establish standards for the regulated entities regarding prudential management of risks. FHFA is authorized to issue orders requiring the regulated entities to take any action that will best carry out the purposes of that section. *See* 12 U.S.C. § 4513b(b)(2)(B)(iii).

3. Section 1319G of the Safety and Soundness Act authorizes FHFA to issue any orders necessary to ensure that the purposes of the Safety and Soundness Act are accomplished. *See* 12 U.S.C. § 4526(a).

4. 12 CFR § 1227.6, FHFA's regulation governing the issuance of a final suspension order.

Consistent with these authorities, FHFA has determined that Jacob Rappaport, a/k/a Yakov Mordechai Rappaport ("Rappaport") engaged in covered misconduct as that term is defined at 12 CFR § 1227.2 and is of a type that would be likely to cause significant financial or reputational harm to a regulated entity or otherwise threaten the safe and sound operation of a regulated entity.

This determination is based on the following findings:

1. Rappaport was an attorney in Towson, Maryland. *See United States v. Rappaport*, 1:26-cr-00096 (D. Md. April 22, 2026), ECF No. 10-1 (Plea Agreement).

2. Rappaport represented his co-conspirators and their companies in real estate transactions, including Limitless Management LLC ("Limitless"). *Id.*

3. Rappaport, on behalf of his co-conspirators and Limitless, assisted in the sale of Coventry Manner, an apartment complex located in Baltimore, Maryland. Rappaport, on behalf of a co-conspirator and Limitless, prepared two separate contracts for the sale. The first contract was presented to the lender, reflecting a purchase price of $7.8 million. Rappaport also drafted a side agreement that was not disclosed to the lender. The side agreement stated the true purchase price was approximately $6.9 million. The side agreement further provided that the seller would provide "seller credits" of approximately $847,619.05 to account for the difference between the fake purchase price of $7.8 million and the actual purchase price of $6.9 million. The difference in sale price was material to the lender and was knowingly and purposely not disclosed. *Id*.

4. Rappaport participated in conversations with co-conspirators, and representatives of the buyer concerning the planning of the scheme. When the attorney who initially represented the buyer indicated that he would not participate, Rappaport assisted in identifying new counsel for the buyer. *Id*.

5. Prior to settlement, Rappaport and his co-conspirators determined that only $512,251.12 of the agreed upon seller credits could be reflected on the HUD-1 settlement statement as concessions from the seller to the buyer. Among the credits that would be reflected on the settlement statement was a fictitious "Reno Credit," in the amount of $85,000 used as a mechanism to lower the amount owed by the buyer at closing. Rappaport and his co-conspirators agreed that the seller credit deficit of $335,367.93 would be paid to the buyer outside of closing and would not be disclosed to the lender. The payment outside of closing was material to the lender, and it was knowingly and purposely not disclosed. *Id*.

6. After closing, a "Seller Fee" of $335,367.93 was paid to the law firm at which Rappaport was employed. A wire transfer from Rappaport's attorney trust account shows this same amount was transferred to the buyer's company. *Id*.

7. In addition to the multi-family scheme described above, Rappaport was involved in a conspiracy to fraudulently inflate the purchase prices of forty-two (42) residential homes in Baltimore, Maryland. Rappaport assisted his co-conspirators in negotiating a contract sales price of $87,500 per home or $3,675,000 collectively. The co-conspirators agreed to sell the 42 homes to a buyer for $112,500 per home or $4,725,000 collectively. The co-conspirators and the buyer agreed to fraudulently inflate the purchase price with 100 percent financing from a lender to $165,000 per home or $6,930,000 collectively. *Id*.

8. The lender was not told that the true purchase price was $112,500 per home or $4,725,000 collectively. The buyer was required to provide a down payment of approximately $2 million but did not have funds available to do so. The buyer arranged to borrower the funds from a third-party and devised a scheme to produce "show money" for the settlement company. Rappaport and his co-conspirators agreed that the down payment would be returned to the borrower's source of funds after closing. To effectuate the scheme,

Rappaport agreed to receive the down payment from the settlement company into his attorney trust account and then return the funds to the buyer, thereby concealing the source of funds from the lender and settlement company. The true purchase price and down payment were material to the lender's decision to fund the loan. *Id*.

9. On or around December 9, 2021, Rappaport's co-conspirators purchased the 42 residential homes for $3,675,000. Rappaport's co-conspirators then sold the 42 properties to the buyer on the same day for $6,930,000. On or around December 13, 2021, the settlement company wired approximately $2.8 million to Rappaport's attorney trust account. On the same day, a wire transfer in the amount of $2,024,000 was initiated from Rappaport's attorney trust account to the buyer's source of funds. *Id*.

10. Based on this misconduct and pursuant to a guilty plea, judgment was entered against Rappaport on June 25, 2026. Rappaport was convicted by the United States District Court for the District of Maryland of conspiracy to commit bank fraud in violation of 18 U.S.C. § 1349. Rappaport was sentenced to fifteen (15) months of imprisonment. *See Rappaport*, ECF No. 27 (Judgment).

11. The above-referenced conviction constitutes covered misconduct as that term is defined at 12 CFR § 1227.2 and is of a type that would be likely to cause significant financial or reputational harm to a regulated entity or otherwise threaten the safe and sound operation of a regulated entity.

With this Final Order, FHFA directs each regulated entity to indefinitely cease or refrain from engaging in any covered transaction with Jacob Rappaport beginning on November 20, 2026.

The Final Order shall have no effect on any transaction involving a residential mortgage loan if the loan is secured by Jacob Rappaport's personal or household residence.

This Final Order shall not limit the authority of FHFA to pursue any other regulatory or supervisory action with respect to any regulated entity or any other person and any affiliates thereof, whether instead of or in addition to this action. Likewise, this Final Order shall not limit the authority of any regulated entity to take any action it determines appropriate to address risks from any person and any affiliates thereof with which it engages in covered transactions.

This Final Order is a final action of the Federal Housing Finance Agency.

CLINTON JONES

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Clinton Jones,
Suspending Official