



## MISSOURI SENATE

JEFFERSON CITY

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# Bill Criminalizing Mortgage Fraud Clears General Assembly

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JEFFERSON CITY – Homebuyers can feel protected from being scammed out of thousands of dollars when purchasing a home. House Bill 2188, handled by Sen. Kevin Engler, R-Farmington, today received final approval from the Legislature, sending it to the governor's desk.

"This bill protects consumers and lets those looking to take advantage of homebuyers know that Missouri will not tolerate this practice," said Sen. Engler.

The legislation mirrors a bill introduced by Sen. Engler (Senate Bill 1059), which stems from the work of the Interim Committee on Consumer and Financial Protection on which he served as chairman. The committee found that the state's hands were tied from going after the individuals committing mortgage fraud. The FBI were the only ones that were able to prosecute offenders and were extremely inefficient in taking care of the problem. HB 2188 and SB 1059 sought to place local prosecutors on the same footing as federal investigators.

Mortgage fraud often includes illegally inflating property appraisals, concealing a second mortgage from a primary lender, or concealing a borrower's identity. These practices ultimately contribute to higher loan costs and more restrictive lending practices.

House Bill 2188 creates civil and criminal penalties for residential mortgage fraud. The legislation makes it a Class C felony to employ a device, scheme, or artifice to defraud; make an untrue statement or omit information; receive any portion of the purchase, sale, or loan proceeds in connection with a real estate arrangement that has to do with fraud; and influence appraisals in certain circumstances. A Class C felon in Missouri can receive up to seven years in prison.

The bill also contains specific provisions relating to real estate brokers, real estate salespersons, real estate appraisers, and residential mortgage brokers.

"These scams involve homebuyers, financial institutions, and the government, harming all aspects of the real estate market," said Sen. Engler. "It has victimized so many, and this legislation will make sure those committing these scams are seen for the criminals they are."

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