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that is morally wrong.*

MISSOURI SENATE
JEFFERSON CITY

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Bill Criminalizing Mortgage Fraud Sent to Governor *Measure to Protect Homeowners Passes General Assembly*

JEFFERSON CITY – Homebuyers can feel better 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 Engler.

The legislation mirrors a bill introduced by Engler (Senate Bill 1059), that stems from the work of the Interim Committee on Consumer and Financial Protection that he chaired. The committee found that the state’s hands were tied from going after individuals committing mortgage fraud. Currently, the FBI is the only entity able to prosecute offenders. Their poor case record demonstrates they were slow in tackling the problem in Missouri. Senate Leader Mike Gibbons, R-Kirkwood, said that's why the bill creates the state crime to allow local prosecutors the opportunity.

"Our local prosecutors can more rapidly identify these unscrupulous con artists who try to cheat the mortgage lending system at the expense of all homebuyers," he said. "Local prosecutors will now have the ability to pursue those who try to defraud the system better protecting all homeowners."

Mortgage fraud often includes illegally inflating property appraisals, concealing a second mortgage from a primary lender, or concealing a borrower’s identity. This ultimately contributes to higher loan costs and more restrictive lending practices for all consumers.

House Bill 2188 creates civil and criminal penalties for residential mortgage fraud. The legislation makes it a Class C felony to use any device or scheme 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 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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