



July 24, 2009

## Cracking Down on Mortgage Fraud

During the 2009 legislative session, the General Assembly passed 162 bills. According to Missouri's constitution, the governor had until July 14<sup>th</sup> to sign or veto bills this year, or the legislation would become law without his signature. Over the next several weeks, we will cover some of these new laws. Governor Nixon recently signed into law legislation to protect consumers purchasing a home from shady lending practices and dishonest mortgage brokers.

Earlier this month, the FBI released a report naming Missouri as a state that has recently experienced a spike in occurrences of mortgage fraud. We experienced a 3 percent rise in fraud-related activity in the past year. [House Bill 382](#) will work to combat this rise in mortgage fraud by establishing the Missouri Secure and Fair Enforcement for Mortgage Licensing and Residential Mortgage Brokers Licensing Act. Consumers will now have better access to information about their mortgage broker. Beginning July 31<sup>st</sup>, 2010, mortgage brokers must register with the [Nationwide](#)



[Mortgage Licensing System and Registry](#), which will issue the broker a unique identifier that must be clearly displayed on all official paperwork. This ensures that individual mortgage brokers are easily identifiable and accountable for their work and promotes streamlined licensing requirements in our state. House Bill 382 went into immediate effect when the governor signed it on July 8<sup>th</sup>.

Another problem that has been facing consumers recently is less than true claims by mortgage-rescue companies. These companies offer deals that may seem too good to be true, offering consumers who are in dire financial situations the opportunity to significantly cut or completely eliminate their debt. Even though it is illegal in our state, many of these companies



require up-front fees of hundreds or thousands of dollars from consumers. This is especially dishonest because many of the same services are available for free through non-profit credit counselors. The Missouri Attorney General's office has seen a rise in complaints against mortgage-rescue companies by more than 200 percent this year, prompting Attorney General

Koster to travel to Washington D.C. last week to testify before Congress about this increasingly serious problem. Since April 6, 2009, Attorney General Koster has filed lawsuits against seven companies offering mortgage refinancing, foreclosure relief or debt-settlement, and there are more than a dozen additional official investigations currently underway.

If you believe you have been the victim of a fraudulent mortgage-relief company or if you are concerned about the practices of your lender, check out the [Know Your Rights](#) publication available online. You can also file a complaint with the Attorney General's office online at <https://www.consumer.ago.mo.gov/> or by calling the Consumer Protection Hotline at 1-800-392-8222.

The economy in our state depends on you and we will make sure your rights are

protected.

### **Contact Me**

As always, I appreciate hearing your comments, opinions, and concerns. Please feel free to contact me in Jefferson City at (573) 751-2459. You may write to me at Jason Crowell; Missouri Senate; State Capitol; Jefferson City, MO 65101, or email me at: [jcrowell@senate.mo.gov](mailto:jcrowell@senate.mo.gov) or visit me on the web at <http://www.senate.mo.gov/crowell>.

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