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1 A bill to be entitled
2 An act relating to real property fraud; creating s.
3 193.133, F.S.; requiring law enforcement agencies to
4 notify property appraisers of incidents of mortgage fraud;
5 requiring property appraisers to reconsider property
6 assessments under certain circumstances; amending s.
7 817.545, F.S.; increasing penalties for certain types of
8 mortgage fraud; creating a Statewide Mortgage Fraud
9 Council within the Department of Legal Affairs; providing
10 for membership; providing duties of the council; providing
11 for establishing regional mortgage fraud councils;
12 providing for membership; providing duties of regional
13 councils; providing for reimbursement of members' per diem
14 and travel expenses; providing an effective date.

15
16 WHEREAS, mortgage fraud is a significant problem
17 throughout the United States and is having a particularly
18 damaging affect on mortgage investors and homeowners in this
19 state, and

20 WHEREAS, certain types of mortgage fraud result in an
21 artificial inflation in the value of residential property, which
22 is directly correlated with an increase in the number of
23 foreclosure filings, and

24 WHEREAS, this state is ranked number one in incidents of
25 mortgage fraud and also has one of the highest foreclosure rates
26 in the nation, and

27 WHEREAS, the escalation of property values also causes an
 28 increase in property taxes further making homeownership less
 29 affordable in this state, and

30 WHEREAS, providing enhanced penalties for multiple or more
 31 egregious instances of mortgage fraud, providing a uniform form
 32 for quitclaim deeds, establishing a statewide and regional
 33 councils to coordinate investigations of and solutions to
 34 mortgage fraud, and allowing county property appraisers to
 35 disqualify fraudulent property appraisals when deriving just
 36 valuation will help combat and reduce the effect of mortgage
 37 fraud, NOW, THEREFORE,

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39 Be It Enacted by the Legislature of the State of Florida:

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41 Section 1. Section 193.133, Florida Statutes, is created
 42 to read:

43 193.133 Effect of mortgage fraud on property
 44 assessments.--

45 (1) Any state or local law enforcement agency shall
 46 provide notification of an incident of mortgage fraud, as
 47 defined in s. 817.545, or other fraud involving real property
 48 which may artificially inflate the value of the property, to the
 49 property appraiser of the county in which the property is
 50 located within 7 business days after learning of such incident.

51 (2) Upon notification of an incident of mortgage fraud or
 52 any other fraud involving real property which may artificially
 53 inflate the value of the property, the property appraiser shall

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54 revisit the property assessment and consider the effect of the
55 fraud on the just valuation of the property.

56 (3) The property appraiser may adjust his or her
57 assessment of the property retroactive to the initial date of
58 the occurrence of the mortgage fraud.

59 Section 2. Subsection (5) of section 817.545, Florida
60 Statutes, is amended to read:

61 817.545 Residential mortgage fraud.--

62 (5)(a) If only one parcel of real property is subject to
63 the mortgage lending process or the total value of the loan is
64 \$100,000 or less, a ~~any~~ person who violates subsection (2)
65 commits a felony of the third degree, punishable as provided in
66 s. 775.082, s. 775.083, or s. 775.084.

67 (b) If two or more parcels of real property are subject to
68 the mortgage lending process or the total value of the loan is
69 greater than \$100,000, a person who violates subsection (2)
70 commits a felony of the second degree, punishable as provided in
71 s. 775.082, s. 775.083, or s. 775.084.

72 Section 3. Statewide Mortgage Fraud Council.--

73 (1) INTENT.--The Legislature finds that there is a need to
74 develop and implement a statewide strategy to address mortgage
75 fraud within or affecting this state.

76 (2) ESTABLISHMENT.--The Statewide Mortgage Fraud Council
77 is established within the Department of Law Enforcement for the
78 purpose of combating mortgage fraud throughout the state.

79 (a) The council shall have an executive director appointed
80 by the executive director of the department who shall carry out

81 the tasks of the council as directed by the council. The
82 department shall provide administrative support to the council.

83 (b) The council shall be composed of the following
84 members:

85 1. The executive director of the Department of Law
86 Enforcement, who shall be the chair of the council.

87 2. The statewide prosecutor.

88 3. The Attorney General or a designee who is knowledgeable
89 about economic crimes.

90 4. The Commissioner of Financial Regulation or a designee
91 who is knowledgeable about mortgage lending and related
92 financial institutions.

93 5. The executive director of the Department of Revenue or
94 a designee who is knowledgeable about ad valorem property
95 valuation.

96 6. A member of the Florida Real Estate Appraisal Board.

97 (3) DUTIES.--The council may:

98 (a) Collect data about and serve as a resource and
99 clearinghouse for information relating to mortgage fraud,
100 including ongoing investigations and prosecutions around the
101 state which involve mortgage fraud.

102 (b) Coordinate and initiate statewide or regional mortgage
103 fraud investigations through the statewide prosecutor or local
104 state attorneys.

105 (c) Subject to appropriation, establish a statewide toll-
106 free hotline for reporting mortgage fraud, providing information
107 and resources to the public regarding mortgage fraud, and
108 routing reports of mortgage fraud to the appropriate law

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109 enforcement and prosecutorial agencies and the regional
110 councils.

111 (d) In conjunction with state agencies responsible for
112 determining training needs and establishing training standards
113 for law enforcement officers, state attorneys, and regulatory
114 personnel, identify and make recommendations relating to
115 equipment and training, including continued training for state
116 licensure or certification, to ensure that the needs of this
117 state with regard to preparing, equipping, and training law
118 enforcement officers, state attorneys, and regulatory personnel
119 to combat mortgage fraud are identified and addressed. In making
120 such recommendations, the council shall identify all resources
121 and funding sources that may be available to support and fund
122 such efforts.

123 (e) Propose legislation to eliminate and prevent mortgage
124 fraud, including measures that close loopholes in procedures for
125 making mortgage loans and prevent practices by property
126 appraisers which provide opportunities for mortgage fraud.

127 (f) Establish regional mortgage fraud councils as provided
128 in subsection (4).

129 (4) REGIONAL COUNCILS.--A regional mortgage fraud council
130 shall be established in each of the seven operational regions of
131 the Department of Law Enforcement. The department shall provide
132 dedicated staff to support the functions and activities of the
133 regional councils.

134 (a) Each regional council shall be co-chaired by the
135 department's special agent in charge of the operational region

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136 in which the council is located and by a local sheriff or chief
137 of police from within the operational region.

138 (b) Regional council membership may include
139 representatives of local law enforcement agencies, the state
140 attorney's office, the county property appraiser, industry
141 professionals, including property appraisers, mortgage brokers
142 and bankers, and other affected professions, and business
143 leaders.

144 (c) The co-chairs of a regional council may appoint
145 committees and committee chairs as necessary to address issues
146 related to the various disciplines represented on the council,
147 including a law enforcement, regulatory, business partnership,
148 education, or victims assistance committee. The committee chair
149 shall serve at the pleasure of the co-chairs.

150 (d) Each regional council, with oversight and direction
151 from the Statewide Mortgage Fraud Council, shall:

152 1. Organize, with local law enforcement agencies,
153 sheriff's departments, and state attorneys, coordinated local
154 initiatives to address mortgage fraud.

155 2. Coordinate efforts to enforce s. 817.545, Florida
156 Statutes, and other related state and federal laws to ensure
157 that such efforts are not fragmented or unnecessarily
158 duplicative.

159 3. Coordinate training for local and state personnel
160 relating to ss. 193.133 and 817.545, Florida Statutes, and other
161 related state and federal laws.

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162 4. Coordinate the collection and dissemination of state
163 and local investigative information relating to mortgage fraud
164 within each region.

165 5. Incorporate other objectives reasonably related to the
166 goal of enhancing the state's ability to detect, prevent, and
167 respond to mortgage fraud within or affecting this state. Each
168 regional council shall take into account the unique conditions
169 and resources within its region.

170 (5) MEMBER EXPENSES.--Members of the statewide and
171 regional councils shall serve without compensation, but, in
172 accordance with s. 112.061, Florida Statutes, are entitled to
173 reimbursement for per diem and travel expenses incurred in
174 carrying out the duties of the council.

175 Section 4. This act shall take effect July 1, 2008.