

FINAL BILL REPORT

HB 1191

C 129 L 11
Synopsis as Enacted

Brief Description: Changing the expiration dates of the mortgage lending fraud prosecution account and its revenue source.

Sponsors: Representatives Ryu, Kirby, Buys, Fitzgibbon and Bailey; by request of Department of Financial Institutions.

House Committee on Business & Financial Services
House Committee on General Government Appropriations & Oversight
Senate Committee on Financial Institutions, Housing & Insurance

Background:

In 2003 legislation was enacted creating the Mortgage Lending Fraud Prosecution Account (Account), a specific fund to aid in the prosecution of consumer fraud in the mortgage lending process. The Account is administered by the Department of Financial Institutions (DFI). Funds for the Account are generated by a \$1 surcharge, assessed at the recording of a deed of trust. In order to defray the costs of collection, the county auditor may retain up to 5 percent of the funds collected. Once collected by a county, the funds must be transferred monthly to the State Treasurer who, in turn, must deposit the funds into the Account.

The DFI may use the Account to reimburse county prosecutors and/or the Office of the Attorney General (AG) for costs related to the investigation and prosecution of mortgage fraud cases. Reimbursable items include salaries, training costs for staff, and expenses related to investigation and litigation. The Director of the DFI or the Director's designee may authorize expenditures from the Account. The DFI is required to consult with the AG and local prosecutors in developing guidelines for the distribution of the funds, which are to be used to enhance law enforcement capabilities at both the state and local level.

The Account and the surcharge created in 2003 were originally set to expire on June 30, 2006. In 2006 the expiration of the Account, the surcharge, and the report were delayed until June 30, 2011. In 2009 the annual report requirement was changed to expire on June 30, 2009, in an omnibus bill that eliminated or reduced the frequency of a number of reports prepared by state agencies.

Summary:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The expiration dates of the Mortgage Lending Fraud Prosecution Account and the surcharge are delayed until June 30, 2016.

Votes on Final Passage:

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| House | 97 | 0 |
| Senate | 47 | 1 |

Effective: June 29, 2011