
Business & Financial Services Committee

HB 1191

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.

Brief Summary of Bill

- Delays the expiration date of the Mortgage Lending Fraud Prosecution Account and related surcharge until June 30, 2016.

Hearing Date: 1/18/11

Staff: Jon Hedegard (786-7127).

Background:

In 2003 the Legislature created 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 Attorney General 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 designee may authorize expenditures from the fund. The DFI is required to consult with the Attorney General 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.

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 DFI must make an annual report to the Legislature regarding the use of the funds in the Account.

The Account, the surcharge, and the report 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 of Bill:

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

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The bill contains an emergency clause and takes effect on June 29, 2011.