



H.R. 6853 – Nationwide Mortgage Fraud Task Force Act

FLOOR SITUATION

H.R. 6853 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Kendrick Meek (D-FL) on September 9, 2007. The bill was referred to the House Committee on the Judiciary, but was never considered.

H.R. 6853 is expected to be considered on the floor of the House on September 22, 2008.

SUMMARY

H.R. 6853 establishes the Nationwide Mortgage Fraud Task Force in the Federal Bureau of Investigation (FBI). It requires regional branches of the task force to be placed by the Director of the FBI in the ten states with the highest concentration of mortgage fraud.

The task force is responsible for establishing coordinating entities and soliciting voluntary participation of Federal, State, and local law enforcement and prosecutorial agencies to organize initiatives to combat mortgage fraud and provide training to these entities. In addition, they must collect and disseminate data regarding mortgage fraud investigations and prosecutions.

The bill requires the task force to establish a toll-free hotline for reporting mortgage fraud and for providing the public with information with respect to mortgage fraud and to create a database of suspensions and revocations of mortgage industry licenses and certifications.

BACKGROUND

The FBI defines mortgage fraud as the intentional misstatement, misrepresentation, or omission by an applicant, relied on by a lender or underwriter to provide funding for, to purchase, or insure a mortgage loan. There is no single Federal agency that monitors mortgage fraud. The FBI, Department of Housing and Urban Development-Office of Inspector General, Internal Revenue Service, Postal Inspection Service, and state and local agencies all investigate mortgage fraud.

According to statistics compiled by the FBI, the estimated annual losses from mortgage fraud are between \$4 billion and \$6 billion. During 2007, 46,717 Suspicious Activity Reports were filed by financial institutions which are a 31 percent increase from the previous year. In addition, FBI mortgage fraud investigations led to 321 indictments and 260 convictions. As of May 2008, the FBI had 1,380 mortgage fraud investigations pending.

The current turmoil in the housing market is a contributing factor to the number of instances of mortgage fraud. In 2007, there were approximately 1.5 million foreclosures. This year economists estimate that there will be closer to 2.5 million foreclosures. According to the FBI, "the declining housing market affects many in the mortgage industry who are paid by commission. During declining markets, mortgage fraud perpetrators may take advantage of industry personnel attempting to generate loans to maintain current standards of living."

COST

The Congressional Budget Office did not have a cost estimate available for H.R. 6853 as of September 22, 2008.

STAFF CONTACT

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