

SENATE BILL REPORT

HB 1191

As of March 4, 2011

Title: An act relating to the expiration dates of the mortgage lending fraud prosecution account and its revenue source.

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 History: Passed House: 2/26/11, 97-0.

Committee Activity: Financial Institutions, Housing & Insurance: 3/08/11.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Alison Mendiola (786-7483)

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. In 2006 the Legislature reauthorized the Account until June 30, 2011.

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 can use the Account to reimburse county prosecutors and the Attorney General for costs related to the investigation and prosecution of mortgage fraud cases. Reimbursable items include training costs for investigators and prosecutors and expenses related to investigation and litigation. County prosecutors may even seek recovery of salaries for members of their staff who were assigned to the prosecution of a particular case. The Director of the DFI, or designee, may authorize expenditures from the Account. 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.

Summary of Bill: The Mortgage Lending Fraud Prosecution Account, the surcharge, and the report expire on June 30, 2016. An annual report to the Legislature is not required.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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