

March 14, 2007

**H 817. RESIDENTIAL MORTGAGE FRAUD ACT.** Filed 3/14/07. *TO ENACT THE NORTH CAROLINA RESIDENTIAL MORTGAGE FRAUD ACT.*

To be summarized in tomorrow's *Daily Bulletin*.

**Intro. by Blue.**

GS 14

March 15, 2007

**H 817. RESIDENTIAL MORTGAGE FRAUD ACT.** Filed 3/14/07. *TO ENACT THE NORTH CAROLINA RESIDENTIAL MORTGAGE FRAUD ACT.*

Enacts new Article 20A of GS Chapter 14 making it a felony offense to make or use a deliberate misstatement, misrepresentation, or omission during the mortgage lending process for residential real property with the intention that a mortgage lender, broker, borrower, or other person relies on it. Classifies an offense involving a single mortgage loan as a Class H felony. Classifies an offense involving a pattern of residential mortgage fraud (defined as fraud involving two or more mortgage loans related by fraudulent means or characteristics) as a Class C felony. Designates each residential loan and property transaction involving fraudulent activity a separate offense that does not merge with other crimes. Establishes venue in (1) the county where residential real property for which a mortgage loan is sought is located, (2) any county where an act was performed in furtherance of the offense, (3) any county where a person alleged to have violated the act had control or possession of proceeds of the violation, (4) any county where a closing occurred for a property transaction involving a violation of the act, or (5) any county where a document containing a deliberate misstatement, misrepresentation, or omission is filed with the register of deeds. Authorizes the appropriate district attorney to institute criminal proceedings under the Article upon its own investigation or upon referral by the Office of the Commissioner of Banks, the North Carolina Real Estate Commission, the Attorney General, or other parties. Provides for forfeiture to the state of real and personal property used or derived from a violation of the act. Makes forfeiture subordinate to good faith security interest or interest of owner who made bona fide purchase without knowledge of fraud. Effective December 1, 2007, for offenses committed on or after that date.

**Intro. by Blue.**

GS 14

April 11, 2007

**H 817. RESIDENTIAL MORTGAGE FRAUD ACT.** Filed 3/14/07. House committee substitute makes the following changes to 1st edition. Makes the proposed new crime of residential mortgage fraud applicable to loans secured by manufactured homes (was, only residential real property). Enacts new GS 14-118.17 exempting from civil liability a person who, in the absence of fraud, bad faith, or malice, reports suspected residential mortgage fraud. Adds acting for financial gain as an element of the offense of residential mortgage fraud. Includes the North Carolina Appraisal Board among the offices and agencies whose referral may serve as a basis for a district attorney to institute criminal proceedings. Makes additional technical and conforming changes.

April 17, 2007

**H 817. RESIDENTIAL MORTGAGE FRAUD ACT.** Filed 3/14/07. House amendments make the following changes to 2nd edition. Amendment #1 modifies proposed GS 14-118.11 to provide that unless otherwise provided in the article, the listed definitions apply, removing the provision that the definitions apply unless the context clearly indicates that a different meaning is intended. Amendment #2 modifies proposed GS 14-118.15 to decrease the proposed penalty for violations involving a pattern of residential mortgage fraud from a Class C to a Class F felony.

June 14, 2007

**H 817. RESIDENTIAL MORTGAGE FRAUD ACT.** Filed 3/14/07. Senate committee substitute makes the following changes to 3rd edition. Modifies proposed new GS 14-118.12 to provide that a person is guilty of residential mortgage fraud when that person receives or attempts to receive

funds in connection with a residential mortgage closing that the person *should have known* resulted from a violation of subdivision (1) or (2) of GS 14-118-12(a) (regarding residential mortgage fraud). Modifies proposed new GS 14-118.15 to (1) increase the proposed penalty for violation of the Article from a Class F to a Class E felony and (2) provide that the felonies listed apply unless the conduct is prohibited by another law that provides for a more strict punishment. Deletes the provision stating that each mortgage loan and property transaction violation constitutes a separate offense and is not to be merged with any other crimes set out in GS Chapter 14. Makes technical changes.

July 9, 2007

**SL 2007-163 (H 817). RESIDENTIAL MORTGAGE FRAUD ACT. AN ACT TO ENACT THE NORTH CAROLINA RESIDENTIAL MORTGAGE FRAUD ACT.** Summarized in *Daily Bulletin* 3/15/07, 4/11/07, 4/17/07, and 6/14/07. Enacted July 4, 2007. Effective December 1, 2007.