

November 1, 2012

**MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE
REPORT PURSUANT TO IC 4-23-30-6**

Overview

The Mortgage Lending and Fraud Prevention Task Force (“Task Force”) held a public meeting every month except one in 2011-2012. Representatives from the Indiana Department of Financial Institutions, the Indiana Office of the Attorney General, the Indiana Secretary of State-Securities Division, the Indiana Department of Insurance, the Indiana Real Estate Commission and the Real Estate Appraiser Licensure and Certification Board were present. Each meeting included a public session followed by a closed executive session, if needed.

IC 4-23-30-4 outlines the duties of the Task Force. The Task Force shall meet each month to coordinate the State of Indiana’s efforts to regulate the various participants involved in originating, issuing, and closing home loans. Group will strive to enforce state laws and rules concerning mortgage industry practices and mortgage fraud and prevent fraudulent practices in the home loan industry. Information and resources will be shared among the agencies unless prohibited by law.

Shared Knowledge and the RREAL IN Database - Pursuant to Indiana Code 27-7-3-15.5, beginning January 1, 2010, all persons or entities that close certain real estate transactions are required to report detailed information regarding professionals, organizations and agencies involved in the transactions to the Residential Real Estate Acquisition of Licensee Information and Numbers (RREAL IN) database. Users required to enter information into the database include lending institutions, title producers, mobile notaries and attorneys who close qualifying transactions.

All required information must be entered into the RREAL IN database within 10 business days of the transaction closing date. Currently, there are no exclusions for licensed professionals, companies, agencies or institutions from providing the required information or being recorded as part of the transaction, if they are involved in the transaction.

Information and user training material on the RREAL IN database are available to potential users online. Also, user training via conference call is available to resident and non-resident licensees. Ongoing communication to all targeted licensees is necessary to help increase awareness of the RREAL IN database and the submission requirements.

The RREALIN database makes information readily available to a variety of state agencies. Current state agencies that have established access to the RREALIN database for research, investigative and reporting purposes include the Department of Insurance, the Attorney General’s Office, the Department of Financial Institutions, the Secretary of State, and the Indiana Professional Licensing Agency. With the assistance of information sharing across these agencies, and data collected from the RREAL IN database, cases of fraud continue to be vetted in increasing numbers.

The passing of House Bill 1273 during the 2011 legislative session amended the legislative requirements of IC 27-7-3-15.5. This change further refines the types of transactions to be reported. Effective January 1, 2012, licensees are required to report additional types of mortgage and non-mortgage transactions. New transactions required to be reported for 2012 include subordinate lien mortgages, reverse mortgages, cash purchases, land contracts and business or commercial transactions secured by an Indiana residential property. Several enhancements and reconfigurations have been implemented to the RREAL IN database, to accommodate state agencies accessing the database for the purpose of searching and reporting recorded information.

Since its inception on January 1 2010, added to the RREAL IN Database have been 7 additional transaction form types, 9 functionality enhancements, 4 reconfigurations, and 18 fields requesting additional information; resulting in an additional investment of \$62,620. With the growth of the database and expansion of the reporting requirements, the agencies comprising the Task Force have been able to cast a wider net in an effort to identify, prosecute penalize and fraud.

As a result of the 2012 field audits/exams, conducted by the Department of Financial Institutions and the Department of Insurance, many lending institutions, title agencies and other closers reported an unspecified number of qualifying transactions, which were previously un-submitted for the 2011 and 2012 reporting periods.

Current RREAL IN Database statistics:

Registered User Accounts	Transactions Submitted since Inception of the Database
3074	482,930

YTD Inquiries	YTD Transaction Edits/Additions Request	YTD Password Resets
2299	1963	27

For more information regarding the RREALIN database, please visit the website at: http://in.gov/apps/in_rreal/Login.aspx

The following information is required by IC 4-23-30-6 to be placed into a Legislative Report and submitted to the Legislative Services Agency on or before November 1, 2012.

I. Information on the regulatory activities of each agency described in subsection (b), including a description of any:

(A) Disciplinary or Enforcement Actions Taken

Indiana Office of the Attorney General

The Indiana Office of the Attorney General- Licensing Enforcement & Homeowner Protection Unit has jurisdiction to investigate and prosecute the activities of professional licensees and seek discipline of their licenses. Discipline ranges from revocation to a letter of reprimand. In addition, the Indiana Office of the Attorney General has jurisdiction to bring civil actions against any person who commits deception or misrepresentation in the home buying process, any person committing unlicensed practice, and any person acting as a credit services organization or foreclosure consultant who is not in compliance with Indiana law. The Indiana Office of the Attorney General also has authority to bring civil and/or administrative actions concerning individuals and entities committing the unlicensed practice of a regulated profession.

**Civil Complaints and Assurances of Voluntary Compliance
Filed October 21, 2011 – October 1, 2012**

Case Name	Filing Date	County of Filing	Brief Case Summary
State of Indiana v. Finley & Bologna International, P.A.	10/21/2011	Carroll	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. United Mortgage Aid	10/21/2011	Jasper	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. E Mortgage Recovery, LLC	10/26/2011	Clark	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. US. Loan Assistance Center	10/28/2011	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

<p>State of Indiana v. Real Estate Recovery, Inc</p>	<p>11/16/2011</p>	<p>Lake</p>	<p>Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.</p>
<p>State of Indiana v. Jason Luchessi</p>	<p>12/1/2012</p>	<p>Hamilton</p>	<p>On December 1, 2011, OAG filed a complaint (29C01-1112-PL-12172) in Hamilton County, Indiana against Global Fortune Solutions, LLC, Jason and Jamie Lucchesi (owners of Global Fortune Solutions, LLC), real estate agent Becky Again, real estate agent John Nystrom, and title agent/closing officer Jamie Lyons for violations of the Home Loan Practice Act, the Mortgage Rescue Protection Fraud Act, and the Credit Services Organizations Act. OAG's complaint alleges that Defendants worked together to facilitate "flopping" of real estate located in Indiana, with Defendant Jason Lucchesi working as the mastermind behind the scheme</p>

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. Homestart Services	12/7/2011	Johnson	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Patrick Drury & Associates	12/7/2011	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. USMAC Consulting	12/7/2011	Montgomery	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. US Mortgage Bailout.com	12/8/2011	Posey	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. The Law Office of Thomas Sherwood	12/12/2011	Allen	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
The State of Indiana v. Hope Financial Group	12/12/2011	St. Joseph	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

The State of Indiana v. Mortgage Restructuring Solutions	12/12/2011	Lake	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. American Residential Law Group	1/3/2012	Elkhart	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Quick Loan Audit	1/6/2012	Laporte	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. National Housing Group	1/6/2012	Kosciusko	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Expert Financial Services	1/6/2012	Kosciusko	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. National Financial	2/9/2012	Floyd	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. United Capital Mortgage Assistance	2/9/2012	St. Joseph	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Strategic Alliance	2/10/2011	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. LA Strattan Law Firm	2/14/2012	St. Joseph	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. Sharon Barrett	2/27/2012	Howard	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. National Mortgage Solutions	3/5/2012	Hamilton	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Relief Law Center	3/5/2012	Lake	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. Integrated Debt Solutions	3/21/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Homesafe America, Inc.	3/27/2012	Floyd	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. US Mortgage Solutions	4/5/2012	Johnson	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. 1st Continental Mortgage	4/5/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. The Pinnacle Law Firm	5/1/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Global Equity Solutions, Inc.	5/7/2012	Lake	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. Freedom Equity Savings	5/7/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Integrity Mortgage & Credit Solutions	5/9/2012	Hamilton	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Ryan Law Firm	5/9/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. Nationwide Mediation Services	5/10/2012	Parke	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Loss Mitigation Professionals	5/10/2012	Whitley	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Provident Law Group	5/14/2012	Lake	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. My Financial Links	6/4/2012	Lake	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. H&R Financial Services	6/7/2012	Adams	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Fresh Start Program	6/11/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. Carpenter Title Agency, Inc.	6/11/2012	Marion	Defendant allegedly violated the Home Loan Practices Act and Deceptive Consumer Sales Act by engaging in deceptive practices during real estate transactions.
State of Indiana v. Diversified Home Solutions	6/25/2012	Putnam	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Home Protection Firm	7/2/2012	St. Joseph	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Summit Alliance, LLC	7/2/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

			terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Federal Loan Group	7/9/2012	Vanderburgh	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. First One Lending Corporation	7/9/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. America's Choice Lending	7/9/2012	Lake	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

			contract for foreclosure consulting services.
State of Indiana v. National Mortgage Relief Center	7/23/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Forsta Mediation	7/23/2012	Marion	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Atlantic Mutual	7/31/2012	Miami	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. United Doc Prep	8/13/2012	Elkhart	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Statewide Federal Assistance	8/13/2012	Hamilton	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. A New Beginning, Inc.	8/24/2012	Dearborn	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. Federal Modification Group	8/29/2012	Allen	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Harbours Condominium Association	8/30/2012	Clark	Defendant is alleged to have violated the Home Loan Practices Act and to have committed fraud.
State of Indiana v. Budget Repaired, Inc.	9/5/2012	Clark	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. American Home Relief Foundation	9/12/2012	St. Joseph	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

			contract for foreclosure consulting services.
State of Indiana v. HouseHoldRelief.org	9/24/2012	Lake	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Right Away Doc Preparations	9/26/2012	Elkhart	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. CC Brown Law Offices	9/26/2012	St. Joseph	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. Legacy Holding Group	9/26/2012	St. Joseph	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Property Solutions Center	9/26/2012	Elkhart	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
State of Indiana v. Merrill and Warren, LLC	9/28/2012	Monroe	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.

State of Indiana v. Central Intake Center	10/1/2012	Delaware	Defendant is allegedly operating a foreclosure consultant business without complying with Indiana law. The State alleged that Defendant does not possess a surety bond and did not file the surety bond with the IN OAG, but collected money prior to the completion of the contract, failed to fulfill contract terms, and failed to include legally required provisions in its contract for foreclosure consulting services.
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Consumer Protection Assistance Fund

In 2011, the Indiana General Assembly passed legislation that created the Consumer Protection Assistance Fund (“CPAF”). CPAF provides relief to consumers who assist the Office of the Attorney General in bringing legal action against businesses preying on the financially vulnerable. Since its creation, it has paid out \$215,607.01 to Indiana consumers.

Final Orders for Civil Complaints and Assurance of Voluntary Compliance between October 21, 2011 and October 1, 2012

Total Number of Cases with Final Order	Consumer Restitution	Costs	Civil Penalties	CPAF Ordered
19	\$43,271.98	\$12,950.00	\$1,871,500.00	\$4,750.00

Real Estate Appraiser Administrative Cases Filed October 21, 2011 – October 21, 2012

Total Number of Cases Filed	Revocation	Suspension	Probation	Letter of Reprimand	Pending
18	1	1	3	8	5

Real Estate Administrative Activities Cases Filed October 21, 2011 – October 21, 2012

Total Number of Cases Filed	Revocation	Suspension	Consumer Restitution	Probation	Civil Penalty	Letter of Reprimand	Pending
35	7*	7*	-----	12	-----	15	30

***2 are recommended by ALJ and awaiting final approval of Commission as of 10/15/12**

In the period January 1 – October 21, 2012, the Indiana Office of the Attorney General has received zero (0) consumer complaint concerning the improper influence of an appraiser.

The Indiana Office of the Attorney General actively uses the RREAL IN database administered by the Indiana Department of Insurance. The data is used to assist in on-going investigations and utilized to identify proactive cases. In 2012, the Indiana Office of the Attorney General opened numerous investigations rising out of data from the RREAL IN database. These investigations are currently pending.

Indiana Secretary of State - Securities Division

The Indiana Secretary of State, Securities Division has jurisdiction concerning administrative enforcement of the Indiana Loan Broker Act (IC 23-2-5) (“Act”). The Act gives the Securities Commissioner the authority to deny, suspend, or revoke the license of any licensee and issue orders such as cease and desist orders, orders requiring loan brokers to appear for a hearing, and other notices. After the opportunity for a hearing, the Commissioner may order other remedies including a civil penalty up to ten thousand dollars (\$10,000), restitution for victims, and other remedies to recoup financial losses for victims if the Commissioner determines that a person has violated the Act.

Loan Broker and Loan Originator Cases Filed October 1, 2011 – September 30, 2012

Total Number of Cases Filed	Revocation of Licenses	Denials of Licenses	Cease & Desist Orders ¹	Orders to Show Cause ²	Consent Agreements ³	Other Orders	Civil Penalties Ordered
13	1	0	0	2	9	1	\$84,700

Indiana Department of Insurance

The Title Insurance Division investigates consumer complaints of title agencies and companies. Typically a resolution is reached wherein consumer monies are recovered without Departmental administrative action. The total amount of monies the Title Division participated in recovering for consumers is also outlined below.

As reported in the prior year, numerous resident and non-resident title agencies have closed their businesses and no longer sell title insurance in Indiana. In cases where the agency has closed, no actual examination had been performed and completed.

The Department assists in the detection of mortgage fraud in several ways. By enforcing the compliance of title agencies; monitoring closing transactions and issuing fines, we assure the integrity of the RREAL IN database.

By mining the data entered into the database, we are able to detect shifts in suspicious mortgage activity towards certain title agencies. With the inclusion of “cash” and “land contract” transactions added to the database this year, we can monitor real estate sales/purchases involving consumers to and from LLC’s and from LLC’s to LLC’s. This is an area in real estate which is ripe for fraudulent mortgage activity. When suspicious activity is verified, the Department quickly distributes this information to the member agency best equipped to lead an investigation.

¹ Cease and Desist Orders are orders issued by the Securities Commissioner for the Respondent to immediately cease and desist from violating the Indiana Loan Broker Act.

² Order to Show Cause is an order issued by the Securities Commissioner for the Respondent to appear at a hearing and show cause why a loan broker or originator license should not be revoked or why civil penalties should not be levied against the Respondent.

³ Consent Agreement is an order signed by the Securities Commissioner outlining an agreement between the Securities Division and a Respondent in response to potential violations; frequently includes civil penalties from the Respondent.

Procedures established by RREAL IN's administrator this year will alert member agencies of transgressions by licensees and should lead to an increase in compliance and quality of the entered data as well as additional fines being levied. The increased quality and quantity of the data should serve to enhance the investigative abilities of member agencies in pursuit of fraudulent and deceptive practices.

**Title Insurance Administrative Actions and Monies
Recovered October 17, 2011 – September 30, 2012**

Final Orders Issued	RREAL IN Fines	Suspension	Fines collected	Consumer Monies Recovered
11	\$10,673.00	2	\$14,725.00	2,834.00

Title Insurance Agency Examinations Initiated October 17, 2011 – September 30, 2012

Title Insurance Agency Examinations Initiated	Title Insurance Agency Examinations Completed
146	180

Indiana Professional Licensing Agency

In 2011, the Indiana Professional Licensing Agency created a real estate Compliance Department to address licensee compliance with statutes and rules. As agent of the Real Estate Commission and Real Estate Appraiser Licensure and Certification Board, the Indiana Professional Licensing Agency is tasked with consumer protection through enforcement of laws which require various acts on the part of licensees. Recognizing requirements that have either been unenforced or received little attention in recent years, the Compliance Department adopted procedures to actively investigate licensee activity. Where investigations uncovered potential license law violations, the Compliance Department filed consumer complaints with the Office of the Attorney General, as the agency tasked with prosecution of these violations.

The Compliance Department began with a multistate review of criminal actions to determine if licensees had failed to notify the Commission or Board of prior convictions or current pending criminal charges. This review resulted in consumer complaints filed against fourteen (14) licensees, based on convictions ranging from multiple counts of wire fraud, insurance fraud, employment

fraud, and vehicular manslaughter. These consumer complaints have resulted in disciplinary action against four (4) licensees, with ten (10) administrative complaints open and pending before both the Commission and Board.

The Compliance Department also initiated a review of real estate listings to identify unlicensed practice of real estate, over which the Commission holds the authority to order a party found in violation to cease and desist. This review resulted in consumer complaints filed against seven (7) individuals and companies.

In addition, the Compliance Department implemented a new process, reviewing licensee information on renewal, to determine if the licensee failed to report discipline on additional licenses held by the same individual. This review resulted in consumer complaints filed against eight (8) licensees for allegedly providing the Commission and Board with false information upon license renewal.

The Compliance Department is expanding its operations to include site reviews of real estate offices, to determine compliance with disclosure, advertising, office, and escrow or trust account requirements. These reviews, should they result in findings of license law violations, could result in additional consumer complaints and possible discipline.

(B) Criminal Prosecutions Pursued

Indiana Office of the Attorney General

Defendant Name	Prosecuting Agency	Charge Information	Case Status	Sentence
Kelly Sherwood	Marion County Prosecutor's Office	Charges filed on 3/16/2010. Charged with four (4) counts of Theft.	Guilty plea to one (1) count of Theft, a class D Felony.	Sentenced to 545 days of incarceration. The sentence was suspended and Sherwood was placed on probation and ordered to complete 64 hours of community

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

				service. Consumer Restitution of \$5,154.00 was awarded to Royal United Mortgage.
Jody Bence	Hamilton County Prosecutor's Office	Charges filed on 9/14/2010. Charged with one (1) count of Fraud on a Financial Institution.	Guilty plea to one (1) count, C Felony, Fraud on a Financial Institution on February 17, 2012.	Sentenced to one (1) year in Indiana Department of Corrections, with 326 days applied to the executed sentence, and a fine of \$165.00.
Richard S. Bloomer, III	Marion County Prosecutor's Office	Charged with Four (4) Counts of Forgery, a Class C Felony.	Guilty plea to D Felony, Identity Deception in November 2011.	Sentenced to probation.
Willie J. Hawkins	Marion County Prosecutor's Office	Charged with Two (2) Counts of Burglary, a Class C Felony; One (1) Count of Corrupt Business Influence, a Class C Felony; One (1) Count of Theft, a Class C Felony; Eight (8) Counts of Theft, a Class D Felony; and Two (2) Counts of Failure to Allow Examination/Failure to File, a Class D Felony.	Initial hearing on August 23, 2012. Next pre-trial hearing scheduled for December 11, 2012.	
Roger McKuhen	United States Attorney's Office – Southern District of	Indicted filed on July 12, 2011. Charged with a violation of Title 18, § 1349, Conspiracy to	Guilty plea entered to One (1) Count of	Sentenced to Two (2) years probation and was ordered to forfeit

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

	Indiana	Commit Wire Fraud.	Conspiracy to Commit Wire Fraud, a violation of Title 18, §1349.	\$58,795.00 at the time of sentencing on October 3, 2012.
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Indiana Secretary of State - Securities Division

The Indiana Secretary of State, Securities Division created the Prosecution Assistance Unit (“PAU”) in 2004, as a unit of investigators and attorneys with law enforcement experience. These investigators and attorneys investigate violations of the Indiana Uniform Securities Act and Loan Broker Act with a goal of presenting those cases for criminal prosecution to county prosecutors or United States Department of Justice. Most violations of the Loan Broker Act are a Class C felony, but it is a Class B felony if the violation occurs against an individual over the age of sixty (60).

Defendant Name	Prosecuting Agency	Indictment Date	Case Status	Sentence
Christopher Meeks	Henry County Prosecutor	July 2009	Pending	
James Hudson	Clinton County Prosecutor	March 2010	Conviction	10 Years, \$55,000 Restitution
James Pierce	Johnson County Prosecutor	June 2011	Pending	

Christopher Meeks- Christopher Meeks had two criminal cases involving loan broker fraud, including Henry County (pending) and Rush County, which is closed. In Rush County, Meeks was charged with one (1) felony count of acting as an unlicensed loan broker and one (1) felony count of loan broker fraud; Meeks pleaded guilty and was sentenced on March 29, 2011 to Theft, as a lesser included offense, and received one (1) year on formal Probation. Meeks paid \$1,000 (full) restitution to the victims in the case as well as fines, costs, and a public defender contribution. The Henry County case is still pending and set for trial on December, 19, 2012.

James Hudson- James Hudson has a criminal case pending in Clinton County. Mr. Hudson is charged with one count of loan broker fraud and pleaded guilty on October 31, 2011, to three (3) counts of loan broker fraud and one (1) count of theft. He was sentenced to serve ten (10) years and repay fifty-five thousand dollars (\$55,000) in restitution.

James Pierce – James Pierce was charged in Johnson County in June 2011 with three (3) counts of loan broker fraud. This case is currently pending and is set to go to trial on December 4, 2012.

(C) Policies Issued (Rules, Bulletins, Consumer Advisories)

Indiana Office of the Attorney General

The IN OAG dedicates a considerable amount of resources to educate and alert consumers, including those practicing within the real estate industry.

Unearned Fees/Administrative Brokerage Fees – In late 2011/early 2012, the Licensing Enforcement & Homeowner Protection Unit received consumer complaints concerning real estate brokerages that collected fees in addition to commissions. The Licensing Enforcement & Homeowner Protection Unit conducted a thorough investigation including extensive dialogue with real estate brokerages collecting these fees and the Indiana Association of Realtors. At the conclusion of the investigation, the IN OAG issued a guidance letter setting forth safe harbors for Indiana real estate brokerages who wished to collect these fees in the future.

Foreclosure Prevention and Awareness Efforts – The IN OAG continues on its mission to educate Hoosiers about foreclosure consultants and loan modification schemes. Furthermore, the IN OAG takes every opportunity to provide consumers with information concerning legitimate foreclosure assistance. One of those legitimate avenues of assistance is housed with the Licensing Enforcement & Homeowner Protection Unit who has dedicated staff to medicate loan serving issues for Indiana consumers. Those issues include, but are not limited to, loan modifications, escrow issues, misapplied payment issues or concerns, and the home buying/home owning process. Numerous members of IN OAG staff have spoken to groups of individuals inside and outside the real estate industry about these topics. In fact, Attorney General Zoeller is so passionate about these topics that he personally files civil complaints against foreclosure consultants to heighten the media attention about these fraudsters.

Consumer Education - The IN OAG utilizes every means possible to reach out to consumers and warn them of emerging topics. Those means of communication include press releases, IN OAG website, Facebook, Twitter, and the Outreach Program dedicated to educating and assisting underserved population of Indiana.

Indiana Secretary of State - Securities Division

The Division has not issued any formal policies related to loan broker regulation in 2011-2012. However, the Division has been in constant contact with its licensees related to federal requirements that have come into effect through the course of 2011 and 2012. All loan brokers and mortgage loan originators are licensed through the Nationwide Mortgage Licensing System. The Division has prepared periodic updates to all licensed individuals describing recent changes in state law, federal law, and the industry as a whole.

Indiana Department of Financial Institutions:

Mortgage Loan Originators (MLOs) are regulated under 750 IAC 9:

<http://www.in.gov/legislative/iac/T07500/A00090.PDF>

This regulation was updated in 2012 to reflect the office of Housing and Urban Development (HUD) final rule on MLO licensing under:

http://www.in.gov/dfi/files/HUD_Final_SAFE.pdf

First lien dwelling secured lenders are regulated under IC 24-4.4 and Subordinate lien dwelling secured lenders are regulated under IC 24-4.5.

During 89 routine examinations of First Lien Mortgage Lenders in 2012, DFI did find some instances of the closing agent not having updated all of the information in the RREALIN database as required by IC 27-7-3-15.5. Creditors, including state chartered depositories and licensed mortgage lenders, are advised during the examination and in the DFI written examination report of the need for full compliance with this provision and ensuring that their closing agent is complying. Also, providing consumers evidence of the "Indiana Property Tax Benefits" form under IC 6-1.1-12-43 and IC 24-4.5-3-701 and the form required by the office of the Attorney General under IC 24-5-23.5-8 as to certain disclosures under the Homeowner Protection Unit.

Indiana Professional Licensing Agency

Commission and Board rules regarding licensee cooperation with investigations

An issue raised during the previous year which directly relates to the goals of this Task Force is being addressed by the Indiana Real Estate Commission ("Commission") and the Real Estate Appraiser Licensure and Certification Board ("Board") through the rulemaking process. A consumer complaint was filed against a certified appraiser, and the Office of the Attorney General ("OAG") initiated an investigation. Because the complaint involved the preparation of an appraisal report, an OAG analyst requested the work file of the appraiser regarding that specific appraisal. The appraiser responded (erroneously) that he was bound by the Uniform Standards of Professional Appraisal Practice to not provide the work file to the OAG. The appraiser did not appear for a

disciplinary hearing which arose out of this scenario, and was subsequently suspended with removal of suspension conditioned on his providing the work file to the OAG.

This scenario raised the issue of the ability for the OAG to efficiently process complaints and investigate them where licensees fail to cooperate with their efforts. With the goal of assisting another member agency on the Task Force in their efforts to investigate mortgage fraud, the Board and Commission both approved a proposal to go forward with rule changes and adoptions that clearly outline requirements of licensees who are under investigation by the OAG, and provide for sanctions where failure is found. The proposed rules are in the drafting stage, but will be presented to both Board and Commission for adoption within the year.

In addition to the rules above, both Commission and Board have begun the process of making changes to their existing administrative rules as required by the recent passage of SEA 275. The bill made many changes to the licensing law for real estate brokers and salespersons. It increased the pre-licensing and continuing education requirements for all applicants and licensees, and also created a new post-licensing component that addresses subjects most commonly associated with new licensees. These enhancements will raise the competency level of all real estate licensees, as well as provide the opportunity for greater education into mortgage fraud and the role that licensees play in identifying and reporting it.

Another procedural change made in furtherance of assisting Task Force members was the addition of new fields in the Appraisal Management Company application for licensure. Following the investigation of a lender who requires the use of an AMC it owns, the Department of Financial Institutions brought their findings from the investigation to a Task Force meeting. When asked if there is any knowledge as to the number of AMC's that also have an interest in or are wholly or partly owned by a settlement service provider, the Professional Licensing Agency was unable to answer this question as the information had never been requested of applicants. The Board approved a change shortly after this meeting to the application for licensure as an AMC to include the disclosure of interest in a settlement service provider.

The Indiana Real Estate Commission revised existing administrative rules and adopted several new rules from November 1, 2010 to November 1, 2011. The majority of these changes involved clerical corrections, reorganization of existing rules, and updating rules that contained outdated terminology.

(D) Legislative Recommendations Made

Indiana Office of the Attorney General

In preparation for the 2012 legislative session, the Licensing Enforcement & Homeowner Protection Unit examined and studied all the laws within its purview and the cases that the Licensing Enforcement & Homeowner Protection litigated utilizing these laws. The purpose of this study was to ascertain whether any legislative changes needed to be made to better enforce those laws.

The Licensing Enforcement & Homeowner Protection Unit examined and studied the following

laws:

- Home Loan Practices Act;
- Mortgage Rescue Protection Fraud Act;
- Credit Services Organizations Act as it relates to foreclosure consultants;
- Title 25; and
- Deceptive Consumer Sales Act as it relates to unlicensed practice of regulated professions and real estate transactions.

As the conclusion of the study, it was determined that no legislative changes were necessary at that time.

Indiana Secretary of State - Securities Division

During the 2012 General Session, the Indiana Loan Broker Act was amended to explicitly require licensing of brokers of loans for property on which a mobile or manufactured home was scheduled to be installed. This was a requirement of the Secure and Fair Enforcement for Mortgage Licensing Act and puts Indiana in line with other states and federal requirements.

In the 2013 General Session, the Securities Division intends to examine the use of the bonds required for licensed loan brokers with the intention of making them available for the collection of civil penalties for the state. The Indiana Secretary of State – Securities Division also will continue to work with the Indiana Department of Financial Institutions on issues that affect the licensees of both agencies.

Indiana Department of Financial Institutions

LICENSING and EXAMINATION SUMMARY:

First Lien Mortgage Lending:

Approved Licenses – 52 - from October 1, 2011 to September 30, 2012

Currently Active Licenses - 278

Examinations completed in the reporting period – 89

Subordinate Lien Mortgage Lending:

Approved licenses – 8 – from October 1, 2011 to September 30, 2012

Currently Active Licenses - 86

Examinations completed in the reporting period - 34

Mortgage Loan Originator:

Approved licenses – 1,341 – from October 1, 2011 to September 30, 2012

Currently Active Licenses – 3,988

2012 Legislative Amendments to the Indiana Code Relating to First Lien Mortgage Act and the Uniform Consumer Credit Code

Effective July 1, 2012 (except as otherwise indicated)

Questions, Answers, and Administrative Interpretations: This document is a “Q&A” developed by the Indiana Department of Financial Institutions (“DFI” or the “Department”) relating to new provisions and amendments to the First Lien Mortgage Act (IC 24-4.4 *et seq.*) (“FLMA”) and the Uniform Consumer Credit Code (IC 24-4.5 *et seq.*) (“UCCC”). Many of the proposed amendments are aimed at bringing the FLMA and UCCC into compliance with the final rule (“HUD SAFE Rule”) adopted by United States Department of Housing and Urban Development (“HUD”) setting forth the minimum standards for state licensing of residential mortgage loan originators (“MLO”). HUD published the HUD SAFE Rule in the *Federal Register* on June 30, 2011. The HUD SAFE Rule became effective 60 days following publication. The authorities and duties, which were originally delegated to HUD by the SAFE Mortgage Licensing Act of 2008 (“SAFE Act”), were transferred on July 21, 2011, to the newly created Consumer Financial Protection Bureau (“CFPB”) established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”).

The following are intended to be “frequently asked questions” to help our licensees, regulatory staff and the general public learn about the recent developments in the area of first lien mortgages and consumer loans and sales, including subordinated lien mortgages, in Indiana. In most cases, the amendments to the FLMA and UCCC parallel each other. However, where noted, there are some amendments applicable only to one act and not to the other. While we have tried to focus on the substantive provisions amending the FLMA and the UCCC, we recommend a careful review of both acts in their entireties.

The new provisions of the FLMA and the UCCC can be found in House Enrolled Act 1239 (“HEA 1239”) at Section 2 (page 2) and Section 13 (page 25), respectively. HEA 1239 can be found at the following link: <http://in.gov/legislative/bills/2012/PDF/HE/HE1239.1.pdf>.

1. How has the adoption by HUD of the HUD SAFE Rule affected the FLMA and UCCC?
 - One of the significant interpretations made by HUD is the determination that an individual must be licensed as an MLO if the person is “habitually” or “repeatedly” engaging in the business of a loan originator in a “commercial context”. In order to implement these concepts, many of the states, including Indiana, adopted a “de minimis” exclusion to determine whether a person is required to obtain an MLO license. This change was recently reflected in an amendment to the Indiana SAFE Rule (75 IAC 9 *et seq.*).
 - FLMA: Consistent with the amendment to the Indiana SAFE Rule, IC 24-4.4-1-301 was amended to insert the term “regularly engaged” which clarifies that a person

- (individual or entity) that does five or fewer first lien mortgage transactions in a calendar year is not habitually or repeatedly engaged in the business, and is not a creditor subject to licensing under the FLMA.
- UCCC: IC 24-4.5-1-301.5(39) is the definition of “regularly engaged” and is being amended to provide that a person (individual or entity) that does five or fewer mortgage transactions in a calendar year - is not habitually or repeatedly engaged in the business, and is not a creditor subject to licensing under the UCCC.
 - The determination that a person is “regularly engaged” if they originate more than five mortgage transactions was derived from the Federal Reserve’s Regulation Z implementing the Truth in Lending Act. This standard was previously in the statute, but was removed when the SAFE Act was adopted with no such de minimis standard.
- In another interpretation from HUD relating to “habitualness” in a “commercial context”, HUD has determined that an employee of a bona fide nonprofit organization is not “habitually” or “repeatedly” engaging in the business of a loan originator in a “commercial context” and, therefore, does not require licensing. The Indiana SAFE Rule for MLO licensing was amended to be consistent with this HUD interpretation.
 - FLMA: To implement this exclusion in the FLMA, IC 24-4.4-1-301 has been amended to add the term “bona fide nonprofit organization” along with the criteria established by HUD and the DFI for an entity to qualify as a bona fide nonprofit organization.
 - Specifically, "bona fide nonprofit organization" means an organization that does the following, as determined by the Director, under criteria established by the Director:
 - (a) Maintains tax exempt status under Section 501(c)(3) of the Internal Revenue Code.
 - (b) Promotes affordable housing or provides home ownership education or similar services.
 - (c) Conducts the organization's activities in a manner that serves public or charitable purposes.
 - (d) Receives funding and revenue and charges fees in a manner that does not encourage the organization or the organization's employees to act other than in the best interests of the organization's clients.
 - (e) Compensates the organization's employees in a manner that does not encourage employees to act other than in the best interests of the organization's clients.
 - (f) Provides to, or identifies for, debtors mortgage transactions with terms that are favorable to the debtor (as described in IC 24-4.4-1-202(b)(15)) and comparable to mortgage transactions and housing assistance provided under government housing assistance programs.

(g) Maintains certification by HUD or employs counselors who are certified by the Indiana Housing and Community Development Authority.

- There are two specific exclusions for nonprofit entities, one of which is found at IC 24-4.4-1-202(14) for employees of a Habitat for Humanity-type organization⁴ and the other at subsection (15) for the employees of all other qualifying bona fide nonprofit organizations.
 - UCCC: IC 24-4.5-1-301.5 was also amended to add in subsection (45) the term “bona fide nonprofit organization.”
 - The specific exclusions for the employees of nonprofit entities are found at IC 24-4.5-1-202(14) for employees of a Habitat for Humanity-type organization⁵ and (15) for the employees of all other qualifying bona fide nonprofit organizations.
2. What additional exclusions or changes to existing exclusions from the FMLA and UCCC have been adopted by the amendments contained in HEA 1239?
- FLMA: IC 24-4.4-1-202(12) has been amended to expand the exclusion for governmental agencies to any federal, state or local agency or instrumentality including United States government sponsored enterprises such as Fannie Mae or Freddie Mac.
 - UCCC: A similar change was made in the 2011 General Assembly to IC 24-4.5-1-202(13).
3. Are land contracts considered to be mortgage transactions under the Act?
- Answer – Section 1503(8) of the SAFE Act defines the term “residential mortgage loan” to mean “any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or *other equivalent consensual security interest* on a dwelling (as defined in section 103(v) of the Truth in Lending Act) or residential real estate upon which is constructed or intended to be constructed a dwelling (as so defined).” [Emphasis added.]
 - Prior to the issuance of the HUD SAFE Rule, Indiana and a number of other states took the position that a land contract was not a mortgage transaction (the equivalent term for residential mortgage loan under Indiana law) since the seller retained legal title to the real estate until the purchase price was paid. However, HUD, in interpreting the definition of a residential mortgage loan, concluded that the phrase “equivalent consensual security interest” includes land contracts. The Indiana SAFE Rule for MLO licensing has been amended to reflect HUD’s interpretation.

⁴ Habitat for Humanity obtained a specific exclusion from MLO licensing in the 2011 General Assembly which has been left intact except for changing the term “entity” to “organization,” a change that was only made since organization is a defined term in IC 24-4.4-1-301(26).

⁵ Similarly, Habitat for Humanity obtained a specific exclusion from licensing for subordinate lien mortgage transactions in the 2011 General Assembly which has also been left intact except for changing the term “entity” to “organization.”

- FLMA: Consequently, HEA 1239 amends IC 24-4.4-1-301(18) and (27), the definitions of first lien mortgage transaction and mortgage transaction, respectively, to include land contracts.
 - UCCC: Similarly, IC 24-4.5-1-301.5 has also been amended to include land contracts in the definitions of first lien mortgage transaction, mortgage transaction and subordinate lien mortgage transaction.
4. Why are the provisions of the FLMA and UCCC relating to payoff statements being amended?
- FLMA: The amendments to IC 24-4.4-2-201 are intended to clarify the provisions to enable lenders making pre-computed loans to give adequate and accurate payoff statements.
 - UCCC: The same changes described in the preceding bullet point have been made to IC 24-4.5-2-209 relating to consumer credit sales and IC 24-4.5-3-209 relating to consumer credit loans.
5. Does an applicant for a mortgage or consumer credit lending license have any obligation to update his or her information if it becomes incorrect or inaccurate?
- FLMA: Yes. IC 24-4.4-2-402(1) provides that if, at any time, the information or record contained in an application or renewal application becomes inaccurate or incomplete in a material respect, the applicant shall promptly file a correcting amendment with the Department.
 - UCCC: IC 24-4.5-3-503(1) has been amended to make the provisions described in the preceding bullet point applicable to consumer loan licenses.
6. How can a person obtain an official copy of the records maintained in the Nationwide Mortgage Licensing System and Registry (“NMLSR”) for a business or legal proceeding?
- FLMA: IC 24-4.4-2-402.4(7) provides that once an electronic document is reduced to paper form it becomes an official record for legal and business purposes.
 - UCCC: IC 24-4.5-3-503.4(7) was amended to add the same provision as set out in the preceding bullet point.
7. What changes have been made to the license renewal provisions in the FLMA and UCCC?
- FLMA: IC 24-4.4-2-403(1)(d) has been amended to provide that the creditor and its executive officers, directors or managers must certify to the Department that they continue to meet all the standards for licensing under the FMLA.
 - IC 24-4.4-2-403(1) has been further amended to add subsection (e) which requires the creditor to provide in the creditor's renewal application:
 - (i) any information describing material changes in the information contained in the creditor's original application for licensure, or in any previous application, including any previous renewal application; and
 - (ii) any other information the director requires in order to evaluate the renewal of the license issued under the FMLA.

- IC 24-4.4-2-403(4) provides that if, at any time, the information or record contained in an application or renewal application becomes inaccurate or incomplete in a material respect, the applicant shall promptly file a correcting amendment with the Department.
 - UCCC: The renewal provisions of IC 24-4.5-3-503.6 have been amended to add the same provisions as set out three preceding bullet points.
- 8. What are the procedures for the revocation or suspension of FLMA and UCCC licenses?**
- Answer – As a part of the Department’s legislative package for 2012, all of the consumer credit acts administered by the Department have been amended to make the procedures for license revocations and suspensions uniform and more streamlined.
 - FLMA: See IC 24-4.4-2-404 for the revisions applicable to the revocation and suspension of first lien mortgage transactions licenses.
 - UCCC: See IC 24-4.5-3-504 for the revisions applicable to the revocation and suspension of licenses to make consumer loans or consumer credit sales that are mortgage transactions.
- 9. What changes have occurred to the circumstances under which a director, officer or employee of a creditor can be removed from office or employment?**
- FLMA: IC 24-4.4-2-404.1 has been amended to provide that, with respect to criminal activity, only a conviction of a felony under Indiana law is grounds to remove a director, officer or employee of creditor from office or employment. Under prior law, conviction or a plea of guilty or *nolo contendere* to a felony was sufficient grounds for removal.
 - UCCC: The same change as described in the preceding bullet point has been made to IC 24-4.5-6-119.
- 10. What obligations does a creditor have if it discharges or receives a resignation from an employee, independent contractor, or agent against whom allegations were made of violations of the law or conduct involving fraud, dishonesty, theft, or the wrongful taking of property?**
- FLMA: The creditor is required to provide the Department written notice of the resignation, discharge, or termination of an employee, independent contractor, or agent against whom allegations were made of violations of the law or conduct involving fraud, dishonesty, theft, or the wrongful taking of property not later than thirty (30) days after the effective date of the resignation, discharge, or termination. IC 24-4.4-2-404.1(5).
 - UCCC: The same change as described in the preceding bullet point has been made to IC 24-4.5-6-119(e).
- 11. What happens to the authorities and duties exercised by HUD in administering the SAFE Act?**
- The authorities and duties delegated to HUD by the SAFE Act were transferred on July 21, 2011, to the new CFPB established by Dodd-Frank. Accordingly, references to HUD’s authorities and duties throughout the HUD Rule should be understood to refer to the authorities and responsibilities of the CFPB.

II. Description of Any Challenges Encountered by the Task Force This Year or That Are Anticipated by the Task Force in the Current Fiscal Year

1. With the mortgage market continuing its slow and steady recovery, the Task Force expects to see new and different attempts to “beat the system” of prudent underwriting of loans and safeguards to ensure all parties are not acting in a concerted, fraudulent, scheme to defraud the lender, the customer, the regulator, or all of the above. As regulators of various participants in the mortgage system, all members of the Task Force will have to adapt to these new schemes and determine the best way to identify and prevent.
2. One challenge faced in the past year was difficulty in getting harmed consumers the consumer restitution awarded by the civil courts, boards, or commissions. To address this issue regarding civil actions brought by the OAG concerning the Home Loan Practices Act, the Mortgage Rescue Protection Fraud Act, and the Credit Services Organizations Act, the General Assembly created the Consumer Protection Assistance Fund. As detailed in Section I(A) above, this Fund has paid out over \$215,000 to consumers since its creation in 2011.
3. An anticipated challenge will be successful enforcement of RREALIN reporting requirements for qualifying transactions on non-resident licensees. While reporting of transactions for all licensee groups (title agencies, notaries, lenders, etc.) has increased, reporting for non-resident licensees and industry professionals outside the jurisdiction of Task Force agencies represent an unspecified number of unreported transactions. A potential solution to this challenge could be the solicitation of support from other states through the inclusion of RREALIN reporting requirements in the Indiana initiative, as part of the National Mortgage Fraud Task Force discussions.

III. Recommendations by the Task Force for Legislation Necessary to Assist the Task Force in Carrying Out the Duties Set Forth in IC 4-23-30-4

1. The clearest manifestation of the cooperation between all members of the Task Force (Indiana Department of Insurance, Office of the Attorney General, Indiana Professional Licensing Agency, Secretary of State, Securities Division and Department of Financial Institutions) is the RREALIN database. Those companies and individuals licensed by each state agency's authority are required to provide information to the database, and all members utilize this information to investigate potential violations of Indiana law. As such a crucial component, the ongoing operation of the database is a priority likely without equal for this Task Force. In last year's report to this council, the Task Force described the anticipated challenge of making improvements to the RREALIN database. Also discussed was the possibility that fines imposed for failure of industry professionals to provide licensing information to the responsible parties could be used to assist with these added costs. The Task Force did make recommendations this year that resulted in several improvements to the database. Among those improvements made were the additions of 7 transaction form types, 9 functionality enhancements, 4 reconfigurations, and 18 fields requesting information, resulting in an added investment of \$62,620. To further enable the database operator to continue to make these enhanced compliance improvements, the Task Force recommends legislative changes on the following page regarding the direction of penalty payments in subsection (e)(2) be made to assist it in carrying out its duties set forth in IC 4-23-30-4, specifically the sharing of "information and resources necessary for the efficient administration of the tasks [of regulating the various participants involved in originating, issuing, and closing home loans; enforcing state laws and rules concerning mortgage lending practices and mortgage fraud; and preventing fraudulent practices in the home loan industry]." [IC 4-23-30-4(2)]
2. In addition to the change proposed above, the Task Force has considered the ongoing issue of licensee compliance with the requirement of providing license information to the responsible party to be entered into the RREALIN database. While a penalty is provided in those circumstances where information is not provided, members of the Task Force have observed the potential for fraudsters to bypass the safeguard this database provides by submitting false or misleading license information to be entered into the database. As a result, it is the recommendation of the Task Force that the same statute referenced above be additionally amended as provided on the following page with the addition of a new subsection (f). Not only will this provide additional measures to discipline those seeking to operate outside the law, the increased fee for an intentional and knowing violation will also serve as a deterrent from this behavior.

Recommendation for Proposed Legislative Amendment to IC 27-7-31.5-5

(e) Except for a person described in subsection (b)(8), (b)(9), (b)(10), or (b)(11), a person described in subsection (b) who fails to comply with subsection (d) is subject to a civil penalty of one hundred dollars (\$100) for each closing with respect to which the person fails to comply with subsection (d). The penalty:

(1) may be enforced by the state agency that has administrative jurisdiction over the person in the same manner that the agency enforces the payment of fees or other penalties payable to the agency; and

(2) shall be paid into ~~the home ownership education account established by IC 5-20-1-27~~ **the RREALIN maintenance and upgrade account maintained by the Department to be used for the purpose of operating and making improvements to the electronic system in subsection (b).**

(f) Except for a person described in subsection (b)(8), (b)(9), (b)(10), or (b)(11), a person described in subsection (b) who intentionally and knowingly provides false or misleading information in place of information required under subsection (d) is subject to a civil penalty of one thousand dollars (\$1,000) for each closing with respect to which the person fails to comply with subsection (d). The penalty:

(1) may be enforced as provided by subsection (e); and

(2) shall be paid into the Department account established in subsection (e).