

CHICAGO TITLE INDUSTRY Awareness

CHICAGO TITLE INDIANAPOLIS METRO

January, 2010

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New Statute Aims at Reducing Mortgage Fraud

Beginning January 1, 2010, closing agents are required to input certain pieces of information regarding all persons or entities involved in a residential purchase money mortgage or residential refinance transaction, into a confidential database within 10 business days of the date of closing.

There are no individuals, groups, agencies or lenders excluded from providing their information to be recorded. This includes but is not limited to the real estate agent, principal broker, lender, mortgagee and loan originator.

This statute supports the initiative of the Mortgage Fraud Task Force for the State of Indiana to reduce mortgage fraud. Members of the task force include the Department of Insurance, Department of Financial Institutions, Professional Licensing Agency, the Secretary of State and the Attorney General's Office. However, the database and the process are managed by the Department of Insurance.

As a customer service initiative, we want to make sure you are aware of your obligations under the statute.

IC 27-7-3-15.5 (d) states "Not later than the time of closing each ...[loan brokerage, originator, principal broker, salesperson or broker-salesperson, real estate appraiser, broker who appraises the property, and mortgagee] ...shall provide to the Closing Agent in the transaction the person's: (1) legal name; and (2) license number, certificate number, registration numberas appropriate."

IC 27-7-3-15.5 (e) states: "...a person ...who fails to comply [with the above sub-section] ...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: ...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 shall be paid into the home ownership education account"

The full text of this statute can be found at: www.in.gov/legislative/ic/code/title27/ar7/ch3.html

Points of Clarification:

- ▶ In lieu of a license number, banks will provide their FDIC number if federally chartered, or their DFI number if state chartered, to be identified as the lender of the transaction. Credit Unions will provide their NCUA number.
- ▶ Home Equity Lines of Credit that move into first lien position are also required to be reported in the database.

In short, you must provide your legal name and license number to the closing agent by the date of closing or you are subject to a penalty of \$100 per closing to be enforced by the state agency that has jurisdiction over your license. If the closing agent does not have the information by the date of closing, it may be entered into the database as *unavailable*. At Chicago Title, we will do our best to ask you for this information upfront and again at closing to prevent any such fines from occurring, however, it is in your best interest to provide this information as early in each transaction as possible.

