

November 1, 2016

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

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, 2016.

Overview

The Mortgage Lending and Fraud Prevention Task Force (“Task Force”) held meeting each month, during the 2016 calendar, with the exception of June and August. 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 in attendance. Each meeting included a public session followed by a closed executive session, as 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 (signing) 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 participated in a professional capacity, associated with said 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 subsequent reporting 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; Real Estate Commission and the Real Estate Appraiser Licensure and Certification Board. With the assistance of information sharing across these agencies and data collected from the RREAL IN database, cases of fraud and abuse continue to be identified, investigated and the necessary legal or administrative action taken, as necessary to prevent future activity and protect Indiana consumers.

Since the inception of the RREAL IN Database on January 1 2010, an additional \$129,500 has been invested to improve functionality, enhance reporting capabilities, and add additional transaction forms and data fields in order to meet legislative changes to the initial reporting requirements, which went into effect January 1, 2012, with the passing of HB 1273. The growth of the database and expansion of the reporting requirements has enabled the agencies comprising the Task Force to cast a wider net; focusing on additional transaction details that represent additional areas of fraud and abuse, associated with qualifying residential transactions.

As a result of the 2016 field audits/exams, conducted by the Department of Financial Institutions and the Department of Insurance, many lending institutions, title agencies and other closers retroactively reported an unspecified number of qualifying transactions, which were previously un-submitted for 4th quarter 2014 - 2016 reporting periods.

Current RREAL IN Database statistics:

Registered User Accounts	Transactions Submitted since Inception of the Database
4165	1,419,253

YTD Inquiries	YTD Transaction Edits/Additions Request	YTD Password Resets	YTD Transactions Submitted
3169	2813	43	192,582

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

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

(A) Disciplinary or Enforcement Actions Taken

The Office of the Indiana Attorney General

The Office of the Indiana Attorney General's Licensing Enforcement & Homeowner Protection Unit division has jurisdiction to investigate and prosecute the following parties:

1. Professional licensees who violate the rules, regulations, and statutes governing their profession.
2. Non-licensees that engage in activities that require a professional license.
3. Non-licensees that commit deceptive and/or unconscionable acts during the course of real estate transactions or other consumer transactions.
4. Non-licensees that engage in business transactions with Indiana citizens, or with regard to Indiana property, that otherwise violate the Home Loan Practices Act and/or Deceptive Consumer Sales Act.
5. Out-of-state entities that transact business in the State of Indiana without first obtaining a certificate of authority from the Indiana Secretary of State.

Professional licensees, when prosecuted, may face one or more of the following sanctions: permanent license revocation, license suspension, license probation, issuance of a letter of reprimand, imposition of consumer restitution, and imposition of civil penalties.

Non-licensees, when prosecuted civilly as detailed above, may face one or more of the following sanctions: imposition of civil penalties, imposition of consumer restitution, imposition of costs of prosecuting the lawsuit in question, and imposition of one or more injunctions related to the action taken against them.

**Civil Complaints and Assurances of Voluntary Compliance
Filed October 1, 2015 through October 1, 2016**

Case Name	Filing Date	County of Filing	Brief Case Summary
State of Indiana v. Emery Law, LLC et al.	11/17/2015	Elkhart	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act and Indiana Deceptive Consumer Sales Act. The State also alleged that Defendants failed to obtain a Certificate of Authority from the Indiana Secretary of State. A Consent Judgment was entered on/about 2/25/2016 with restitution in the amount of \$5,895.
State of Indiana v. Home America, LLC	12/15/2015	Clark	Defendant operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Home Loan Practices Act. A Consent Judgment was entered on/about 6/10/2016 with restitution of \$1,465 ordered and paid.
State of Indiana v. Legal Loan Repair, Inc., Wasatch Legal Services, PLLC, et al.	12/22/2015	Allen	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Home Loan Practices Act and Indiana Deceptive Consumer Sales Act. The State also alleged that Defendants failed to obtain a Certificate of Authority from the Indiana Secretary of State. Litigation is currently in progress.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. FLRC, LLC et al.	2/1/2016	Marion	Defendants operated as a company purchasing homes that have gone to tax sale. In the initial pleading, the State alleged violations of the Indiana Home Loan Practices Act, Indiana Deceptive Consumer Sales Act. The State also alleged the Defendants committed the unauthorized practice of law and the unauthorized practice of real estate. The State alleged that Defendants failed to obtain a Certificate of Authority from the Indiana Secretary of State. Litigation is currently in progress.
State of Indiana v. Optima Audit Corporation et al.	2/22/2016	Marion	Defendants operated as a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act and Indiana Deceptive Consumer Sales Act. The State also alleged the Defendants committed an incurable deceptive act and failed to obtain a Certificate of Authority from the Secretary of State. A Default Judgment was obtained which ordered \$1,500 in restitution, \$900 in costs and \$15,500 in civil penalties, for a total award of \$17,900.
State of Indiana v. Home Solution Partners III REO, LLC et al.	5/12/2016	Marion	Defendants operated as a real estate broker specializing in installment land contracts, without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Home Loan Practices Act. The State also alleged that Defendants failed to obtain a Certificate of Authority from the Indiana Secretary of State. Litigation is currently in progress.

MORTGAGE LENDING AND FRAUD PREVENTION TASK FORCE LEGISLATIVE REPORT

State of Indiana v. National Servicing Center et al.	6/1/2016	Marion	Defendants operated as a credit services organization and foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act and the Indiana Deceptive Consumer Sales Act. Litigation is currently in progress.
State of Indiana v. Advocacy Department, et al.	6/3/2016	Hamilton	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act and Indiana Deceptive Consumer Sales Act. Litigation is currently in progress.
State of Indiana v. Credence Law Group, Inc. et al.	7/15/2016	Clark	Defendants operated as a credit services organization and a foreclosure consultant without complying with Indiana law. In the initial pleading, the State alleged violations of the Indiana Credit Services Organization Act, Indiana Mortgage Rescue Protection Fraud Act, Indiana Home Loan Practices Act and Indiana Deceptive Consumer Sales Act. Litigation is currently in progress.
State of Indiana v. Asset Recovery, Inc. et al.	8/22/2016	Marion	Defendants operated as a real estate buyer that specialized in the purchase of homes that have been to tax sale which resulted in a surplus. In the initial pleadings, the State alleged violations of the Indiana Home Loan Practices Act and the Deceptive Consumer Sales Act. A Consent Judgment was obtained on 8/26/2016 with restitution in the amount of \$272,455.30 and civil penalties in the amount of \$15,000.

<p>State of Indiana v. Deborah Collins as owner/member of 4 Bridge, LLC and 4 Bridge, LLC.</p>	<p>9/16/2016</p>	<p>Marion</p>	<p>Defendants operated as a real estate buyer that specialized in the purchase of homes that have been to tax sale which resulted in a surplus. In the initial pleadings, the State alleged violations of the Indiana Home Loan Practices Act and the Deceptive Consumer Sales Act. A Consent Judgment was entered into on 9/23/206 with restitution of \$130,149.50.</p>
--	------------------	---------------	---

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. From October 1, 2015 through October 1, 2016, it has paid **\$70,541.38.** to Indiana consumers based on civil actions brought by the State of Indiana, and the Licensing Enforcement & Homeowner Protection Unit for violations of the Home Loan Practices Act, Mortgage Rescue Protection Act, and Credit Services Organization Act.

**Final Orders for Civil Complaints and Assurance of Voluntary Compliance Issued
October 1, 2015 through October 1, 2016**

<p>Total Number of Cases with Final Order</p>	<p>Consumer Restitution</p>	<p>Costs</p>	<p>Civil Penalties</p>
<p>5</p>	<p>\$411,464.80</p>	<p>\$900</p>	<p>\$30,500</p>

Real Estate Broker Administrative Cases October 1, 2015 through October 1, 2016

Total Number of Cases Filed	Cease & Desist	Revocation	Suspension	Probation	Letter of Reprimand	Dismissal	Warning Letter with Conditions*
32	3	2	3	3	7	0	1

Real Estate Appraiser Administrative Cases October 1, 2015 through October 1, 2016

Total Number of Cases Filed	Cease & Desist	Revocation	Suspension	Probation	Letter of Reprimand	Dismissal	Warning Letter with Conditions*
4	0	0	0	3	0	0	0

Consumer Restitution	Civil Penalty
\$52,821.22	\$0

*A warning letter with conditions is an alternative way for a consumer complaint to be resolved for minor violations that would otherwise result in an administrative complaint being filed with the board or commission. This resolution to the consumer complaint provides the Office of the Attorney General an alternative method of resolution to the issues addressed in the consumer complaint without formal action being reflected in their licensing file. The warning letter with conditions advises the licensee(s) of the potential violation(s) that may have occurred and further requires the licensee to typically complete additional education as a condition precedent to the closing of the consumer complaint. If the licensee does not complete the continuing education coursework within the specified timeframe, the Office of the Indiana Attorney General may file an administrative complaint before the appropriate board or commission.

From the period October 1, 2015 through October 1, 2016, the Office of the Indiana Attorney General has not received any consumer complaints 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 the Office of the Indiana Attorney General in on-going investigations.

The Indiana Office of the Attorney General actively uses the MyLicense database administered by the Indiana Professional Licensing Agency. The data is used to assist the Office of the Indiana Attorney General in ongoing investigations.

(B) Criminal Prosecutions Pursued

NONE

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

The Office of the Indiana Attorney General

The Office of the Indiana Attorney General dedicates a considerable amount of resources to educate and alert consumers, including those practicing within the real estate industry.

Foreclosure Prevention and Awareness Efforts – The Office of the Indiana Attorney General continues its mission to educate Hoosiers about foreclosure consultants, credit services organizations, and loan modification schemes. Furthermore, the Office of the Indiana Attorney General takes every opportunity to provide consumers with information concerning legitimate foreclosure assistance. One of those legitimate avenues of assistance is housed within the Licensing Enforcement & Homeowner Protection Unit, who has dedicated staff to mediate loan serving issues for struggling 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 the Office of the Indiana Attorney General staff have spoken to groups of individuals inside and outside the real estate industry about these topics.

Consumer Education - The Office of the Indiana Attorney General utilizes every means possible to reach out to consumers and warn them of emerging topics and trends. Those means of communication include press releases, the Office of the Indiana Attorney General website, Facebook, Twitter, speaking engagements, and other Outreach Programs dedicated to educating and assisting the underserved population of Indiana.

The Office of the Indiana Attorney General updated its HPU-01 “Notice to Borrowers/Prospective Borrowers” form, effective October 3, 2015. The HPU-01 is provided pursuant to IC 24-5-23.5-8(a) and notifies borrowers and prospective borrowers of their rights to inspect closing disclosures and notifies them of the Indiana rules regarding real estate appraiser independence. The updates made were to update the language referring to the HUD-1 documents to reflect changes in the law to refer to the Closing Disclosures instead.

(D) Legislative Recommendations Made

The Office of the Indiana Attorney General

In preparation for the upcoming 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 Unit 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 helped author a bill to address issues with respect to tax sales and tax sale properties. As a result of the Office's work, SB 355 was passed to protect Indiana homeowners from unscrupulous property buyers. The bill details new safeguards and disclosures for homeowners during the tax sale period.

The Office of the Indiana Attorney General also assisted with the drafting of HB 1222, which addresses issues regarding transparency with respect to condominiums and homeowners associations. The bill mandates that a condominium owner or a HOA member is entitled to attend any meeting of the condominium's or HOA board, including an annual meeting. The bill also contains language that in an enforcement action by the Office of the Attorney General, the court may impose a civil penalty not exceeding \$500 on an individual determined by the court to have exercised a proxy in violation of the statute.

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.

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, assuring the integrity of the RREAL IN database. The increased quality and quantity of the data submitted and available in the RREAL IN database should serve to enhance the investigative abilities of member agencies in pursuit of fraudulent and deceptive practices.

The Department has increased efforts to identify areas of violation related to non-compliance of Title 27. Leads to investigate such violations are a result of onsite exams, "whistle-blower" reporting, field examiner observation or violations identified through desk audits.

**Title Insurance Administrative Actions and Monies
Recovered November 1, 2015 – November 1, 2016**

Final Orders Issued	RREAL IN Fines	Suspension	Fines collected	Consumer Monies Recovered
29	\$14,730.00	0	\$188,690	\$38,071.00

Title Insurance Agency Examinations Initiated October 17, 2013 – September 30, 2014

Title Insurance Agency Examinations Initiated	Title Insurance Agency Examinations Completed
173	140

Indiana Professional Licensing Agency

The Indiana Professional Licensing Agency (“agency”), which staffs and administers the Indiana Real Estate Commission (“Commission”), has recently upgraded and enhanced the agency’s licensing information database by making enforcement actions, disciplinary decisions, and practitioner profiles easily accessible to the public in one place. The database is a one-stop-shop for the public to view all accessible information about professionally licensed individuals.

Transparency is fundamental to the agency as all administrative actions discussed and taken by the Commission are publicly available, noting whether practitioners have been disciplined and what the current status of their license is. The agency also has dedicated staff to answer questions from the public and to provide them with information on practitioners if requested. The agency regularly evaluates ways to make information more readily available and easier to navigate for the public.

Additionally, the Commission is in communication with other states regarding reciprocity agreements. Currently, the only agreement on record is with Illinois. The Commission is still handling applicants from all other states on a case-by-case basis depending on level of credentials. Entering into agreements with other states will open interstate dialogue which will help in the regulation of the profession nationwide.

The Commission is currently in the process of completing a Request For Information (“RFI”) in order to conduct a Request For Proposal (“RFP”) concerning third party tracking of continuing education hours. Pursuant to House Enrolled Act 1360, the Commission has the authority to enter into an agreement with certain entities to provide an electronic continuing education tracking system

The Real Estate Appraiser Board (“Board”) is currently conducting a continuing education (“CE”) audit for the renewal period between July 1, 2014 and June 30, 2016. Furthermore, the Board is aware of federal guidelines which will require the State to comply with 12 C.F.R. §1026, specifically the provision concerning the requirement to provide customary and reasonable compensation to fee appraisers. The CFPB stated to the Appraisal Subcommittee that States are required to establish and comply with processes and controls reasonably designed to ensure the AMC conducts its appraisal management services in accordance with the requirement of section 129(e)-(i) of the Truth In Lending Act (TILA), 15 U.S.C. 1639e(a)-(i), and regulations thereunder which includes 12 C.F.R. §1026.

**Indiana Professional Licensing Agency Administrative Complaints
Indiana Real Estate Commission and Real Estate Appraiser Board
Between November 1, 2014 – November 1, 2015**

Complaints	Motions to Cease and Desist	Summary Suspensions with Real Estate Commission
34	14	3

Indiana Department of Financial Institutions

LICENSING and EXAMINATION SUMMARY:

First Lien Mortgage Lending:

- Approved Licenses – 36 - from October 1, 2015 to September 30, 2016
- Current Active Licenses - 364
- Examinations completed in the reporting period – 52

Subordinate Lien Mortgage Lending:

- Approved licenses – 18 – from October 1, 2015 to September 30, 2016
- Currently Active Licenses - 105
- Examinations completed in the reporting period - 9

Mortgage Loan Originator:

- Approved licenses – 3,405 – from October 1, 2015 to September 30, 2016

Currently Active Licenses – 8,791

Common Mortgage Examination Errors:

- Loan Estimate and Closing Disclosure errors under the TILA-RESPA Integrated Disclosures, which was effective 10/3/2015.
- Failure to provide adequate disclosures and protections for High Cost mortgages under Regulation Z.
- Understated Annual Percentage Rates and Finance Charges resulting in consumer restitution.
- Changes in computer programs including advertising of mortgage terms, resulting in Regulation X (Real Estate Settlement Procedures Act) and Regulation Z (Truth-in-Lending) errors.
- Residential Real Estate Acquisition of Licensee Information and Numbers Database (“RREAL IN”). RREAL IN is statutorily mandated by Indiana Code 27-7-3-15.5.
- Failure to provide HPU-01 Notice to Borrower/Prospective Borrower form pursuant to IC 24-5-23.5-8(a).

Mortgage Loan Originators (MLOs) are regulated by DFI under 750 IAC 9, et al. The SAFE Rule was readopted effective March 1, 2016.

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.

As of September 30, 2015, 46 routine examinations of First Lien Mortgage Lenders in 2016 resulted in the DFI finding some instances of the closing agent not having updated all of the information in the RREAL IN 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. Instances were noted where no evidence was found that consumers were provided the “Indiana Property Tax Benefits” form under IC 6-1.1-12-43 and IC 24-4.5-3-701. Failure to provide 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 was also cited as a violation in multiple instances.

Indiana Secretary of State – Securities Division

(A) Disciplinary or Enforcement Actions Taken

The Indiana Secretary of State, Securities Division (“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 Originator Cases Filed October 1, 2015 – September 30, 2016

Total Number of Cases Filed	Revocation of Licenses	Denials of Licenses	Cease & Desist Orders¹	Orders to Show Cause²	Consent Agreements³	Other Orders	Civil Penalties Ordered
0	0	0	0	0	0	0	\$0

(B) Criminal Prosecutions Pursued

The 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 Level 5 felony, but it is a Level 4 felony if the violation occurs against an individual over the age of sixty (60).

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.

Defendant Name	Prosecuting Agency	Indictment Date	Case Status	Sentence
George Zarris, Barbara Zarris, and Alexander Olympus Zarris	Scott County Prosecutor	July 2009	Closed January 14, 2016	No Time Served

George Zarris, Barbara Zarris, and Alexander Olympus Zarris - Barbara Zarris, George Zarris and Alexander Olympus Zarris were charged in Scott County, Indiana with five (5) felony counts of acting as unlicensed loan brokers, five (5) counts of loan broker fraud, and four (4) counts of fraud on a financial institution. Due to statute of limitations issues and the fact that most victims were deceased, the parties negotiated a settlement in this case. The Defendants agreed to pay \$9,500.00 to the only surviving victims and, in exchange, the State dismissed all charges against the Defendants.

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

The Division has not issued any formal policies related to loan broker regulation in 2015-2016. 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.

The Division hired a Loan Broker Examiner in 2015 to evaluate and create a new process for examining licensed Loan Brokers. Since May 2016, ten (10) examinations have been completed. This has helped the Division ensure all Loan Brokers are complying with state and federal laws.

(D) Legislative Recommendations Made

None

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 abuses.

2. We continue to face challenges, as in previous years, with obtaining for 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 \$1,387,851 to consumers for real estate related violations since its creation in 2011.
3. As indicated in the previous year's report, the challenge of successful enforcement of RREAL IN reporting requirements, for qualifying transactions on non-resident licensees, is on-going. 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 RREAL IN reporting requirements in the Indiana initiative, as part of the National Mortgage Fraud Task Force discussions.
4. It has been determined that an unspecified number of duplicate transactions have been reported in the RREAL IN database. The System Administrator is currently working with IOT and the software vendor (NAIC) to upgrade the database functionality to prevent the entry of records where the transaction type, buyer/borrower name, property address and closing date match previously submitted transactions.
5. The Task Force continually works together to identify ways to close the gap on the awareness of its existence, activities and collective effort to marginalize and combat mortgage fraud. To help with these efforts, the Task Force participated in a seminar for the Indiana Land Title Association on January 20, 2016. Each Task Force agency delivered an agency specific presentation that aligned with the Task Force initiatives.

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

Currently in IC 4-23-30-4, the Task Force is required to meet monthly. When the Task Force was established there was a need for frequent meetings and collaboration between agencies to help regulate a very tumultuous mortgage industry. Since mortgage industry is now in a better state, there is no need to meet so frequently. The Task Force would like to change IC 4-23-30-4 so that the Task Force must meet quarterly, but may meet more frequently if needed.