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COLORADO'S MORTGAGE FRAUD RANKING IMPROVES

Denver, Colorado – September 11, 2008 – Director of the Colorado Division of Real Estate, Erin Toll, today shared good news with her staff regarding national ratings on mortgage fraud. The Mortgage Asset Research Institute issued its tenth periodic report on mortgage fraud, showing significant improvement in Colorado's ranking.

“Due to competent leadership at the State Capitol and your hard work,” Toll told her staff, “Colorado showed the greatest improvement from the prior year's rankings, moving from ninth in last year's report to being ranked seventeenth in 2007.” Staff in the Division responded with applause and cheers.

Mortgage fraud is a crime that affects every aspect of the economy. Recent studies from the Federal Bureau of Investigation and the Financial Crimes Enforcement Network show a growing problem impacting consumers and communities across the country. The incidence of mortgage fraud in Colorado has steadily increased over the last five years. This is the first time in five years Colorado has dropped out of the top ten. Colorado's rankings are: 8th in 2003, 3rd in 2004, 5th in 2005 and 9th in 2006.

“Colorado saw this problem early and took action,” stated Toll. “The MARI study shows that swift action taken by the Colorado Legislature when the problem first appeared is the key. The Division's aggressive enforcement actions and DORA's commitment to consumer protection really help Colorado citizens maintain their confidence in the housing market and the economy as a whole.”

Since enactment of the new mortgage broker laws in early 2007, the Division of Real Estate has denied 90 individuals licenses, the vast majority of whom had criminal convictions. The Division has finalized 17 revocations, with another 28 recommended revocations in various stages of the administrative process. The revocations involve falsification of the borrower's employment and income, illegal payments to third parties that are not properly disclosed, and improperly diverting borrower funds, among other things. The Division has assessed approximately \$465,000 in fines against individual mortgage brokers. In addition, the Division has issued 15 cease and desist orders to individuals who have originated loans without proper licensure. Originating loans without a license puts the public at harm since unlicensed individuals do not carry surety bonds or errors and omissions insurance, and have not completed criminal background checks as required by the new law.

The MARI study can be viewed at: <http://www.marisolutions.com/pdfs/mba/mortgage-fraud-report-10th.pdf>

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment. Consumer protection is our mission.

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