

Michigan Makes Mortgage Fraud a Felony

[Carole VanSickle](#) | January 16, 2012 | [5 Comments](#) [More](#)

Commit residential mortgage fraud in Michigan and you could spend up to 20 years in prison and pay half a million dollars in fines. Michigan governor Rick Snyder hopes that these penalties – along with their associated felony charges – will make mortgage fraud a less appealing crime in the future. Previously, falsifying information in order to qualify for a mortgage was considered “false pretense and forgery,” which is not as serious a crime[1]. The law is intended to “protect against scammers,” said Snyder, and it will also allow courts to invalidate fraudulent mortgage documents. This, Snyder says, will “ensure mortgage fraud victims are not held liable for criminal activity”[2].

So what exactly constitutes mortgage fraud Up North? Here are a few examples:

- Acquiring a property under false pretenses, such as by misrepresenting income information on a loan application
- Inflating appraisals
- Misrepresenting terms of a sales agreement
- Forging documents and using them to buy and/or sell property in someone else’s name
- Knowingly making false statements or deliberately concealing information during the lending process
- Filing falsified documents

Notary violations associated with real property or mortgages may also be considered felonies under the new law.

Do you think that this was a good move for Michigan? Do you think it will better protect homeowners, lenders and investors?

Thank you for reading the Bryan Ellis Investing Letter!

Your comments and questions are welcomed below.

[1] <http://www.dsnews.com/articles/new-michigan-laws-make-mortgage-fraud-felony-2012-01-13>

[2] http://www.michigan.gov/snyder/0,4668,7-277-57577_57657-264516-RSS,00.html