



Department of Banking and Finance

Sonny Perdue
Governor

Robert M. Braswell
Commissioner

P R E S S R E L E A S E

FOR IMMEDIATE RELEASE

MAY 26, 2006

Mortgage Fraud in Georgia Declines

According to the latest figures released by the Mortgage Asset Research Institute, Inc., ("MARI") in their April 2006 report, mortgage fraud in Georgia is on the decline. Georgia has dropped from first to third in the nation in terms of mortgage fraud and recorded the largest decrease in the MARI Fraud Index during 2005, which indicates the amount of mortgage fraud reported in each state. The report indicates the decline may be due to passage of aggressive legislation and the enforcement by Georgia officials.

"While we are not happy that Georgia remains a state with a significant amount of mortgage fraud, we are definitely pleased and encouraged that this report reflects the progress that is being made to combat the problem in Georgia," stated Commissioner Rob Braswell. "I think the dramatic reduction in mortgage fraud in Georgia in 2005 is due to very aggressive efforts by many parties, including this Department, the Office of the Attorney General, law enforcement and prosecutors on local, state and federal levels, specific lenders in the industry, and the Georgia Real Estate Fraud Prevention & Awareness Coalition. It has definitely been a coordinated effort, which is what it takes to adequately address such a widespread problem."

The Department currently supervises approximately 3,400 non-depository mortgage lenders, brokers, and processors. In 2003, due to the volume of mortgage fraud in the state of Georgia, the Department instituted a risk-based examination program, which primarily focuses on investigating reported fraudulent activity. Since the implementation of the risk-based examination program, the volume of administrative actions and referrals to law enforcement agencies have increased greatly. In 2005, 64 Cease and Desist Orders, 29 Consent Orders and 6 Revocation Orders became final. In addition, the Department made mortgage fraud referrals to law enforcement agencies totaling more than \$77 million.

The Department has regulatory and/or licensing authority over state-chartered banks, credit unions, trust companies, mortgage brokers, mortgage lenders, mortgage processors, check cashers, sale of check companies, money transmitters, international banking organizations and bank holding companies conducting business in the state of Georgia. The Department currently supervises approximately 279 banks and 68 credit unions with assets over \$250 billion. The Department also licenses over 3,400 mortgage lenders, brokers and processors and over 700 check cashers, sale of check companies and money transmitters.

###