



NEWS RELEASE

CONTACT:

Lynn Bishop
Marketing & Communications Director
303-773-9565 x.3
com@cmla.com

Colorado gets tough on appraisal fraud

New legislation to focus on enforcement

GREENWOOD VILLAGE, CO January 9, 2007 – The Colorado Mortgage Lenders Association (CMLA) commends Attorney General John Suthers, Rep. Tom Massey (R-Chaffee), and Sen. Jennifer Veiga (D-Denver) in their bipartisan effort to combat appraisal fraud and deceptive practices in real estate sales and finance transactions. Attorney General Suthers announced yesterday a legislative proposal that will target appraisal fraud and better equip his office to investigate and prosecute those who inappropriately influence appraisers.

“Inflated appraisals are of great risk to funding lenders,” said Jim Lewis, Chairman of the CMLA Board of Directors. “We rely on accurate appraisals to establish loan-to-value ratios which in turn lead to the amount that is lent on a given property. The efforts of Attorney General Suthers and the Colorado General Assembly will protect both lenders and consumers from the financial losses incurred through appraisal fraud. I hope that other states will draw from the example we are setting here in Colorado.”

The CMLA has long advocated for aggressive enforcement as a better means than regulation to deal with deceptive trade practices and criminal activity in the real estate finance industry. Chris Holbert, President of CMLA noted, “Forty nine states, including Colorado, license some companies and/or require registration or licensing of some individuals. Yet, foreclosures and deceptive practices are increasing nationwide. We appreciate the Attorney General and members of the General Assembly taking this aggressive approach based on enforcement for all rather than regulation of a few. Unless and until we deal harshly with those who would commit deception and crimes against consumers and lenders we will not reduce foreclosures or fraud against lenders.”

The CMLA is working on complementary legislation that would make all parties to a real estate finance transaction subject to the deceptive practices defined in Colorado Revised Statutes § 38-40-105. Working with Rep. Rosemary Marshall (D-Denver), the legislation would apply those deceptive practices to loan originators, appraisers, real estate agents, and consumers. The effort would also enable the Attorney General to take civil or criminal action against anyone who would commit deceptive practices or crimes in relation to a mortgage transaction. Furthermore, the legislation seeks to permit state regulators to revoke or suspend license or registration status based on a civil judgment under C.R.S. § 38-40-105.

The CMLA was founded in 1956 and represents over 6,000 people through 350 corporate memberships. CMLA members include mortgage bankers, mortgage brokers, and industry service providers. The organization provides education, representation, and networking opportunities throughout Colorado. Contact the CMLA Help Line at (303) 773-9565, ext. 4 for assistance with issues relating to mortgage origination and servicing.

#