

## **Arizona Enacts Residential Mortgage Fraud Legislation**

Arizona House Bill 2040, creating definitions and penalties relating to residential mortgage fraud, will become effective on September 20, 2007. The legislation, signed by Governor Janet Napolitano in June, prohibits persons from:

1. Knowingly making any deliberate misstatement, misrepresentation or material omission during the mortgage lending process that is relied on by a mortgage lender, borrower, or other party to the mortgage lending process;
2. Knowingly using or facilitating the use of any deliberate misstatement, misrepresentation, or material omission during the mortgage lending process that is relied on by a mortgage lender, borrower, or other party to the mortgage lending process;
3. Receiving any proceeds or other monies in connection with a residential mortgage loan that the person knows resulted from a violation of the above
4. Filing or causing to be filed with the office of the county recorder of any county of Arizona any residential mortgage loan document that the person knows to contain a deliberate misstatement, misrepresentation, or material omission.

A person who violates the new legislation will be guilty of a class four felony. Repeated violations of the legislation will constitute a class two felony.

A copy of the legislation is available on our website at [www.icomply.com](http://www.icomply.com) in the Tracking Matrix.