Home Fraud Still Broad



he 2010 Census shows the percentage of Americans who own their own home (65.1 percent) at the second highest level ever, just behind what it was in 2000 (66.2 percent). Yet mortgage fraud continued at high levels in 2010 despite improvements in various economic sectors and financial institutions, according to the FBI's "2010 Mortgage Fraud Report: Year in Review," released in August.

Mortgage fraud involves misstating, misrepresenting or omitting information needed by an underwriter or lender to fund, purchase or insure a loan. This type of fraud is called "loan origination schemes." Fraud can also be targeted at consumers, in the form of foreclosure rescues, short sales and loan modifications. The FBI warns that because of "foreclosures, housing prices, contracting financial markets, and tighter lending practices by financial institutions" the housing market is "still in distress and providing ample opportunities for fraud."

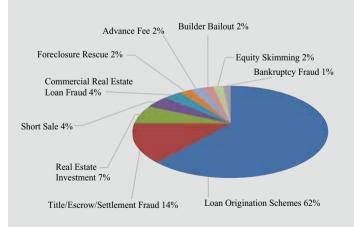
Mortgage fraud in 2010 was most prevalent in California, followed by Florida, New York, Illinois, Nevada, Arizona, Michigan, Texas, Georgia, Maryland and New Jersey, according to the FBI. That's the same list as in 2009.

State lawmakers have attempted to fight fraud with laws that address various issues. Some define, criminalize and set penalties for the specific crime of mortgage fraud. Others eliminate exemptions or appropriate funds and resources to regulatory agencies.

In all, 22 states have passed laws addressing some issue of residential mortgage fraud during the past six years. Ten states had legislation pending in their 2011 legislative sessions.

Top 10 Mortgage Frauds

The most prevalent fraud schemes found by the FBI in FY 2010.



 $Source: FBI, ``2010\ Mortgage\ Fraud\ Report,\ Year\ in\ Review, ``August\ 2011.$

Saving for a Chance to Win

ational savings rates have been creeping higher—from below zero in 2005 up to 5 percent in July 2011—with more consumers saving as rainy days continue. Money managers recommend consumers have at least three to six months of mandatory expenses saved in case of an emer-

To encourage people to save, a few financial institutions have been offering prizes with savings programs to test whether a chance to win will motivate consumers.

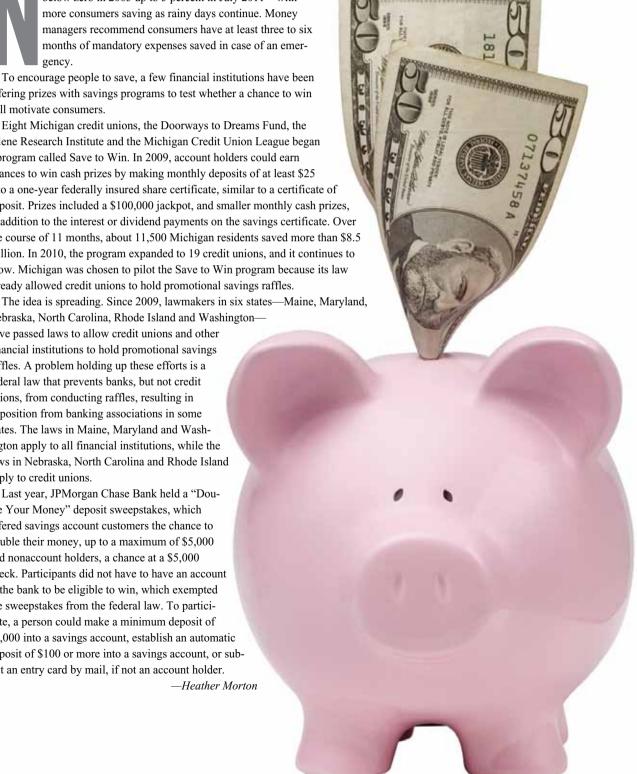
Eight Michigan credit unions, the Doorways to Dreams Fund, the Filene Research Institute and the Michigan Credit Union League began a program called Save to Win. In 2009, account holders could earn chances to win cash prizes by making monthly deposits of at least \$25 into a one-year federally insured share certificate, similar to a certificate of deposit. Prizes included a \$100,000 jackpot, and smaller monthly cash prizes, in addition to the interest or dividend payments on the savings certificate. Over the course of 11 months, about 11,500 Michigan residents saved more than \$8.5 million. In 2010, the program expanded to 19 credit unions, and it continues to grow. Michigan was chosen to pilot the Save to Win program because its law already allowed credit unions to hold promotional savings raffles.

Nebraska, North Carolina, Rhode Island and Washingtonhave passed laws to allow credit unions and other financial institutions to hold promotional savings raffles. A problem holding up these efforts is a federal law that prevents banks, but not credit unions, from conducting raffles, resulting in opposition from banking associations in some states. The laws in Maine, Maryland and Washington apply to all financial institutions, while the laws in Nebraska, North Carolina and Rhode Island

apply to credit unions.

Last year, JPMorgan Chase Bank held a "Double Your Money" deposit sweepstakes, which offered savings account customers the chance to double their money, up to a maximum of \$5,000 and nonaccount holders, a chance at a \$5,000 check. Participants did not have to have an account at the bank to be eligible to win, which exempted the sweepstakes from the federal law. To participate, a person could make a minimum deposit of \$1,000 into a savings account, establish an automatic deposit of \$100 or more into a savings account, or submit an entry card by mail, if not an account holder.

—Heather Morton



Changing Up the Electoral College?

our presidents have been elected without winning the majority of popular votes. That's because 48 states give all their Electoral College votes to the candidate who wins in their state. The 2000 election of President George W. Bush was the most recent example, and has sparked a renewed interest in changing the system.

Recently, in Pennsylvania and Wisconsin, legislators have suggested replacing the winner-take-all system with the model used in Nebraska and Maine. These two states allot two electoral votes to the statewide winner and the rest according to the winner in each congressional district.

California and Vermont this year joined Hawaii, Illinois, Maryland, Massachusetts, New Jersey,

Washington and Washington, D.C., in supporting a different idea known as the "Agreement Among the States to Elect the President by National Popular Vote," or the NPV compact. It would require electors to vote for the candidate who wins the most votes nationwide.

Both concepts preserve the Electoral College and do not require a constitutional amendment since the U.S. Constitution gives states exclusive control over how to award their electoral votes.

Proponents of the National Popular Vote point out that the state winner-take-all rule is not in the Constitution.

They argue that it would give candidates a reason to campaign nationwide and not just in "battleground" states. The current system allows candidates to pay little attention to the concerns of voters in states where they are comfortably ahead or hopelessly behind.

They dispute that the change would broaden campaigns, suggesting instead that it would just alter their targets; candidates may focus on only their "base" voters (such as city dwellers) instead of on voters from a wide geographic cross-section. They dispute the change would broaden campaigns, suggesting instead that it would just alter their targets; candidates may focus on only their "base" voters (such as city dwellers) instead of on voters from a wide geographic cross-section. And a recount, opponents argue, could be a national nightmare because each state has its own set of procedures.

"The Electoral College is an important part in the system of constitutional checks and balances in our country," says Allison Hayward, vice president of policy at the Center for Competitive Politics. "Modifying the way we elect the president to a system that increases the chances of electoral chaos and voter anger is not in the best interest of our country."

The National Popular Vote compact would go into effect after states representing 270 electoral votes join. The tally is currently at 132 electors.

-Wendy Underhill

OSL ONLINE

For more details, on the National Popular Vote go to www.ncsl.org/magazine.

By the Numbers

With thousands of troops heading home, veterans' issues are high on state lawmakers' agendas. Here are some recent figures from the 2010 census.



21.8 million

Veterans in 2010.

9 million

Veterans 65 and older.

1.7 million

Veterans younger than 35.

3

States with more than 1 million veterans.

12%

Unemployment rate among veterans, October 2011.

26%

Veterans 25 and older with a bachelor's degree.

\$35,367

Annual median income of veterans, compared with \$25,605 for the population as a whole.

3.4 million

Veterans with a service-connected disability.

Source: 2010 American Community Survey, U.S. Census Bureau.