

STATE SENATOR • TUPAC A. HUNTER • 5TH DISTRICT

Hunter Press Release

P.O. Box 30036 • Lansing • Michigan • 48909-7536 • 517-373-0994 • Fax: 517-373-5981
E-mail: SenTHunter@senate.michigan.gov • www.senate.mi.gov/hunter



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Contact: Sen Tupac Hunter
Phone: (517) 373-0994

Sen. Hunter Introduces Legislation to Fight Real Estate Flipping, Foreclosures

Bill aims to prevent illegal home flipping, keep consumers in their homes

LANSING- Sen. Tupac A. Hunter (D-Detroit) has introduced legislation that would address the practice of illegal real estate flipping, which has contributed to rising foreclosures in the City of Detroit. Senate Bill 927 would revise the current register of deeds law to reflect modern filing procedures that are available to help expedite their work and identify mortgage scams.

"The practice of illegal real estate flipping leaves many innocent consumers with inflated mortgages and increases the likelihood that they will have to file for foreclosure," Sen. Hunter said. "While I am pleased that the Legislature is finally taking action to fight lending fraud, we must now shift our attention to this challenging issue and do everything in our power to reverse the trend of rising foreclosures."

In a typical real estate flipping scam, a home is purchased for a low value by a buyer who has no intention of paying the mortgage. Then, an inflated appraisal is fraudulently obtained, and the house is sold for a significant profit to an unsuspecting homebuyer. As a result, this person is then left with a mortgage that is considerably higher than the true value of the home, which increases their chance of filing for foreclosure.

Currently, in many cities like Detroit, register of deeds offices are experiencing a severe backlog of documents for recording. This only exacerbates the problem of real estate flipping since some properties across the region have already been flipped multiple times. As a result, these fraudulent mortgages have gone unrecorded, and in many cases unreported.

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