

MORTGAGES

Fighting fraud may ease taxes

■ Miami-Dade County has begun to crack down on mortgage fraud, and the leaders of a new task force say the results may reduce property taxes for some homeowners.

BY MONICA HATCHER
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Homeowners in neighborhoods saturated with mortgage fraud could see their property taxes reduced as law enforcement gears up for a countywide crackdown on the pervasive white-collar crime, Miami-Dade County Mayor Carlos Alvarez and Glenn Theobald, chief legal counsel for the county police, said Monday.

The Miami-Dade Police Department already has asked property appraisers to freeze assessed values at 2006 levels in some areas where fraud is suspected, until investigators can wade through cases and determine whether values should be reduced, Theobald said.

In a common scheme, criminals use fraudulent appraisals to exaggerate the value of a property to secure a bigger loan. County

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Fraud may inflate taxes

• FRAUD, FROM 1C

appraisers then rely on the inflated sales information to determine assessed values of neighboring properties, driving up taxes for homeowners.

Theobald would not name specific locations, but said, "We're afraid there are a whole lot of residences that have been affected." He added the department has located a neighborhood where values were potentially over-appraised by as much as 34 percent.

Mortgage fraud reached epidemic levels in Florida during the real estate boom, abetted by lax lending standards, and masked by rapidly escalating property values. The state ranks No. 1 in the nation in complaints from lenders, according to the

Mortgage Asset Research Institute.

County police have seen a 400 percent increase in the number of mortgage fraud reports over the last two years, Theobald said. The department has received more than 200 reports since Jan. 1.

To address the problem, the mayor and police have formed a task force of regulators, politicians, law enforcement officials and business leaders that will meet for the first time Wednesday to discuss strategies.

Its goal, Alvarez said, is to help cut down on fraud and educate the public about popular schemes, such as illegal flipping, straw borrower scams and quit claim deed fraud.

Though the stalled real

estate market curbs the frenzied flipping of the boom years, and easy loans requiring little documentation from the borrower have all but dried up, the task force is still needed, Alvarez said.

"It's still a problem, and it will continue to be a problem, and this is going to exacerbate an already very bad situation," Alvarez said.

The task force's formation is timed to coincide with a new mortgage fraud law taking effect Oct. 1. The law makes mortgage fraud a third degree felony, punishable by up to five years in prison.

M.J. Stone, a property tax consultant who represents people before the county's value adjustment board, said she has helped numerous clients reduce their assessed value based on what appear

to be fraudulent sales.

"I'm seeing it in high-end property — in condos on Miami Beach and Brickell," Stone said. "The way the county assesses property is to base it on comparable sales. So, if you're looking in a condo where there are 150 or 200 units and 20 of the 30 sales contain mortgage fraud, you're going to show an inflated value on the price per square foot."

She also said bad values resulting from fraud were a problem in Broward County, though not as common.

Alvarez said the police department also would begin allocating additional money and manpower to focus on mortgage fraud.

"We're very serious about addressing this very serious problem," Alvarez said.