

HB1419_AARP_Morgan_FAV.pdf

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Position: FAV



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HB 1419 – Deed Fraud – Prohibition and Deed Fraud Prevention Grant Fund
FAVORABLE
House Judiciary Committee
March 5, 2024

Good afternoon, Chairman Clippinger and Members of the House Judiciary Committee. I am Karen Morgan, a member of the Executive Council for AARP Maryland. As you may know, AARP Maryland is one of the largest membership-based organizations in the Free State, encompassing almost 850,000 members. We thank Delegate Amprey for sponsoring this legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities, and fights for the issues that matter most to families such as health care, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

HB 1419 clearly establishes what many may have assumed – that it is a crime to fraudulently alter a deed, or claim to sell or attempt to sell property by deceptive means, or through intimidation, threats, or undue influence. It specifies that it is a crime to fraudulently claim to lease or attempt to lease property that belongs to someone else. It also specifies that it is a crime to possess a counterfeit deed knowingly, willfully, and with fraudulent intent. The bill establishes maximum penalties of imprisonment ranging from 3 to 10 years and/or a fine of \$7,500 upon conviction for these offenses.

Deed fraud has not been an especially common crime, but it has happened, in Maryland and elsewhere. WUSA 9 covered a story in 2022 of a couple who bought a house through the foreclosure process in Clinton, Maryland. The couple went to look at their new property only to find other unknown people moving into the house. The unauthorized occupants locked the doors and put up “no trespassing” and “beware of dog” signs. Upon questioning by the police, one of the people claimed that his uncle (whose last name he couldn’t recall) rented him the house. The illegitimate occupiers remained in the home for several days while the State’s Attorney’s Office for Prince George’s County got involved in the situation. It was clear very early on that the people in the house were squatting, that they did not belong there, and that they had no legitimate lease. However, the concern was that occupying a house without a clear right to lease, or a clear right of ownership was more of a civil matter than a criminal matter, since the goal was to evict the people who didn’t belong there and reclaim the property. However, the illegitimate occupiers eventually left the home after being told by police that they had no right to be there.

HB 1419 would eliminate any ambiguity over whether a crime has occurred if a person without authority fraudulently claims to own or lease and/or occupies a property. And the bill establishes

that these acts are not trivial, but serious offenses to which significant criminal penalties attach. In addition, the requirement for the Department of Public Safety to collect disaggregated information on fraud incidents with specific information about the incidences of deed fraud would provide more real-world data about the prevalence of this crime in Maryland. This is a necessary and welcome provision.

In an article published by AARP about deed fraud, it was reported that older people are often at risk of being targeted for this crime. Older people are more likely to own their homes outright, which means there may be a greater amount of equity at stake. The criminal may be betting that an older homeowner is not checking on their home title because they may be less likely to check property information that is often maintained online, or they may have health issues that prevent paying close attention to financial details. Also, older homeowners who own their homes outright may struggle with high property taxes that become harder to manage on fixed incomes. The criminals sometimes promise a homeowner that overdue taxes will be paid if they sign over the property deed. Of course, the criminal fails to pay the property taxes and the homeowner is then at risk of losing their home.

HB 1419 not only clearly establishes criminal offenses for fraudulently claiming to sell or convey a property or knowing possession of a counterfeit deed, among other offenses, but it would also establish wide-ranging jurisdiction to prosecute these crimes in any county where: an element of the crime occurred, the deed is recorded in the county land records, the victim resides, or the victim conducts business (if the victim is not an individual). Under this provision, law enforcement departments would be able to pool resources and collaborate across county lines to investigate these crimes and hold those responsible accountable.

AARP supports HB 1419 and respectfully requests the House Judiciary Committee to issue a favorable report. For questions, please contact Tammy Bresnahan, Director of Advocacy for AARP Maryland at tbresnahan@aarp.org or by calling 410-302-8451.

[2024 - 03.05] HB1419 Criminal Law - Deed Fraud -

Uploaded by: Marlon Amprey

Position: FAV

MARLON AMPREY
Legislative District 40
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DEPUTY MAJORITY WHIP

Economic Matters Committee



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Tuesday, March 5, 2024

Testimony of Delegate Marlon Amprey in support of House Bill 1419 Criminal Law - Deed Fraud - Prohibition and Deed Fraud Prevention Grant Fund

Dear Chair Clippinger, Vice Chair Bartlett, and Members of the Judiciary Committee,

Deed fraud, also known as home title fraud, is where a criminal steals a home by forging a deed. They then illegally transfer ownership of the home without the real homeowner's permission. Criminals who steal homes can either sell the home or take out a home line of equity, without the true homeowner's knowledge. House Bill 1419 aims to address the rise of deed fraud across the country, and prepare Maryland to better handle the defining, reporting, and penalizing of this crime.

House Bill 1419 has four main components:

- (1) Prohibiting the intentional fraudulent sale, conveyance, or lease or attempted sale, conveyance, or lease of real property by a person who does not own the real property
- (2) prohibiting the acquisition, sale, or conveyance or the attempted acquisition, sale, or conveyance of real property by deception, intimidation, threat, or undue influence
- (3) requiring the Department of State Police to disaggregate certain data collected for the Uniform Crime Report
- (4) and establishing the Deed Fraud Prevention Grant Fund.

Increasingly, first-time homeowners, people of color and elderly individuals are taken advantage of through complex crimes, such as home title fraud. Victims of deed fraud are too often required to enter expensive and elongated legal processes to reclaim their deed and absolve themselves from the debt that has been attached to their property. This bill is important to support Maryland homeowners from financial destructive crimes and help our citizens build generational wealth.

For these reasons, I urge a favorable report on House Bill 1419.

Respectfully,

A handwritten signature in black ink that reads "Marlon D. Amprey".

Delegate Marlon Amprey
40th Legislative District of Maryland

HB 1419 _realtors_fwa.pdf

Uploaded by: William Castelli

Position: FWA



House Bill 1419 – Criminal Law – Deed Fraud – Prohibition and Deed Fraud Prevention Grant Fund

Position: Favorable with Amendments

The Maryland REALTORS® support HB 1419 which increases penalties for persons committing title and deed fraud.

In 2022, the FBI estimated that title fraud resulted in the loss of nearly \$400 million dollars. Title and deed fraud can take different forms. Sometimes scammers forge a deed and then transfer their fraudulent ownership in the home to an unsuspecting buyer. Other times they will take a home equity loan out on the property and walk away with the proceeds. Scammers will also find a vacant home or land, steal an owner's identity, and transfer the property to an unknowing buyer.

Unfortunately, Maryland homebuyers and property owners have been victims of these scammers. Just in the last few months, there has been an unimproved parcel of land sold in Carroll County and a \$900,000 home sold on the Eastern Shore by people who did not hold title and walked away with the proceeds of sale from the unsuspecting purchaser.

HB 1419 clarifies what type of actions can be prosecuted and clarifies that violation of this law will result in a felony conviction and fines not exceeding \$7,500. The REALTORS® recommend one amendment to clarify that a person may not "knowingly" aid or assist another in violation of this crime. The intent is to ensure that parties like title attorneys are not accidentally caught up in a fraud that they are unaware of.

With this amendment, the REALTORS® recommend a favorable report.

For more information contact lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org

Amendment:

On page 4, in line 14, after "A PERSON MAY NOT" insert "KNOWINGLY"

Department of State Police Letter of Information H

Uploaded by: Joey Sybert

Position: INFO



State of Maryland
Department of State Police
Government Affairs Unit
Annapolis Office (410) 260-6100

POSITION ON PROPOSED LEGISLATION

DATE: March 5, 2024

BILL NUMBER: House Bill 1419 **POSITION:** Letter of Information

BILL TITLE: Criminal law – Deed Fraud – Prohibition and Deed Fraud Prevention Grant Fund

REVIEW AND ANALYSIS

This legislation prohibits the fraudulent sale, conveyance, or lease or attempted sale, conveyance or lease of real property by a person who does not own the property. The legislation requires the Department of State Police to collect, analyze, and disseminate disaggregated information on the incidents of fraud, specific to deed fraud and manage the Deed Fraud Prevention Grant Fund.

Under current law, the Department of State Police (DSP) is the central repository for crime data. In accordance with the FBI National Incident Based Reporting System (NIBRS), law enforcement agencies submit their crime data in accordance with NIBRS guidelines. In accordance with NIBRS, the DSP collects certain fraud information as defined by the FBI, specifically; false pretenses, credit card, impersonation, welfare, identity theft, computer invasion, and money laundering. While the DSP collects information on crimes of fraud as defined by the FBI, local law enforcement agencies do not report and the DSP does not collect crime data specific to Deed Fraud.

Since 2018, Maryland law enforcement agencies have been working towards compliance with the FBI NIBRS reporting requirements. Each agency is responsible for the selection and acquisition of a NIBRS compliant Report Management System. The DSP and the majority of reporting agencies, have acquired a NIBRS system at great expense.

House Bill 1419 will require every agency to pay to have their systems reprogrammed to capture the “Deed Fraud” crime as defined in the legislation, not as defined by the FBI. This creates an enormous cost for the DSP and local law enforcement agencies to capture a crime that cannot be reported to the FBI but maintained only by the state.

Regarding the requirement to administer the Deed Fraud Prevention Grant Fund, the Department of State Police is not a grant management agency. DSP does not award grants or manage the grants awarded to others. The DSP does have an internal grants unit that applies for grants to help support the DSP’s mission.