

By: Harper-Brown

H.B. No. 3037

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a duty to report suspected fraud in a transaction
3 involving the sale of residential real estate; providing a civil
4 penalty.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Title 5, Finance Code, is amended by adding
7 Chapter 397 to read as follows:

8 CHAPTER 397. FRAUD IN RESIDENTIAL REAL ESTATE TRANSACTIONS

9 Sec. 397.001. DEFINITIONS. In this chapter:

10 (1) "Finance commission" means the Finance Commission
11 of Texas.

12 (2) "Residential real estate" means real property
13 located in this state improved by a one-to-four family dwelling
14 used or occupied wholly or partly as the home or residence of one or
15 more persons and unimproved real property on which the dwelling
16 will be constructed.

17 Sec. 397.002. DUTY TO REPORT SUSPECTED FRAUD IN RESIDENTIAL
18 REAL ESTATE TRANSACTIONS. (a) If a real estate broker, real estate
19 appraiser, loan officer, employee of a title insurance company, or
20 mortgage broker has cause to believe that fraudulent conduct or
21 activity may have occurred in a transaction involving the sale of
22 residential real estate, the person shall immediately report the
23 information to the finance commission.

24 (b) The report may be made orally or in writing and must

1 include:

2 (1) the name and address of the person making the
3 report;

4 (2) the name and address of the person or persons
5 allegedly engaging in fraudulent conduct or activity;

6 (3) the basis of the reporter's knowledge; and

7 (4) any other relevant information.

8 (c) The finance commission shall report the information to
9 the state agency that licenses, certifies, or registers the person
10 or persons reported to be engaging in suspected fraudulent conduct
11 or activity under this section for investigation by that agency.

12 Sec. 397.003. FAILURE TO REPORT; CIVIL PENALTY. A person
13 who knowingly fails to report to the finance commission as required
14 by Section 397.002 is liable to this state for a civil penalty of
15 \$500. The attorney general may sue to collect the penalty.

16 SECTION 2. This Act takes effect September 1, 2005.