

***Statement  
Of  
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Community Resident  
30310 Mortgage Fraud Task Force***

***Monday, November 2, 2009  
Committee Room 450 of the Georgia State Capitol Building  
206 Washington Street Southwest, Atlanta Georgia  
11:30 a.m.***

***“Examining the Continuing Crisis in Residential Foreclosures and the  
Emerging Commercial Real Estate Crisis: Perspectives from Atlanta.”***

Good morning Chairman Kucinich and members of the Subcommittee for inviting me here today to testify on issues concerning residential real estate finance crisis. Back in 2004, I came to be interested in the mortgage fraud/ foreclosure crisis as an individual concerned about the many vacancies it created in my neighborhood of Historic West End, a zip code 30310 community, and why our tax assessments were rising based on implausible property values.

For the past several years, the zip code 30310 communities have been the most mortgage fraud impacted communities in our southern region and the United States as a whole. According to the State of Georgia’s Mortgage Fraud Act, mortgage fraud describes a broad variety of criminal actions where the intent is to materially misrepresent or omit information on a mortgage loan application to obtain a larger loan than would have been obtained had the lender known the truth. On a neighborhood level, mortgage fraud had turned about thirty percent of the homes in the neighborhood into empty shells. As the mortgage fraud coordinator of the Historic West End neighborhood, in November 2006, I organized a mortgage fraud inventory of my entire neighborhood that identified over 300 out of 950 residential houses suspected of mortgage fraud based on an inflated sales history without evidence of renovation supporting the high sales prices. This extreme vacancy rate depressed property values, created a variety of public safety issues, and depleted the neighborhood of new residents who could make a positive contribution to the development of the community. Worst of all, mortgage fraud artificially boosted property taxes.

It unfairly taxed any new home owner who purchased in the neighborhood after 2000. To pay double the property tax on a property (based on an inflated previous sale) in need of several thousand dollars in repair cost (from years of neglect), the property tax increase was a disincentive to potential owner-occupants. New neighbors complained of paying an additional \$300/month in property taxes. Even when the property tax is corrected, there is no hope of recouping this money.

Consequently, mortgage fraud has been the most pressing issue facing the Historic West End, a neighborhood who sought to protect their architectural structures from fraudsters through a state historic designation and who wanted to market itself as the next “intown” single family residential destination.

If you define a mortgage fraud property as a property bought and sold with no intention of anyone living in it for long periods of time, the prevailing mortgage fraud imagery had been portraits of abandonment and blight such as entire streets of vacant houses or overly priced properties in various levels of disrepair.

I produced a documentary, *When a House is Not a Home*, to show one 30310 community, the Historic West End neighborhood, as a vibrant community of beautiful housing stock and neighbors with an elevated sense of community. Through addressing the issue and dispelling some misrepresentations about our mortgage fraud impacted neighborhood, I hoped to encourage new neighbors to move in to the hundreds of houses left vacant by mortgage fraud activity, effectively turning our vacant houses back into homes.

In Spring 2008, the producers undertook a rough cut screening tour, primarily targeting zip codes 30310 and 30318, the West End neighborhoods most impacted by mortgage fraud activity. Over 250 residents and community activists attended. In conjunction with the screening tour, a petition was circulated calling for Kevin Wiggins, who had recently pled guilty to conspiracy and wire fraud charges relating to a large-scale mortgage fraud scheme targeting West End neighborhoods, to receive the maximum sentence. Over 100 concerned residents affected by the case signed the petition.

At Kevin Wiggins’s sentencing hearing on July 29, 2008 in Federal District Court, the United State’s Attorney prosecution team entered into evidence a seven-minute excerpt from *When a House is Not a Home* to buttress its argument that mortgage fraud is not only about defrauding lending institutions and homeowners but also about the devastating impact that such crimes have on the effected community.

The judge sentenced Wiggins to 8 years, 4 months in federal prison, which exceeded the prosecutors’ sentencing recommendation. Wiggins was also ordered to serve 3 years of supervised release and pay restitution in the amount of \$6,477,164 and for good measure the judge tacked on two hundred hours of community service. Two co-conspirators were also sentenced.

The documentary also provides a step-by-step guide to how a homeowner can proactively challenge a house’s elevated tax assessment. It’s educated new homebuyers to appeal their tax evaluation.

(Research provided at hearing#) of our mortgage fraud homes have been reclaimed because the Historic West End community has taken the initiative to proactively promote their neighborhood. *When a House is Not a Home*, a half-hour documentary addressing

the need for reclaiming vacant properties, might have played a part in the reclamation effort.