

Legal Background

Home Type:

- “When a person applies for a mortgage, they're asked a series of questions, including whether they're going to occupy the home, use it as a second home, or rent it to someone else.” ([The Motley Fool](#))
- “The question is asked because guidelines for mortgages differ, depending on how the funds will be used.” ([The Motley Fool](#))

Occupancy Fraud:

- “The term occupancy fraud refers to a form of mortgage fraud that occurs when the borrower lies about the occupancy status of the property, stating it will be owner-occupied.” ([Investopedia](#))
- “Borrowers commit occupancy fraud to get better interest rates on their mortgages.” ([Investopedia](#))
- “Lenders offer lower rates for owner-occupied homes compared to investment properties.” ([Investopedia](#))
- “The borrower realizes that the lowest interest rates are reserved for owner-occupants. If it's a second home or they're buying an investment property, they may lie to take advantage of the lower rate.” ([Investopedia](#))
- “When occupancy fraud occurs, banks are not properly compensated for risk. Lenders typically charge higher rates on mortgages for non-owner occupied homes because of the higher delinquency rates associated with them.” ([Investopedia](#))

Felony:

- “Occupancy fraud may not seem serious, but it is a form of mortgage fraud. And in the U.S., mortgage fraud is a Class C felony, punishable by up to 20 years in prison, followed by three years of supervised release, and up to \$5 million in fines. In addition, the property can be confiscated.” ([The Motley Fool](#))
- “According to the United States Sentencing Commission guidelines, a person convicted of occupancy fraud would be given prison time.” ([The Motley Fool](#))
- “In 2018, the average federal sentence for occupancy fraud ranged from 20-24 months behind bars.” ([The Motley Fool](#))

Down Payment:

- “A borrower wants to make the smallest possible down payment. While an owner-occupied home may require no down payment (or as little as 3.5%), second homes require a 10% down payment, and to purchase an investment property, a borrower must put a minimum of 20% down.” ([The Motley Fool](#))

Banking Fraud:

- “Lies on mortgage applications are considered to be banking fraud.” ([Investopedia](#))
- “They can trigger severe financial penalties, prosecution, and even prison time if convicted.” ([Investopedia](#))
- “It may feel like a little white lie to the person committing the fraud, but if caught, the act can lead to serious consequences. The person who took out the mortgage, knowing they were deceiving the mortgage company, could face significant charges and fines.” ([Investopedia](#))
- “If anyone else was involved in the scheme, including a real estate agent, attorney, or mortgage loan originator, they are also liable for committing occupancy fraud.” ([Investopedia](#))

Foreclosure And FBI:

- “For one thing, lenders can call the loan and demand immediate payment of the full mortgage balance.” ([Investopedia](#))
- “If the borrowers can’t afford it or refuse to pay, the lender typically moves to foreclose. That usually destroys the borrowers' original plans.” ([Investopedia](#))
- “In cases involving multiple misrepresentations, lenders can also refer the case to the FBI.” ([Investopedia](#))
- “The penalties for committing occupancy fraud can vary. Your lender can recall the loan or foreclose on the property in question. You can be investigated by the FBI and if they discover you have committed occupancy fraud multiple times you can be fined several thousands of dollars. After committing occupancy fraud, getting mortgages on new properties, even ones you legitimately intend to use as a primary residence, may become impossible.” ([Investopedia](#))

Homestead Deduction

- Texas has a form to apply for a homestead exemption.

Residence Homestead Exemption Application

Appraisal District's Name _____ Appraisal District Account Number (if known) _____
Are you filing a late application? Yes No Tax Year(s) for Application _____

GENERAL INFORMATION: Property owners applying for a residence homestead exemption file this form and supporting documentation with the appraisal district in each county in which the property is located (Tax Code sections 11.13, 11.131, 11.132, 11.133, 11.134 and 11.432). **Do not file this form with the Texas Comptroller of Public Accounts.**

SECTION 1: Exemption(s) Requested (Select all that apply.)

Do you live in the property for which you are seeking this residence homestead exemption? Yes No

General Residence Homestead Exemption **Disabled Person** **Person Age 65 or Older (or Surviving Spouse)**

100 Percent Disabled Veteran (or Surviving Spouse) Is the disability a permanent total disability as determined by the U.S. Department of Veterans Affairs under 38 C.F.R. Section 4.15? Yes No

Surviving Spouse of an Armed Services Member Killed or Fatally Injured in the Line of Duty **Surviving Spouse of a First Responder Killed in the Line of Duty**

Donated Residence of Partially Disabled Veteran (or Surviving Spouse) _____
Percent Disability Rating _____

Surviving Spouse: _____
Name of Deceased Spouse _____ Date of Death _____

- A mistake can still earn jail time.

SECTION 6: Affirmation and Signature

I understand if I make a false statement on this form, I could be found guilty of a Class A misdemeanor or a state jail felony under Penal Code Section 37.10.

I, _____, _____, swear or affirm the following:
Property Owner/Authorized Representative Name Title/Authorization

1. that each fact contained in this application is true and correct;
2. that I/the property owner meet(s) the qualifications under Texas law for the residence homestead exemption for which I am applying; and
3. that I/the property owner do(es) not claim an exemption on another residence homestead or claim a residence homestead exemption on a residence homestead outside Texas.

sign here → _____
Signature of Property Owner/Applicant or Authorized Representative Date

sign here → _____
Signature of Additional Property Owner/Applicant (if any) Date

* May be used by appraisal district to determine eligibility for persons age 65 or older exemption or surviving spouse exemptions (Tax Code §11.43(m)).
** Social security number disclosure may be required for tax administration and identification (42 U.S.C. §405(c)(2)(C)); Tax Code §11.43(f). A driver's license number, personal identification number or social security number disclosed in an exemption application is confidential and not open to public inspection, except as authorized by Tax Code §11.48(b).
*** May be confidential under Government Code §552.137; however, by including the email address on this form, you are affirmatively consenting to its release under the Public Information Act.