

Mortgage Fraud Brief

Quarterly Mortgage Fraud Insights

The CoreLogic® National Mortgage Application Fraud Risk Index (Index) decreased significantly, from 152 in Q1 2019 to 132 in Q2 2019. The year-over-year trend is down 11.4 percent from Q2 2018 (at 149). After a year of stable fraud risk, the decrease in Q2 2019 comes amid a recent decline in interest rates which triggered a volume surge in Q2.

- The share of refinance transactions increased to 35.5 percent in Q2, up from 32 percent in Q1. The risk levels within every refinance segment decreased anywhere from 12 to 30 percent. The swell in refinances and the fact that these additional refinances were rate-driven, which tend to be lower-risk, is what impacted the fraud risk score positively.
- Meanwhile, the risk within each purchase segment was quite similar to prior quarters. As they represent a smaller overall segment of the market, the effect on the index was minimal.
- Most of the top 15 highest-risk CBSAs show decreases in risk from last quarter. However, the Albany-Schenectady-Troy, NY CBSA showed a 61 percent increase in fraud risk. This area did not show signs of the refinance surge that was present in most of the country. Purchases in this CBSA accounted for 82 percent of transactions (versus 64.5 percent nationally). A higher share of low-down payment purchases was also observed here. Given the relatively high closing costs in New York, there may have been less opportunity to benefit from a rate-term refinance.

Highest Fraud Risk Metros

CBSA NAME	POPULATION*	Q2 2019 FRAUD RISK RANK	Q1 2019 FRAUD RISK INDEX	Q2 2019 FRAUD RISK INDEX	QUARTER OVER QUARTER, Q1 2019 TO Q2 2019
Miami-Fort Lauderdale-West Palm Beach, FL	6,158,824	1	404	309	-24%
New York-Newark-Jersey City, NY-NJ-PA	20,320,876	2	257	243	-6%
McAllen-Edinburg-Mission, TX	860,661	3	160	216	35%
Los Angeles-Long Beach-Anaheim, CA	13,353,907	4	237	213	-10%
Deltona-Daytona Beach-Ormond Beach, FL	649,202	5	261	210	-19%
Tampa-St. Petersburg-Clearwater, FL	3,091,399	6	233	197	-16%
Albany-Schenectady-Troy, NY	886,188	7	118	190	61%
Tulsa, OK	990,706	8	168	178	6%
Orlando-Kissimmee-Sanford, FL	2,509,831	9	201	167	-17%
San Diego-Carlsbad, CA	3,337,685	10	200	166	-17%
Oxnard-Thousand Oaks-Ventura, CA	854,223	11	192	163	-15%
Cape Coral-Fort Myers, FL	739,224	12	210	163	-22%
San Francisco-Oakland-Hayward, CA	4,727,357	13	179	160	-11%
Urban Honolulu, HI	988,650	14	229	157	-31%
Jacksonville, FL	1,504,980	15	205	157	-24%

For more information, visit corelogic.com or call 866-774-3282.

The CoreLogic Mortgage Fraud Brief analyzes the collective level of loan-application fraud risk the mortgage industry is experiencing as measured quarterly by the CoreLogic Mortgage Application Fraud Risk Index, which is based on residential mortgage loan applications processed by CoreLogic LoanSafe Fraud Manager™. The annual Mortgage Fraud Report and Mortgage Application Fraud Index Methodology can be [found here](#).

The top 100 CBSAs for fraud risk are available to members of the CoreLogic Mortgage Fraud Consortium and can be downloaded from the [LoanSafe Connect™](#) Resource page.

* Top 100 CBAs are determined by population. 2016 resident total population estimate from U.S. Census Bureau Population Division March 2017 release.



CORELOGIC MORTGAGE FRAUD SOLUTIONS

CoreLogic is the industry's trusted provider for mortgage risk mitigation solutions. With the nation's largest mortgage application database, patented risk analytics and team of mortgage fraud experts, CoreLogic knows how to identify and lower the risk of mortgage fraud. Learn more at corelogic.com/mortgagefraud.

THE MORTGAGE FRAUD RISK INDEX

The Mortgage Fraud Risk Index is calculated from the aggregation of individual loan application fraud risk scores during the previous quarter. Score compilations are calculated for the 100 highest-populated Core Based Statistical Areas (CBSA) in the US, and the 15 CBSAs with the highest Fraud Risk for the most recent quarter are shown in rank order.