

Mortgage Fraud Brief

Quarterly Mortgage Fraud Insights

The CoreLogic® National Mortgage Application Fraud Risk Index (Index) decreased by 8.7% in Q2, from 112 in Q1 2020 to 102 in Q2 2020. The year-over-year trend is down 22.6% from Q2 2019 (at 132). The risk level is similar to Q3 2010, when we began measuring national fraud risk levels.

- The share and volume of refinances continued to increase in Q2, as record-low interest rates swell the pool of loans that benefit from refinancing. Refinances accounted for 61.4% of all applications, up from 59.9% last quarter. We continue to see slightly increased risk in conventional purchases and much greater risk in the investment purchase segment this quarter, but the lower risks in refinances and high refinance volumes keep the national index low.
- While investment purchases have been increasing in risk, they have been decreasing in relative volume. Many lenders are tightening credit parameters due to the uncertain economy. This seems evident in the decrease we have seen in volumes of investment purchase applications. They are at their lowest level since the inception of this index; currently at 0.9%, compared to 1.9% one year ago.
- The CBSAs with the highest rates of investment purchase applications include Memphis, TN, Oklahoma City, OK, Syracuse, NY, Buffalo, NY, Provo, UT, Cleveland, OH, Springfield, MA, and Dayton, OH.
- Most areas of the country are reflecting the risk decrease we see at the national level. In the CBSA chart below, most highest-risk areas are showing a risk decrease or modest increase quarter-over-quarter. However, the Springfield, MA CBSA shows a 37% increase. This is driven by a higher share of purchases overall, a higher level of investor purchases, and an increase in income red flags in Q2. This CBSA is smaller and thus more subject to volatility in the index.

Highest Fraud Risk Metros

CBSA NAME	POPULATION*	Q2 2020 FRAUD RISK RANK	Q1 2020 FRAUD RISK INDEX	Q2 2020 FRAUD RISK INDEX	QUARTER OVER QUARTER, Q1 2020 TO Q2 2020
Miami-Fort Lauderdale-West Palm Beach, FL	6,198,782	1	216	196	-10%
Las Vegas-Henderson-Paradise, NV	2,231,647	2	182	186	2%
Orlando-Kissimmee-Sanford, FL	2,572,962	3	170	162	-5%
New York-Newark-Jersey City, NY-NJ-PA	19,979,477	4	177	159	-11%
Deltona-Daytona Beach-Ormond Beach, FL	659,605	5	199	157	-21%
Lakeland-Winter Haven, FL	708,009	6	164	157	-4%
Palm Bay-Melbourne-Titusville, FL	596,849	7	146	156	7%
Tampa-St. Petersburg-Clearwater, FL	3,142,663	8	173	155	-10%
Springfield, MA	631,761	9	111	152	37%
Columbia, SC	832,666	10	156	151	-4%
Cape Coral-Fort Myers, FL	754,610	11	146	148	1%
North Port-Sarasota-Bradenton, FL	821,573	12	176	147	-16%
Los Angeles-Long Beach-Anaheim, CA	13,291,486	13	142	145	2%
Scranton--Wilkes-Barre--Hazleton, PA	555,485	14	166	144	-13%
Memphis, TN-MS-AR	1,350,620	15	128	143	12%

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 CBSAs are determined by population. 2018 resident total population estimate from U.S. Census Bureau Population Division April 2019 release.

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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/solutions/mortgage-fraud-solutions.

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.