



# Mortgage Fraud Brief

First Quarter, 2018

## Quarterly Mortgage Fraud Insights

The CoreLogic® National Mortgage Application Fraud Risk Index (Index) rose to 144 for the first quarter of 2018. The trend is up 10% from Q1 2017 (at 132) and up 4% from Q4 2017 (at 138). The last 6 consecutive quarters have shown increases.

Purchase applications accounted for 62% of all transactions in Q1, compared to 58% in Q4. While purchase volumes were similar to the prior quarter, refinance volumes decreased. Because purchase applications generally have higher fraud risk than refinance applications, this contributes to the continued increase in the fraud index. Other observations:

- ▶ The share of originations from wholesale channels increased again, reaching 9% of applications, which is an increase of 40% from one year ago.
- ▶ More frequent inflated income characteristics, including relatively high incomes from small employers and incomes that are inconsistent with residence histories.
- ▶ Multiple indicators of increased risk of occupancy misrepresentation of the type where loan applicants seek to build rental portfolios under the more favorable lending terms offered to owner-occupants. Occupancy misrepresentation risk is also driving the high CBSA Index for Wichita CBSA in Q1.

## 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](http://corelogic.com/mortgagefraud)

## Highest Fraud Risk Metros

CBSA NAME	POPULATION*	Q1 2018 FRAUD RISK RANK	Q4 2017 FRAUD RISK INDEX	Q1 2018 FRAUD RISK INDEX	QUARTER OVER QUARTER, Q4 2017 TO Q1 2018
Wichita, KS	644,610	1	226	330	<b>46%</b>
Miami-Fort Lauderdale-West Palm Beach, FL	6,012,331	2	253	280	<b>11%</b>
New York-Newark-Jersey City, NY-NJ-PA	20,182,305	3	245	261	<b>7%</b>
Springfield, MA	631,982	4	248	258	<b>4%</b>
Oklahoma City, OK	1,358,452	5	181	254	<b>41%</b>
Albuquerque, NM	907,301	6	180	247	<b>37%</b>
Buffalo-Cheektowaga-Niagara Falls, NY	1,135,230	7	193	231	<b>20%</b>
El Paso, TX	838,972	8	192	224	<b>17%</b>
Memphis, TN-MS-AR	1,344,127	9	217	222	<b>2%</b>
Urban Honolulu, HI	998,714	10	157	209	<b>33%</b>
Tampa-St. Petersburg-Clearwater, FL	2,975,225	11	193	207	<b>7%</b>
Los Angeles-Long Beach-Anaheim, CA	13,340,068	12	193	207	<b>7%</b>
Augusta-Richmond County, GA-SC	590,146	13	191	205	<b>7%</b>
Rochester, NY	1,081,954	14	154	199	<b>29%</b>
Deltona-Daytona Beach-Ormond Beach, FL	623,279	15	214	196	<b>-9%</b>

## 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.

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.

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