



Mortgage Fraud Brief

First Quarter, 2019

Quarterly Mortgage Fraud Insights

The CoreLogic® National Mortgage Application Fraud Risk Index (Index) increased slightly, to 152 for the first quarter of 2019. The year-over-year trend is up 6% from Q1 2018 (at 144). Fraud risk appears fairly stable for the last several quarters.

The share of refinance transactions increased to 32% in Q1, up from 28% for the prior 3 quarters, due to a reduction in interest rates. Other observations:

- ▶ The top 15 highest-risk CBSAs show minimal change from last quarter; Florida continues to have strong representation here, with 8 of the top 15.
- ▶ A continuing issue reported by our consortium members is the use of false employment to inflate qualifying income. By limiting the length of employment on the current job, the borrower avoids detection through tax transcripts. In our 2018 annual report, we found the percentage of borrowers with less than one year on the job has risen consistently since 2016. That trend continues, with an increase of 18% in this indicator year-over-year for purchase transactions. The typical scenario includes a large increase in income from the prior job, or a first job out of college. False college transcripts and divorce decrees also play a role.

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

Highest Fraud Risk Metros

CBSA NAME	POPULATION*	Q1 2019 FRAUD RISK RANK	Q4 2018 FRAUD RISK INDEX	Q1 2019 FRAUD RISK INDEX	QUARTER OVER QUARTER, Q4 2018 TO Q1 2019
Miami-Fort Lauderdale-West Palm Beach, FL	6,158,824	1	442	404	-9%
Deltona-Daytona Beach-Ormond Beach, FL	649,202	2	223	261	17%
New York-Newark-Jersey City, NY-NJ-PA	20,320,876	3	255	257	1%
Los Angeles-Long Beach-Anaheim, CA	13,353,907	4	228	237	4%
Tampa-St. Petersburg-Clearwater, FL	3,091,399	5	265	233	-12%
Urban Honolulu, HI	988,650	6	220	229	4%
Lakeland-Winter Haven, FL	686,483	7	283	219	-23%
Cape Coral-Fort Myers, FL	739,224	8	297	210	-29%
North Port-Sarasota-Bradenton, FL	804,690	9	230	208	-10%
Jacksonville, FL	1,504,980	10	227	205	-9%
Orlando-Kissimmee-Sanford, FL	2,509,831	11	278	201	-28%
San Diego-Carlsbad, CA	3,337,685	12	188	200	7%
New Orleans-Metairie, LA	1,275,762	13	217	200	-8%
Oxnard-Thousand Oaks-Ventura, CA	854,223	14	197	192	-2%
Worcester, MA-CT	942,475	15	122	192	57%

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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