

Midyear Mortgage Update and Conference

Mortgage Call Reports:

Is Anybody Looking at These Things?

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YES!

We are definitely looking at the data

Is Anybody Looking at These Things?

- Good data provides a basis on which to make decisions
- Regulators are making decisions about your company based on the data that you are providing
- We know much more about you, and the industry as a whole, today than we ever knew before

Is Anybody Looking at These Things?

- What do the regulators know now?
 - Application levels
 - Approval rates
 - Approvals by loan/property type/purpose, etc.
 - Approvals by FICO score
 - Servicing information
 - Financial Information
 - Mortgage Loan Originator Data

Is Anybody Looking at These Things?

- How do we use this data?
 - Determining Statutory Compliance
 - Risk Profiling
 - Identifying Unlicensed Activity
 - Early Intervention
 - Preparing for Examinations
 - Monitoring Financial Condition

Is Anybody Looking at These Things?

- Determining Statutory Compliance
 - Bonding requirements – eliminated annual paper reporting
 - Tangible Net Worth – calculate directly from MCR
 - 5% maximum finance charge – calculate directly from MCR
- Identify unlicensed MLOs

Is Anybody Looking at These Things?

- Risk Profiling
 - Analytics Program – sets risk ranges resulting in red flags
 - Market Share
 - Loan Type
 - Put Backs
 - Financial Condition

Is Anybody Looking at These Things?

- Identifying Unlicensed Activity
 - MLO licensing
 - Branch Licensing
 - MLO production levels
 - Branch production levels

Is Anybody Looking at These Things?

- Early Intervention
 - We can spot trends in activity
 - Changes to financial condition
 - Changes to liquidity levels
 - Rapid growth or slowing
 - Changes to management/ownership
- These indicators alert us early and we can make a phone call to determine the level of regulatory concern we should have.

Is Anybody Looking at These Things?

- Preparing for Examinations
 - Activity levels by product, MLO, Branch, etc
 - Management
 - Financial Condition
 - Electronic file submission
 - Comparison of MCR data to data providing during exam

Is Anybody Looking at These Things?

- Monitoring Financial Condition
 - Companies get into financial trouble
 - Liquidity
 - Lines of Credit
 - Capital Erosion
 - Costs
 - Past due loans servicing/owned

Is Anybody Looking at These Things?

- In Summary, we are using MCR data as a regular part of our everyday regulatory process.
- We are better informed.
- Our examinations are more targeted to the real issues.
- On-site time is better used talking about issues.