

**DEPARTMENT OF
SAVINGS AND MORTGAGE LENDING**



**AGENCY STRATEGIC PLAN
FISCAL YEARS 2017 TO 2021**

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FISCAL YEARS 2017 TO 2021
BY THE
TEXAS DEPARTMENT OF
SAVINGS & MORTGAGE LENDING

FINANCE COMMISSION OF TEXAS		
BOARD MEMBERS	DATES OF TERM	HOMETOWN
Stacy G. London, Chair	June 26, 2008 to Feb 1, 2020	Houston
Robert (Bob) Borochoff	Feb 22, 2016 to Feb 1, 2022	Houston
Hector J. Cerna	Dec 16, 2015 to Feb 1, 2020	Eagle Pass
Margaret (Molly) Curl	Feb 23, 2016 to Feb 1, 2022	Richardson
Phillip A. Holt	Feb 23, 2016 to Feb 1, 2022	Bonham
Victor E. Leal	Feb 2, 2012 to Feb 1, 2018	Amarillo
William M. (Will) Lucas	Sept 27, 2011 to Feb 1, 2018	Center
Lori B. McCool	Apr 27, 2009 to Feb 1, 2020	Boerne
Matthew (Matt) Moore	Feb 23, 2016 to Feb 1, 2022	Amarillo
Paul Plunket	June 26, 2008 to Feb 1, 2020	Dallas
Hilliard (Jay) Shands, III, Vice Chair	Aug 23, 2010 to Feb 1, 2018	Lufkin

SUBMITTED JUNE 10, 2016

SIGNED: 
 Caroline C. Jones, Commissioner

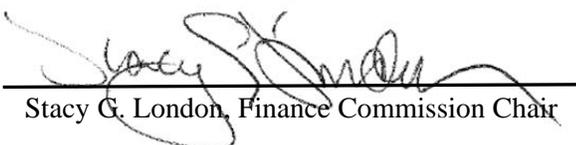
APPROVED: 
 Stacy G. London, Finance Commission Chair

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DEPARTMENT OF SAVINGS & MORTGAGE LENDING MISSION

The mission of the Department of Savings and Mortgage Lending is to supervise and regulate the residential mortgage lending and state savings industries in order to protect Texans, provide a healthy residential mortgage lending environment, and maintain safe and sound savings banks and savings associations.

AGENCY GOALS AND ACTION PLAN

The Department's philosophy towards its regulatory responsibilities is to recognize that:

- It is a privilege and honor to serve Texans as regulators of the residential mortgage lending and state savings industries.
- We are responsive, accountable, and transparent to Texas citizens, our regulated entities, the Texas Legislature, and the Finance Commission of Texas.
- We supervise and regulate with the highest degree of integrity, ethics, fairness, efficiency, and professionalism.
- We uphold the constitution and laws of Texas and the United States.

GOAL: THRIFT SAFETY AND SOUNDNESS

THRIFT EXAMINATION AND SUPERVISION

Effectively and efficiently enforce safety and soundness standards in the state chartered thrift industry and compliance with the Texas Finance Code in a manner that is constructive and maintains the interest of depositors, creditors, and borrowers of savings institutions as paramount. [Texas Finance Code Subtitle B, Savings and Loan Associations and Subtitle C, Savings Banks]

ACTION ITEMS TO ACHIEVE GOAL

- Perform full and limited scope examinations and participate with federal regulators in examinations within the required timeframes.
- Monitor and enforce the safe and sound operation of state chartered savings institutions.
- Monitor and enforce compliance with applicable laws and regulations.
- Encourage awareness of cybersecurity concerns within the regulated industry.

GOALS AND ACTION ITEMS SUPPORT STATEWIDE OBJECTIVES

1. Accountable to tax and fee payers of Texas.
 - Ensure adherence with self-leveling, self-funding and Self-Directed, Semi-Independent statutory requirements.
 - The Department is committed to being a prudent steward of its financial resources.
 - The Department provides transparency through its reporting.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.
 - Conduct full scope and limited examinations jointly with federal counterparts to provide consistent findings and recommendations to state thrifts, to avoid duplication of costs, and to limit the number of times regulators are at the institutions.
 - The Department's Thrift Supervision area, with the integral support of field examination management and staff, conducts offsite monitoring to detect risks at early stages. This information is used to form strategic decisions about examination frequency and scope, enforcement actions, and other means to address emerging risks.
 - The Department's thrift examiners are in travel status a significant amount of their time. To minimize the impact of travel expenses on the budget, examiners follow a compressed work schedule, work from their designated headquarters when possible, and are hired from regions similar to the geographic groupings of the financial institutions under the Department's jurisdiction.
 - The Department's Thrift Examination area utilizes the FDIC's Examination Tool Suite (ETS). ETS was designed to streamline the examination process by enabling examiners to acquire, manipulate, process, and create examination reports, workpapers, and other examination related items. ETS allows the Department's thrift examiners and the FDIC to more effectively and efficiently examine state thrifts for safety and soundness.
 - Through the Department's Thrift Compliance Examination program examiners attend and assist in the compliance examination process of state thrifts and participate in regulatory discussions and meetings with the state thrift's management and board. This program was initiated in response to industry concerns about issues arising from federal regulatory compliance examinations.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.
 - Meet or exceed performance measures.
 - The Department continually reviews its policies and procedures for ways to improve its efficiency and fulfillment of its core functions.
4. Providing excellent customer service.
 - Provide internal and external training for examination staff so they are experts in their field.
 - Serve as resource to the state thrifts relating to regulatory expectations and best practices.
 - Investigate and resolve customer complaints in a timely manner.
 - Share complaint information with the FDIC, the Federal Reserve, and the Consumer Financial Protection Bureau (CFPB).
5. Transparent such that Agency actions can be understood by any Texan.
 - The Department communicates on a regular basis with state thrifts.
 - The Department adheres to performance measures.

- The Department provides reports and updates to the Finance Commission at their bi-monthly meetings.
- The Department makes reports and other information available through its and Finance Commission's websites.

OTHER CONSIDERATIONS

The Department places a priority on having knowledgeable, well trained examination staff and therefore, provides internal trainings at least twice a year, as well as external trainings as appropriate. The Department has nine certified examiners. These nine examiners, in aggregate, have over 82 years of experience with the Department and over 145 years of experience as federal regulators, bankers, or in other mortgage related fields. There are two certified public accountants, one certified fraud examiner, and two examiners who have completed graduate schools of banking.

Being a resource to the industry is a priority. Thrift examiners and Thrift Supervision staff are in regular communication with state thrift management not only during examinations, but in between as well, in order to answer questions and give feedback about state thrift issues and activities. Further, the Department holds an annual Thrift Industry Day at which state thrift executive management and board members hear presentations from Department staff relating to current topics effecting the industry as well as areas of focus from regulators.

Another priority is maintaining contact and communication with the Department's federal counterparts, such as FDIC, Federal Reserve, and CFPB, and other state regulators. This interaction aids the Department in staying up to date on federal regulations. The Department's Commissioner currently serves as Chair of American Council of State Savings Supervisors and is a member of the Federal Financial Institutions Examination Council's State Liaison Committee. Additionally, thrift staff members serve on a number of Conference of State Bank Supervisor committees including Risk Profile Program, State Supervisory Processes, ETS/SAGE Stakeholder, and several others.

As of December 31, 2015, the thrift industry in Texas consisted of 27 state thrifts with aggregate assets of \$13.6 billion and all thrifts were well rated. The average asset size grew by 12% in calendar year 2015 to \$310 million. This continued a four year growth trend in the industry. Capital is strong in the thrift industry and non-performing loans remain low and below pre-crisis level.

The Department through its Emerging/Emerged Issues Task Force monitors various local, state, and national data sources to best understand the risks facing the industry and individual state thrifts. Issues such as the oil price decline, potential interest rate hikes, and cybersecurity are monitored for their impact on the Texas thrift industry in general and on individual state thrifts.

**GOAL: MORTGAGE REGULATION
LICENSING
EXAMINATION**

Protect Texas homebuyers through fair and effective regulation of mortgage originating entities, individuals, and mortgage servicers. [Texas Finance Code, Subtitle E, Chapter 156 Residential Mortgage Loan Companies, Chapter 157 Mortgage Bankers and Residential Mortgage Loan Originators, and Chapter 158, Residential Mortgage Loan Servicers]

ACTION ITEMS TO ACHIEVE GOAL

Licensing

- Process, investigate, and take appropriate final action on mortgage license applications and registrations, both entities and individuals
- Enforce compliance with licensing standards of conduct

Examination

- Ensure effective and efficient examination of mortgage licensees and registrants through fair, responsible, and comprehensive investigation.
- Enforcement of regulatory requirements regarding procedures and standards of conduct.

GOALS AND ACTION ITEMS SUPPORT STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas
 - Ensure adherence with self-leveling, self-funding and Self-Directed, Semi-Independent statutory requirements.
 - The Department is committed to being a prudent steward of its financial resources.
 - The Department provides transparency through its reporting.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.
 - The Department continually reviews licensing and examination policies and procedures to strive for more consistent and efficient work product.
 - The Department utilizes the Nationwide Mortgage Licensing System (NMLS). The system was developed to streamline the licensing process and be a centralized repository for information regarding the mortgage and other consumer credit industries. The system allows applicants to submit applications throughout the nation while using a single base record.
 - Residential mortgage entities do business throughout the nation, but most of the entities located in Texas are concentrated in the major metropolitan areas of Dallas/Fort Worth, Houston, and Austin/San Antonio. Therefore, mortgage examiner headquarters are concentrated in these areas as well. This helps minimize the impact of travel expenses on the budget. Mortgage examiners travel is frequently limited to distances that require only day trips. When the Department conducts examinations of licensees in more remote areas of the State it schedules multiple examinations in that area to be more prudent with the expenses being

- incurred. Although, most examinations are conducted in state, when needed the Department will conduct examinations of licensees who are located out of state.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.
 - Meet or exceed performance measures.
 - The Department continually reviews its policies and procedures for ways to improve its efficiency and fulfillment of its core functions.
 4. Providing excellent customer service.
 - Staff members are accessible and a resource for consumers and the regulated industry.
 - The Department sets targeted internal deadlines for processing license applications.
 - Investigate and resolve customer complaints in a timely manner.
 - Share complaint information with the Consumer Financial Protection Bureau (CFPB).
 - Provide internal and external training for staff so they are experts in their field.
 - The Department's website contains useful information for consumers and the regulated industry.
 5. Transparent such that Agency actions can be understood by any Texan.
 - The Department communicates on a regular basis with the mortgage industry.
 - The Department adheres to performance measures.
 - The Department provides reports and updates to the Finance Commission at their bi-monthly meetings.
 - The Department makes reports and other information available through its and Finance Commission's websites.

OTHER CONSIDERATIONS

The Department places a priority on having a knowledgeable, well trained examination staff and therefore, provides internal training at least twice a year, as well as external training as appropriate

Another priority is maintaining contact and communication with the CFPB, other state regulators, and national associations, such as Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR). The Department's Director of Mortgage Examination currently serves as Vice President of AARMR. Additionally, Department staff members serve on a number of committees with these national organizations. This interaction aids the Department in staying up to date on federal regulations and emerging issues related to the mortgage industry.

Being a resource to the industry is a priority. The Department holds an annual Mortgage Industry Seminar at which mortgage industry representatives hear presentations from Department staff relating to current topics effecting the industry as well as areas of focus from regulators.

The Department, statutorily, has an advisory committee – the Mortgage Industry Advisory Committee. The Committee meets at least two times a year. At these public meetings, the

Department provides updates on Department activities and receives input and feedback from Committee members, as well as the public, on issues related to the mortgage industry.

Additionally, the Department’s executive staff gives presentations to a variety of industry organizations in which information is reported and questions answered regarding Department activities, current regulatory areas of focus and concern, and general industry issues.

The Department takes unlicensed activity and mortgage fraud seriously and investigates and takes regulatory action as needed. As deemed appropriate and necessary, the Department will issue cease and desist orders and assess fines and penalties related to these investigations.

The Department participates in multi-state and CFPB mortgage examinations as needed and appropriate.

Texas Mortgage Industry as of December 31, 2015	
Number of Licensees:	
Mortgage Entities	1,547
Branches	2,465
Mortgage Servicers	149
Mortgage Loan Originators (Individuals)	21,689
Number of Examinations Conducted in FY15	403 Examinations (covering 8,239 licensees)

**GOAL: CONSUMER RESPONSIVENESS
COMPLAINT AND INQUIRY PROCESS**

Ensure responsiveness to inquiries, requests, and complaints from citizens, industry, public officials, and other state and federal governmental entities. [Texas Finance Code, Chapter 13 Savings and Loan Department, §13.011; Chapter 156 Residential Mortgage Loan Companies, §156.301(b); Chapter 157 Mortgage Bankers and Residential Mortgage Loan Originators, §157.0022 and §157.021; and Chapter 158, Residential Mortgage Loan Servicers, §158.102]

ACTION ITEMS TO ACHIEVE GOAL

- Provide a forum for registering complaints regarding financial institutions and mortgage entities and individuals.
- Review and investigate, as appropriate, complaints and inquiries.
- Take appropriate supervisory action when warranted.

GOALS AND ACTION ITEMS SUPPORT STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.
 - Ensure adherence with self-leveling, self-funding and Self-Directed, Semi-Independent statutory requirements.

- The Department is committed to being a prudent steward of its financial resources.
 - The Department provides transparency through its reporting.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.
 - The Department continually reviews investigation policies and procedures to strive for more consistent and efficient work product.
 - The Department is responsive to complainants and timely processes complaints.
 3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.
 - Meet or exceed performance measures.
 - The Department continually reviews its policies and procedures for ways to improve its efficiency and fulfillment of its core functions.
 4. Providing excellent customer service.
 - Website contains link for consumers for filing of consumer complaints.
 - Complaint forms are available in English and Spanish.
 - Investigation staff is accessible to citizens.
 5. Transparent such that Agency actions can be understood by any Texan.
 - The Department adheres to performance measures.
 - The Department provides reports and updates to the Finance Commission at their bi-monthly meetings.
 - The Department makes reports and other information available through its and Finance Commission's websites.

OTHER CONSIDERATIONS

The Department places a priority on having knowledgeable, well trained investigation staff and therefore, provides internal training, as well as external training as appropriate.

The Department maintains contact and communication with the CFPB, other state regulators, and national associations, such as CSBS and AARMR. Department staff members serve on a number of committees with these organizations. This interaction aids the Department in staying up to date on federal regulations and emerging issues related to the mortgage industry.

The Department receives complaints that cover a variety of issues. The complexity of complaints received range from basic to very complex. Most complaints received relate to mortgage servicing area, which tend to be more complex and take longer to resolve.

GOAL: AGENCY ADMINISTRATION

Be prudent and good stewards of the Department's resources – both financial and human.

ACTION ITEMS TO ACHIEVE GOAL

- Be staffed with employees who are trained or in training to be experts in regulating the thrift or mortgage industry.
- Provide cross-training in all areas of the Department.
- Monitor the Department's fiscal performance.

GOALS AND ACTION ITEMS SUPPORT STATEWIDE OBJECTIVE

1. Accountable to tax and fee payers of Texas.
 - Ensure adherence with self-leveling, self-funding and Self-Directed, Semi-Independent statutory requirements.
 - The Department is committed to being a prudent steward of its financial resources.
 - The Department provides transparency through its reporting.
 2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.
 - With well-trained employees the Department increases efficiency and effectiveness.
 - Cross-training provides the Department with succession planning.
 - The Department closely monitors the expenditures and revenues on an ongoing basis.
 3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.
 - The Department continually reviews its policies and procedures for ways to improve its efficiency and fulfillment of its core functions.
 4. Providing excellent customer service. (Customers under this Goal would be Department employees)
 - The Department offers alternative work schedules.
 - The Department provides a safe work environment and the tools needed to perform their job duties.
 - The Department timely processes employee reimbursement vouchers and payroll.
 5. Transparent such that Agency actions can be understood by any Texan.
 - The Department adheres to performance measures.
 - The Department provides reports and updates to the Finance Commission at their bi-monthly meetings.
 - The Department makes reports and other information available through its and Finance Commission's websites.
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OTHER CONSIDERATIONS

As a self-leveling, self-funding agency, the Department's revenue is derived from fees and assessments collected from the regulated entities. The Department is responsible for all direct and indirect costs and does not receive general revenue funds. All revenues for operations are placed in the Department's account at the Texas Treasury Safekeeping Trust Company. Various provisions in the Finance Code authorize the Commissioner to impose and collect fees to cover the cost of examination, the equitable or proportionate cost of maintenance and operation of the Department, and the cost of enforcement. The Department operates in a prudent and fiscally responsible manner while performing its statutory duties.

The Department develops a budget annually that is evaluated and reviewed by the Finance Commission, the eleven member governing body which oversees three state agencies: Department of Savings and Mortgage Lending, Department of Banking, and Office of Consumer Credit Commissioner. The Finance Commission must approve the Department's budget before any expenditure can be made. A budget hearing, which is open to the public, is held each year.

In addition, the Department has been a SDSI agency since 2009. This status has been instrumental over the past years in supporting the Department's efforts to fulfill its mission. Being a SDSI agency, the Department is able to respond effectively and timely to the changing dynamics in the economy and our regulated industries. This includes the ability to adjust budgets to implement immediate changes in staffing strategies as well as adjust salaries to retain and attract qualified personnel and strive for more competitive salary levels with the FDIC. Having SDSI status has allowed the Department to operate more efficiently and has provided the flexibility needed to expand or diminish resources in response to economic conditions.

The Department is accredited, for its mortgage operations, through the Conference of State Bank Supervisors and American Association of Residential Mortgage Regulators (CSBS/AARMR) Mortgage Accreditation Program. The Program involves a comprehensive review of the critical elements that assure the ability of a state mortgage agency to discharge its responsibilities through an investigation of its administration and finances, personnel policies and practices, training programs, examination policies and practices, supervisory procedures, and statutory powers. In setting high standards CSBS/AARMR is supporting public interest by identifying highly competent state mortgage agencies to strengthen the capabilities of all state regulators. The Department received its accreditation in June 2011 and was the ninth state mortgage agency to receive its accreditation. With this accreditation, the Department is presumed to be compliant with the requirements of 12 CFR, 1008 Regulation H, specifically §1008.113. Reaccreditation examinations are conducted every five years. The Department underwent the reaccreditation process in March, 2016 and achieved reaccreditation.

The Department and the other Finance Commission agencies, Department of Banking and Office of Consumer Credit Commissioner, are currently located at 2601 N. Lamar Blvd. in a building owned by the three agencies. During the next five years, the Department along with the Department of Banking and the Office of Consumer Credit, anticipate relocating the agencies' headquarters to facilities which will better meet the agencies' needs. The staffing resources needed to plan, organize, and execute the move efficiently and effectively will be significant.

Cash reserves have been set aside to cover the future expenses related to a new building and relocation.

DEPARTMENT STRENGTHS AS IDENTIFIED BY MANAGEMENT

- Staff is experienced and knowledgeable of the thrift and mortgage industries, related state and federal law and regulations, as well as the applicable financial and accounting standards.
- Staff is dedicated to the Department and strongly committed to consumer protection.
- Staff is cognizant of the necessary balance between regulatory compliance and safety and soundness concerns, offset by the need for credit and financial services.
- Staff is committed to the state thrift system and the residential mortgage lending system and serves consumer needs and provides positive benefits to the state economy.
- The Department offers flexible work schedules which allows employees to have a healthy work/life balance.
- The Department's commitment to professionalism has attracted competent, well-educated, and diverse employees.
- Efficient operations are mandated by the size of the state chartered thrift industry, competitive regulatory alternatives, the demands of mortgage licensing and regulation, and the need to match costs with revenue.
- Through cross-training and closely managed internal operational control, the Department has maintained efficient charter and license processing and aggressive oversight and supervision of the industries it regulates.
- The Department is nationally accredited for its regulation and supervision of mortgage origination.
- The Department is responsive to feedback from its regulated entities and enjoys an excellent reputation for competent and balanced supervision.
- Effective fiscal management has enabled the Department to accurately project revenue and expenditures, and provide for reserve balances.
- As a Self-Directed, Semi-Independent agency, the Department has more opportunities to provide cost effective regulation.

REDUNDANCIES AND IMPEDIMENTS

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	Provide Agency Recommendation for Modification or Elimination	Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change
Finance Code §202.001	Current statute requires a bank holding company to file an application with the Department of Banking for all acquisitions of Texas banks, including Texas state savings banks, which are regulated by the Department of Savings and Mortgage Lending. This creates a redundancy in which both agencies review the same proposed transaction.	Amend the Finance Code to place responsibility for review and approval of holding company transactions involving only state savings banks with the Department of Savings and Mortgage Lending.	Eliminates agency staff time required for redundant review. Additionally, entities seeking to acquire a Texas state savings bank would only be required to submit one application and pay one filing fee to obtain approval from the regulatory agency charged with overseeing it, the Department of Savings and Mortgage Lending.

SCHEDULE A: BUDGET – GOALS, OBJECTIVES AND MEASURES, STRATEGIES AND OUTPUT, EFFICIENCY AND EXPLANATORY MEASURES

BUDGET

The Department of Savings and Mortgage Lending has been a Self-Directed, Semi-Independent agency since 2009 and does not have a bill pattern in the General Appropriations Act. The Department, which is self-funding and self-leveling, is responsible for all costs as no resources are appropriated from General Revenue. All revenues for operations are derived from fees and assessments paid by the regulated entities. The revenues are deposited into its account at the Texas Treasury Safekeeping Trust Company and not included in the General Revenue Fund.

The Department develops a budget annually that is evaluated and reviewed by the Finance Commission. The budgeting process typically begins in the last quarter of the fiscal year with the proposed budget being developed and then presented at a public hearing. The final budget is presented to the Finance Commission at its regular scheduled August meeting for final decision. The Finance Commission must approve a budget before any expenditure can be made.

GOALS, OBJECTIVES AND MEASURES, STRATEGIES AND OUTPUT, EFFICIENCY AND EXPLANATORY MEASURES

GOAL: THRIFT SAFETY AND SOUNDNESS

Effectively and efficiently enforce safety and soundness standards in the state chartered thrift industry and compliance with the Texas Finance Code in a manner that is constructive and maintains the interest of depositors, creditors, and borrowers of savings institutions as paramount. [Texas Finance Code Subtitle B, Savings and Loan Associations and Subtitle C, Savings Banks]

OBJECTIVE: SAFETY AND SOUNDNESS

To examine, monitor, and enforce the safe and sound operations of state chartered savings institutions and their compliance with applicable state and federal statutes and regulations by ensuring that:

- 100% of savings institutions receive a quality examination within the required timeframes;
- 100% of problem institutions have the appropriate supervisory action(s) in place; and
- 100% of applications receive final action within the statutory timeframe.

OUTCOME MEASURES

- Percent of state chartered savings institutions receiving examinations within the required timeframes
- Percent of safe and sound institutions to total savings institutions
- Percent of assets in safe and sound savings institutions
- Percent of applications receiving final action within statutory timeframes

STRATEGY: THRIFT EXAMINATION AND SUPERVISION

Perform full and limited scope examinations and participate with federal regulators in examinations within required timeframes; monitor and enforce the safe and sound operations of state chartered savings institutions and their compliance with applicable laws and regulations.

OUTPUT MEASURES

- Number of examinations performed
- Number of detected instances of activity in unauthorized or prohibited areas
- Number of formal and informal regulatory actions
- Number of applications processed

EFFICIENCY MEASURES

- Assets examined per examiner day
- Average time (business days) to complete analysis of quarterly financial data
- Average time (business days) between identification of a problem and initiation of regulatory action

EXPLANATORY MEASURES

- Number of state chartered savings institutions
- Dollar amount of assets under regulation (in billions)

GOAL: MORTGAGE REGULATION

Protect Texas homebuyers through fair and effective regulation of mortgage originating entities, individuals, and mortgage servicers. [Texas Finance Code, Subtitle E, Chapter 156 Residential Mortgage Loan Companies, Chapter 157 Mortgage Bankers and Residential Mortgage Loan Originators, and Chapter 158, Residential Mortgage Loan Servicers]

OBJECTIVE: RESIDENTIAL MORTGAGE LOAN ORIGINATOR REGULATION

Ensure timely and efficient licensing, registration, and examination of mortgage originators through fair, responsible, comprehensive regulation and enforce regulatory requirements.

OUTCOME MEASURES

- Percent of licensees receiving satisfactory levels of compliance through examinations

STRATEGY: MORTGAGE LICENSING AND EXAMINATION

Process, investigate, and take appropriate final action on mortgage license applications and registrations, both entities and individuals; and enforce compliance with licensing standards of conduct.

Ensure effective and efficient examination of mortgage licensees and registrants through fair, responsible, and comprehensive investigation; and enforcement of regulatory requirements regarding procedures and standards of conduct.

OUTPUT MEASURES

- Number of applications processed
- Number of licensees examined

EFFICIENCY MEASURES

- Average cost per application processed

EXPLANATORY MEASURES

- Total number of licensees in an approved status

GOAL: CONSUMER RESPONSIVENESS

Ensure responsiveness to inquiries, requests, and complaints from citizens, industry, public officials, and other state and federal governmental entities. [Texas Finance Code, Chapter 13 Savings and Loan Department, §13.011; Chapter 156 Residential Mortgage Loan Companies, §156.301(b); Chapter 157 Mortgage Bankers and Residential Mortgage Loan Originators, §157.0022 and §157.021; and Chapter 158, Residential Mortgage Loan Servicers, §158.102]

OBJECTIVE: COMPLAINTS AND INQUIRIES

Ensure that consumer complaints, requests, and inquiries are timely and efficiently resolved.

OUTCOME MEASURES

- Percent of complaints answered within ten business days of receipt of complete information

STRATEGY: COMPLAINT AND INQUIRY PROCESS

Provide a forum for registering complaints, responding to requests and inquiries and taking appropriate action when warranted. Respond appropriately to requests or inquiries to obtain information regarding financial institutions and mortgage originators giving particular priority to requests from state and federal agencies conducting civil and criminal investigations.

OUTPUT MEASURES

- Number of consumer complaints completed
- Number of informational inquiries and requests completed (phone/written)

EFFICIENCY MEASURES

- Average cost per consumer complaint completed

SCHEDULE B: LIST OF MEASURE DEFINITIONS

Agency:	Department of Savings and Mortgage Lending
Goal:	Thrift Safety and Soundness
Objective:	To examine, monitor, and enforce the safe and sound operations of state chartered savings institutions and their compliance with applicable state and federal statutes and regulations by ensuring that: <ul style="list-style-type: none">• 100% of savings institutions receive a quality examination within the required timeframes;• 100% of problem institutions have the appropriate supervisory action(s) in place; and• 100% of applications receive final action within the statutory timeframe.
Strategy:	Perform full and limited scope examinations and participate with federal regulators in examinations within required timeframes; monitor and enforce the safe and sound operations of state chartered savings institutions and their compliance with applicable laws and regulations.

Outcome Measure: Percent of state chartered savings institutions receiving examination within the required timeframes.

Definition

The percentage of savings institutions receiving timely examination within the required timeframes.

Purpose/Importance

The Department's primary mission with respect to state chartered thrifts is to ensure that all state savings institutions are operated in a safe and sound manner and in compliance with applicable statutes and rules. To accomplish this mission each institution must be regularly examined based on an assessment of risk. Material failure to achieve this measure could result in an unsafe and unsound thrift industry in Texas.

Source/Collection of Data

An examination tracking log of all examinations performed by the Department as well as by federal regulators is maintained by Department staff. The tracking log is maintained by the following Priority Schedule: Institutions \$500 million in asset size or more rated composite CAMELS 1 or 2, are examined every 12 months. Institutions less than \$500 million in asset size, rated composite CAMELS 1 or 2, are examined every 18 months IF they are well capitalized, well managed and free from any formal enforcement action. Institutions with less than \$500 million, CAMELS 1 or 2 rated with a 3 rated management or subject to formal enforcement action, are examined every 12 months. Institutions of any asset size with CAMELS rating of 3, 4, or 5 are required to have a full scope examination annually with a visitation in the interim, six months after completion and submission of the results of the full scope examination. The visitation examination should be of sufficient scope to address regulatory concerns.

Method of Calculation

The cumulative number of state chartered saving institutions due for examination according to the examination priority schedule and examined by the Department, FDIC, or Federal Reserve Bank over the twelve month period preceding the reporting cut-off, divided by the number of savings institutions required to be examined under the Department’s priority schedule for the reporting period. The measurement date for timeliness of examinations begins on the transmittal date of the Report of Examination to the institution.

Data Limitations

None

Calculation Type

Non-Cumulative

New Measure

No

Target Attainment

Higher than target

Outcome Measure: Percent of safe and sound institutions to total savings institutions.

Definition

The percentage of savings institutions determined to be operating in a safe and sound manner as a result of an on-site examination. A safe and sound institution is defined as any institution with a CAMELS rating of 1 or 2.

Purpose/Importance

The measure provides a comprehensive indication of the health of the state chartered industry as determined by examination results. The higher the percent, the healthier the industry, and by deduction the more effective the Department’s regulation has been.

Source/Collection of Data

Department staff maintains information on each institution under the Department’s jurisdiction including their financial institution rating under the CAMELS system of their last examination and reports the results in the quarterly Financial Monitoring Report.

Method of Calculation

The number of safe and sound institutions is divided by the total number of state chartered institutions regulated as reported in the quarterly Early Detection Model.

Data Limitations

The primary limitation of this measure as a tool to evaluate the Department’s effectiveness is that it can be impacted as much by economic conditions as Department regulation.

Calculation Type

Non-Cumulative

New Measure

No

Target Attainment

Higher than target

Outcome Measure: Percent of assets in safe and sound savings institutions.

Definition

The percentage of the state chartered thrift industry's total assets in savings institutions determined to be operating in a safe and sound manner as a result of an on-site examination. A safe and sound institution is defined as any institution with a CAMELS rating of 1 or 2.

Purpose/Importance

The measure provides a comprehensive indication of the health of the state chartered industry as determined by examination results. The higher the percent, the healthier the industry, and by deduction the more effective the Department's regulation has been.

Source/Collection of Data

Department staff maintains information on each institution under the Department's jurisdiction including their financial institution rating under the CAMELS system of their last examination and reports the results in the quarterly Financial Monitoring Report.

Method of Calculation

The total assets of safe and sound institutions divided by the total state chartered assets regulated as reported in the quarterly Early Detection Model.

Data Limitations

The primary limitation of this measure as a tool to evaluate the Department's effectiveness is that it can be impacted as much by economic conditions as Department regulation.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Higher than target

Outcome Measure: Percent of applications receiving final action within statutory timeframes.

Definition

Percentage of savings institutions applications receiving final action within the following statutorily defined timeframes or, where no statutory timeframe exists, within the Department's goal for that type of application:

60 calendar days after application is complete and hearing held: new charter, branch office, mobile facility, reorganization, merger, consolidation, change of control, change of name, and change of location.

30 calendar days after application is complete: investment in subsidiary.

Purpose/Importance

The measure is a strong indicator of whether the Department is processing applications in a timely manner and informing the applicant of the evaluation and conclusion in a reasonable time.

Source/Collection of Data

For all application activity, Department staff maintains a log showing date application received, date application deemed complete, date of hearing and final determination by the Commissioner. These dates will be supported by letters to the applicants and, when applicable, hearing notices published in the *Texas Register*.

Method of Calculation

The application log is reviewed for the period and each application in process during the period is evaluated for compliance with statutory timeframes. Applications processed within required timeframes are divided by the total number of applications for which processing is completed during the period.

Data Limitations

None

Calculation Type

Non-Cumulative

New Measure

No

Target Attainment

Higher than target

Output Measure: Number of examinations performed

Definition

The total number of on-site independent, joint, full scope, limited scope, or special examinations of savings institutions performed during the quarter.

Purpose/Importance

The measure indicates the level of examination activity for the period reviewed as a productivity indicator and in comparison with the total number of state chartered savings institutions; it provides an indication of workload for the Department’s examination staff.

Source/Collection of Data

Department staff maintains a log tracking the status of examinations and responses (e.g. examination type, date examination began and completed, date report issued, date of response by the institution, etc.). The log serves as the basis for capturing the number of all types of examinations performed on savings institutions under the Department’s jurisdiction.

Method of Calculation

Arithmetically total the number of examinations performed.

Data Limitations

On occasion, the measure can be distorted as a result of multiple examinations of the same institution, or a large number of special examinations.

Calculation Type

Cumulative

New Measure

No

Target Attainment

Higher than target

Output Measure: Number of detected instances of activity in unauthorized or prohibited areas

Definition

The total number of instances of activity by a state savings institution in unauthorized or prohibited areas detected during the quarterly financial review of the institution's quarterly regulatory financial report.

Purpose/Importance

The Department's review of quarterly financial reports submitted by each state chartered savings institution provides a critical element in the Department's off-site monitoring between field examinations to assure safe and sound operations of the institution.

Source/Collection of Data

Department staff reviews the quarterly Call Report, or Thrift Financial Report, submitted by each state savings institution, analyzing the report for unusual activities and making inquiries to the institution's management to discuss its operations and/or obtain an explanation for anything that appears unusual, unauthorized, or prohibited.

Method of Calculation

Arithmetically total the number of instances reported based on the number of memoranda prepared.

Data Limitations

If the industry is healthy, well-managed, and operating in a compliant manner and if field examinations are effective, the number of detected instances is likely to be very low. On the other hand, poor examination quality can result in a high level of detected instances. Thus, the outcome of this measure may be counterintuitive.

Calculation Type	New Measure	Target Attainment
Cumulative	No	Lower than target

Output Measure: Number of formal and informal regulatory actions

Definition

The total of all formal and informal regulatory actions taken by the Department as a result of either a field examination or off-site monitoring to direct a state chartered savings institution, its management, or board of directors to take or cease an action.

Purpose/Importance

The Department may take formal or informal regulatory actions to remedy unsafe and unsound activities by a savings institution under its jurisdiction. Such regulatory actions are normally taken as a result of monitoring or examination findings. Formal enforcement actions include orders from the Commissioner pursuant to authority granted under the Texas Savings Bank Act or the Texas Savings and Loan Act and are legally enforceable. Examples of these include agreed memoranda of understanding, cease and desist orders, conservatorship orders, receivership orders, and removal and prohibition orders.

Source/Collection of Data

Copies of the orders and a log are maintained by Department staff and are the source of measurement for formal actions. Informal enforcement actions, usually in the form of a written directive to the institution, are maintained by Department staff to facilitate ongoing review of the institution’s compliance with the order. The log of these directives serves as the source for the number of informal enforcement actions.

Method of Calculation

Arithmetically total the number of regulatory actions taken by the Department during the reporting period, recorded in the logs maintained by the Department.

Data Limitations

The number of regulatory actions required to be taken by the Department is generally indicative of the industry’s condition and the economic environment; however, as a measure of the Department’s performance it is a poor indicator. The number of regulatory actions taken can result from proactive regulation by the Department to mitigate damage to an institution, or reactive regulation resulting from failure to intervene early enough to avoid undesirable consequences (i.e. effective field examinations and off-site monitoring will normally result in fewer regulatory actions being required).

Calculation Type	New Measure	Target Attainment
Cumulative	No	Lower than target

Output Measure: Number of applications processed.

Definition

The total number of all applications received by the Department during the reporting period; including charters for savings institution, establish additional offices, engage in a merger or acquisition transaction, or invest in a subsidiary, etc.

Purpose/Importance

The measure provides an indication of the application workload regarding savings institution corporate transactions. The measure is frequently reflective of economic expansion in the state. During more prosperous economic conditions, individuals seek to charter new institutions; and existing financial institutions establish new branch offices and engage in a greater level of merger and acquisition activities.

Source/Collection of Data

For all application activity, the Department staff maintains a log indicating the date application received, date application deemed complete, date of hearing and final determination by the Commissioner. These dates are supported by letters to the applicants and, when applicable, hearing notices published in the *Texas Register*.

Method of Calculation

Arithmetically count the number of applications processed by the Department during the reporting period as recorded in the log maintained by the Department staff. Applications received in one reporting period and completed in another are evaluated at the end of the period to determine the percentage of completion and fractionally reported based on the evaluation. When aggregated for the period, any

resulting fraction in the application total is rounded to the nearest whole application (i.e. less than 50% rounded down; 50% or more rounded up).

Data Limitations

The Department has no control over the number of applications received and processed. The measure does, however, provide a workload indicator for the Department’s savings institution application process.

Calculation Type	New Measure	Target Attainment
Cumulative	No	Higher than target

Efficiency Measure:Assets examined per examiner day

Definition

The total state chartered industry assets divided by the number of examiner days available.

Purpose/Importance

The measure compares total industry assets to the available examination staff days available to evaluate the reasonableness of the number of examiners to the size of the industry being regulated by the Department.

Source/Collection of Data

The average number of examiner FTEs is determined by Department staff from a report of staff salaries prepared from USPS reports. The total assets of state chartered savings institutions are obtained from the Early Detection Model prepared by Department staff from quarterly call reports submitted by each institution. The number of examiner days available is calculated by subtracting vacations, weekends, training days, typical number of sick days and holidays from 365 days in the year.

Method of Calculation

Total assets of state chartered savings institutions examined by the Department during the reporting period taken from the Early Detection Model and dividing the amount by the number of available examiner days, excluding absences from work due to vacation, holidays, sickness, and training.

Data Limitations

The measure must be considered along with the general supervisory condition of the state chartered industry under regulation. Significant economic downturns can adversely affect financial institutions in the state system increasing the number of examiners required to effectively regulate the industry.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Higher than target

Efficiency Measure: Average time (business days) to complete analysis of quarterly financial data

Definition

The measure calculates the number of business days required to analyze and report to the Commissioner initial quarterly financial results of saving institutions under the Department’s jurisdiction from financial reports the institutions submit.

Purpose/Importance

This is a key measure of off-site monitoring efficiency. The financial monitoring report is a significant tool for the Commissioner and staff in identifying and addressing financial operating changes in an institution between quarterly reports so that prompt, effective supervisory action can be taken when needed. The more timely the action, the greater its effectiveness.

Source/Collection of Data

Call report data serves as the basis for Early Detection Model reports. Call reports are required to be sent to the Department within 30 calendar days of quarter end. Department staff maintains a log of call reports received. Final Early Detection Model reports cannot be produced until all call reports are received.

Method of Calculation

Financial monitoring system reports are available within a few days after receipt of the last call report as shown in the data entry log. That date is used as the starting point for purposes of this measure. The date that the first complete Early Detection Model is delivered to the Commissioner marks the end date. The elapsed business days between the two dates is the measure of performance.

Data Limitations

None

Calculation Type

Non-Cumulative

New Measure

No

Target Attainment

Lower than target

Efficiency Measure: Average time (business days) between identification of a problem and initiation of regulatory action

Definition

The average number of business days it takes the Department to take regulatory action after identifying a problem in a savings institution under its jurisdiction.

Purpose/Importance

The measure identifies how promptly the Department responds to an identified regulatory problem. It is presumed that prompt regulatory action to correct problems will generally mitigate any damage caused to the savings institution.

Source/Collection of Data

Supervisory or regulatory problems are normally identified as a result of field examination or analysis of quarterly financial information submitted by savings institutions. A problem is considered anything that results in a formal or informal regulatory action by the Department. Enforcement actions are monitored and logged

by Department staff. Typically, a problem is identified by memorandum or in an examination report. Before a regulatory action can be taken, the Department must ensure that all facts relevant to the problem are investigated and understood; therefore, for problems identified in connection with an examination issuance of the final examination report begins the period for resolution. The Department must also consult with the FDIC or Federal Reserve Bank, because informal actions are handled jointly, with formal actions issued by one or the other, with concurrence. Therefore, the timing on this measure may be affected by the drafting and review by the FDIC or Federal Reserve Bank.

Method of Calculation

The date of receipt of an examination report in the Austin office, or date of supervisory memorandum resulting from completion of an investigation begins the measurement period while the date of initiation of regulatory action marks the end of the measurement period.

Data Limitations

Supervisory problems cover a wide range of possible activities and levels of complexity. Identification of the full extent of a supervisory problem may take a period of several weeks or months of investigation once a preliminary indication has surfaced.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Lower than target

Explanatory Measure: Number of state chartered savings institutions

Definition

The total number of savings institutions chartered by the state under the Department’s jurisdiction.

Purpose/Importance

The measure indicates the number of savings institutions under the Department’s jurisdiction, providing a major indicator for evaluating the Department’s level of activity in all strategies and other measures related to savings institution regulation (i.e. the number of examinations, applications, and consumer complaints correlate in whole or in part to the number of institutions).

Source/Collection of Data

Department staff maintains information on each institution under the Department’s jurisdiction and report that information in the quarterly Early Detection Model. The Early Detection Model provides information on the number of institutions and aggregate assets and is updated on a calendar quarter basis.

Method of Calculation

Arithmetically count the number of state chartered savings institutions.

Data Limitations	Calculation Type
None	Non-Cumulative

New Measure
No

Target Attainment
Higher than target

Explanatory Measure: Dollar amount of assets under regulation (in billions)

Definition

The measure provides information on the aggregate total assets of savings institutions chartered by the state under the Department's jurisdiction.

Purpose/Importance

The measure provides the aggregate assets of the state thrift system subject to the Department's jurisdiction and influence. The measure also serves as an indicator of the appropriateness for the amount of the state resources dedicated to supervising and regulating the industry.

Source/Collection of Data

Department staff maintains information on each institution under the Department's jurisdiction and reports that information in the quarterly Early Detection Model. The Early Detection Model provides information on the number of institutions and aggregate assets and is updated on a calendar quarter basis.

Method of Calculation

Arithmetically count the total assets of state savings institutions.

Data Limitations

None

Calculation Type

Non-Cumulative

New Measure

No

Target Attainment

Higher than target

Agency:	Department of Savings and Mortgage Lending
Goal:	Mortgage Regulation
Objective:	Ensure timely and efficient licensing, registration, and examination of mortgage originators through fair, responsible, comprehensive regulation and enforce regulatory requirements.
Strategy:	Process, investigate, and take appropriate final action on mortgage license applications and registrations, both entities and individuals; and enforce compliance with licensing standards of conduct.
	Ensure effective and efficient examination of mortgage licensees and registrants through fair, responsible, and comprehensive investigation; and enforcement of regulatory requirements regarding procedures and standards of conduct.

Outcome Measure: Percent of licensees receiving satisfactory levels of compliance through examinations

Definition

The percentage of the total number of examinations at the end of the reporting period in which satisfactory levels of compliance are achieved.

Purpose/Importance

The licensing of mortgage entities and individuals, as mortgage loan originators, helps to ensure that legal standards and compliance with statutory standards of conduct are met. This measure is important because it indicates how effectively the Department’s activities deter violations of statutes and rules.

Source/Collection of Data

Department staff maintains a database of licensees. Violations disclosed through consumer complaint investigations, hearings, and enforcement actions are entered in the database by Department staff. Staff compiles a report of all licensees who have received an examination grade of 3, 4, or 5 within the reporting period. A combined list of all approved and licensed mortgage originators with recent violations is prepared.

Method of Calculation

The total number of currently approved and licensed mortgage originators who have not incurred a violation within the current and preceding two years divided by the total number of approved and licensed mortgage originators. The numerator for this measure is calculated by subtracting the total number of licensees with violations during the three year period from the total number of licensees at the end of the reporting period. The denominator is the total number of approved and licensed mortgage originators at the end of the reporting period.

Data Limitations

The number of violations discovered and reported as part of this measure is limited by consumer awareness and the frequency that examinations are performed. Examination staffing or the decline of the number of licensees limits the frequency of examinations.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Higher than target

Output Measure: Number of applications processed

Definition

The number of application processed during the reporting period.

Purpose/Importance

The measure provides information on the extent to which the Department fulfills its statutory responsibility to license and regulate the mortgage industry.

Source/Collection of Data

The Department utilizes NMLS as the system of record. The number of applications processed during the period is determined by preparing a report from NMLS.

Method of Calculation

Arithmetically count the number of applications that have final action taken during the reporting period, regardless of when the application was originally received.

Data Limitations

The Department cannot control the number of applications received. If the number applications vary significantly, either up or down, the measure will vary in a similar manner.

Calculation Type	New Measure	Target Attainment
Cumulative	No	Higher than target

Output Measure: Number of licensees examined

Definition

The total number of mortgage loan originators included in examinations performed during the quarter.

Purpose/Importance

The measure indicates the level of examination activity for the period reviewed as a productivity indicator.

Source/Collection of Data

Department staff prepares a report tracking the status of examinations (e.g. current examination date, previous examination date, examination rating, examiner's name, and whether follow-up examination is needed). The report serves as the basis for capturing the number of mortgage loan originators examined.

Method of Calculation

Arithmetically count the number of mortgage loan originators examined.

Data Limitations

The total number of mortgage loan originators will vary between quarters depending on the size and complexity of examinations.

Calculation Type	New Measure	Target Attainment
Cumulative	No	Higher than target

Efficiency Measure: Average cost per application processed**Definition**

The measure provides the average cost of application processed by the Department.

Purpose/Importance

The measure is intended to show how cost effectively the Department processes applications.

Source/Collection of Data

Costs are obtained from financial reports prepared by the Department's accounting area. The number of applications processed is obtained from reports prepared by the licensing area.

Method of Calculation

Average cost per unit is computed by adding the total expenditures and attributable indirect costs for the licensing strategy, and dividing by the total number of applications processed to a final decision for the reporting period.

Data Limitations

The Department cannot control the number of applications received. If the number applications vary significantly, either up or down, the measure will vary in a similar manner.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Lower than target

Explanatory Measure: Total number of licensees in an approved status**Definition**

Total number of approved licensed mortgage originators (entities and individuals) at the end of the reporting period.

Purpose/Importance

The measure shows the total number of licenses in an approved status.

Source/Collection of Data

The Department utilizes NMLS as the system of record. The number of licensed in an approved status during the period is determined by preparing a report from NMLS.

Method of Calculation

Arithmetically count the number of licenses in an approved status.

Data Limitations

None

Calculation Type

Non-Cumulative

New Measure

No

Target Attainment

Higher than target

Agency:	Department of Savings and Mortgage Lending
Goal:	Consumer Responsiveness
Objective:	Ensure that consumer complaints, requests, and inquiries are timely and efficiently resolved.
Strategy:	Provide a forum for registering complaints, responding to requests and inquiries and taking appropriate action when warranted. Respond appropriately to requests or inquiries to obtain information regarding financial institutions and mortgage originators giving particular priority to requests from state and federal agencies conducting civil and criminal investigations.

Outcome Measure: Percent of complaints answered within ten business days of receipt of complete information

Definition

The measure identifies the percentage of complaints processed to completion and response within ten business days.

Purpose/Importance

The measure is an indicator of whether complaints are being investigated, researched, and addressed promptly.

Source/Collection of Data

The Department receives written and telephone complaints. Complaints are required to be in writing. Department staff maintains a log recording the date that the complaint was received, the date that all necessary information was received from which to make a determination (which is the start of the measurement period), and the date of the letter advising the person registering the complaint as to the Department’s final determination (which is the end of the measurement period).

Method of Calculation

An arithmetic calculation is made of the number of days between the date the complaint investigation is completed or submitted to prepare an enforcement action and the date of the letter or call made to the complainant providing final determination of the matter. The number of business days so determined is compared with the ten business day goal. The year to date number of complaints, receiving a final determination letter or telephone call within ten days divided by the number of complaints received year to date is the basis of calculating the measure.

Data Limitations

Complaints in particular can require significant investigation of as much as thirty days or more; therefore, the counting period for evaluating prompt response cannot begin until all facts have been obtained from both the individual complaining and the party who was complained against. Thus a complainant can view the period as too long, even though the complaint was investigated efficiently and appropriately.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Higher than target

Output Measure: Number of consumer complaints completed

Definition

The number of consumer complaints against regulated entities for which all information is obtained, the investigation completed and a written response completed to the complainant.

Purpose/Importance

The measure provides an indication of the workload volume of consumer complaints received, processed and completed by the Department. The measure also provides an indication of whether these regulated entities are satisfying consumers, or not, based on the relative complaint volume between periods.

Source/Collection of Data

A document is completed by the individual receiving the complaint indicating the substance of the complaint, whether written or by telephone, and its resolution. A log of these documents is maintained by Department staff who record the date the complaint was received. The log is the source for determining the number of complaints processed by the Department.

Method of Calculation

Arithmetically count the number of complaints received against regulated entities that were completed during the reporting period.

Data Limitations

The measure can be useful as a measure of activity, but is not indicative of how well the Department is performing because the Department has no control over the number of complaints received.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Higher than target

Output Measure: Number of informational inquiries and requests completed (phone/written)

Definition

The measure is a count of the total inquiries and requests received by the Department by telephone, letter, or e-mail.

Purpose/Importance

The measure provides an indication of workload. The measure may also indicate trends in customer satisfaction or confusion regarding industry changes or products, based on the relative volume of inquiries between periods or inquiry topics.

Source/Collection of Data

A log of general inquiries and requests is the source for the number of inquiries and requests processed. An inquiry may be regarding statutes or regulations, status of mortgage license applications, information regarding the corporate history or regulatory disposition of an institution, or a complaint regarding federal savings associations, banks, credit unions, or appraisers that must be referred to other jurisdictions.

Method of Calculation

The measure provides an indication of the workload volume of consumer inquiries and requests received, processed and completed by the Department. The measure also provides an indication of whether these regulated entities are satisfying consumers, or not, based on the relative inquiries and requests volume between periods.

Data Limitations

The measure can be useful as a measure of activity, but is not indicative of how well the Department is performing because the Department has no control over the number of inquiries and request received.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Higher than target

Efficiency Measure: Average cost per consumer complaint completed**Definition**

The measure provides the average cost to process a consumer complaint to completion.

Purpose/Importance

The measure is intended to show how cost effectively the Department processes consumer complaints.

Source/Collection of Data

Costs are obtained from financial reports prepared by the Department's accounting section. The number of consumer complaints processed is obtained from reports prepared by the consumer complaint area.

Method of Calculation

Average cost per unit is computed by adding the total expenditures and attributable indirect costs for the consumer complaints strategy, and dividing by the total number of consumer complaints processed to a final decision for the reporting period.

Data Limitations

The number of complaints received is outside of the Department's control; therefore, the number of complaints processed can vary significantly from one period to another. Significant swings in number of complaints received can impact significantly both projections and allocation of staff resources to the detriment of this measure and beyond the Department's control.

Calculation Type	New Measure	Target Attainment
Non-Cumulative	No	Lower than target

SCHEDULE C: HISTORICALLY UNDERUTILIZED BUSINESSES PLAN FY2017-FY2021

It is the Department's goal to support Historically Underutilized Businesses establish and implement policies governing purchasing and public works contracting that foster meaningful and substantive inclusion of historically underutilized businesses ("HUBs"). [1 TAC §§111.11-111.23]

The Department supports efforts by state leadership in their policy directing state agencies to utilize HUBs when awarding state contracts. While the Department issues only a few contracts, we will continue our concerted effort to maximize such utilization.

HUB_CONSOLIDATION_AGENCY_RPT

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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450 CONSOLIDATED REPORT FOR
TX DEPT OF SAVINGS AND MTG LENDING

13-Oct-2015

PROCUREMENT CATEGORY	TOTAL EXPENDITURES	TOTAL \$/% SPENT WITH NON HUBS	TOTAL \$/% SPENT WITH HUBS	ANNUAL PROCUREMENT GOAL %
HEAVY CONSTRUCTION	\$00	\$00 / 0.00%	\$00 / 0.00%	11.20%
BUILDING	\$00	\$00 / 0.00%	\$00 / 0.00%	21.10%
SPECIAL TRADE	\$794	\$794 / 100.00%	\$00 / 0.00%	32.90%
PROFESSIONAL	\$12,740	\$00 / 0.00%	\$12,740 / 100.00%	23.70%
OTHER SERVICES	\$97,313	\$69,361 / 71.28%	\$27,952 / 28.72%	26.00%
COMMODITY PURCHASING	\$31,177	\$13,072 / 41.93%	\$18,104 / 58.07%	21.10%
	<u>\$142,024</u>	<u>\$83,228 / 58.60%</u>	<u>\$58,796 / 41.40%</u>	

CONSOLIDATED REPORT FOR
THE STATE OF TEXAS

HEAVY CONSTRUCTION	\$5,279,525,567	\$5,143,699,276 / 97.43%	\$266,333,119 / 5.04%	11.20%
BUILDING	\$1,703,623,997	\$1,659,458,402 / 97.41%	\$275,454,333 / 16.17%	21.10%
SPECIAL TRADE	\$645,612,438	\$341,210,924 / 52.88%	\$162,962,501 / 25.24%	32.90%
PROFESSIONAL	\$725,661,908	\$649,825,679 / 89.53%	\$215,269,331 / 29.67%	23.70%
OTHER SERVICES	\$4,187,585,949	\$3,779,310,526 / 90.23%	\$606,572,260 / 14.49%	26.00%
COMMODITY PURCHASING	\$4,419,922,326	\$3,944,722,465 / 89.25%	\$502,959,164 / 11.38%	21.10%
	<u>\$16,961,932,186</u>	<u>\$15,718,227,275 / 92.67%</u>	<u>\$2,029,550,710 / 11.97%</u>	

450 ** ANALYSIS OF AWARDS FOR
TX DEPT OF SAVINGS AND MTG LENDING

CERTIFIED HUB GROUP FOR HUB CREDIT	TOTAL # AND % OF HUB VIDS RECEIVING AWARDS	TOTAL DOLLAR AMOUNT AND % AWARDED TO HUBS
ASIAN PACIFIC	1 / 14.29%	\$16,221 / 27.59%
BLACK	1 / 14.29%	\$4,107 / 6.99%
HISPANIC	2 / 28.57%	\$13,052 / 22.20%
NATIVE AMERICAN	0 / 0.00%	\$00 / 0.00%
SERVICE-DISABLED VETERAN	0 / 0.00%	\$00 / 0.00%
WOMAN	3 / 42.86%	\$25,416 / 43.23%
TOTAL	<u>7 / 100.00%</u>	<u>\$58,796 / 100.00%</u>

** ANALYSIS OF AWARDS FOR
THE STATE OF TEXAS

CERTIFIED HUB GROUP	# OF VIDS ELIGIBLE FOR HUB CREDIT, %	# OF MALES, %	# OF FEMALES, %	TOTAL # AND % OF HUB VIDS RECEIVING AWARDS	TOTAL DOLLAR AMOUNT AND % AWARDED TO HUBS
ASIAN PACIFIC	1194 / 7.45%	777 / 11.68%	417 / 4.45%	303 / 7.05%	\$250,991,956 / 12.37%
BLACK	3282 / 20.48%	2004 / 30.14%	1278 / 13.63%	404 / 9.40%	\$217,494,744 / 10.72%
HISPANIC	4995 / 31.16%	3580 / 53.83%	1415 / 15.09%	1326 / 30.87%	\$517,062,956 / 25.48%
NATIVE AMERICAN	330 / 2.06%	228 / 3.43%	102 / 1.09%	90 / 2.09%	\$25,542,801 / 1.26%
SERVICE-DISABLED VETERAN	61 / 0.38%	61 / 0.92%	0 / 0.00%	20 / 0.47%	\$2,347,084 / 0.12%
WOMEN	6166 / 38.47%	0 / 0.00%	6166 / 65.75%	2153 / 50.12%	\$1,016,111,167 / 50.07%
TOTAL	<u>16028 / 100.00%</u>	<u>6650 / 100.00%</u>	<u>9378 / 100.00%</u>	<u>4296 / 100.00%</u>	<u>\$2,029,550,710 / 100.00%</u>

** THE ANALYSIS IS BASED ON THE TOTAL # OF VENDOR ID NUMBERS THAT WERE ELIGIBLE TO RECEIVE HUB CREDIT. TOTAL # OF CERTIFIED HUBS FOR THE PERIOD OF FY2015 IS 15924.

SUCH AS, 1194 (7.45%) OF VID NUMBERS ELIGIBLE TO RECEIVE HUB CREDIT WERE ASIAN PACIFIC OWNED BUSINESSES, 777 (11.68%) WERE ASIAN PACIFIC MALE OWNED BUSINESSES AND 417 (4.45%) WERE ASIAN PACIFIC FEMALE OWNED BUSINESSES. 303 (7.05%) AWARDS WERE MADE TO ASIAN PACIFIC OWNED BUSINESSES, TOTALING \$250,991,956.00 (12.37%) OF THE TOTAL DOLLARS AWARDED TO HUBS.

SCHEDULE F: WORKFORCE PLAN FY2017-FY2021

I. DEPARTMENT OVERVIEW

The Department of Savings and Mortgage Lending has two key areas of regulatory responsibility: the chartering, regulation and supervision of the state's thrift industry; and the licensing/registration and regulation of the state's mortgage industry. These two areas of responsibility cover the vast majority of residential mortgage lending in Texas.

A. DEPARTMENT MISSION

The mission of the Department of Savings and Mortgage Lending is to supervise and regulate the residential mortgage lending and state savings industries in order to protect Texans, provide a healthy residential mortgage lending environment, and maintain safe and sound savings banks and savings associations.

GOVERNING LEGISLATION

Article 16, Section 16(a) of the Texas Constitution of 1876 provides that, "The Legislature shall by general law, authorize the incorporation of state banks and savings and loan associations, and shall provide a system of State supervision, regulation and control of such bodies which will adequately protect and secure the depositors and creditors thereof."

The 58th and 73rd Legislatures, respectively, enacted the Texas Savings and Loan Act (Subtitle B. Savings and Loan Associations) and the Texas Savings Bank Act (Subtitle C. Savings Banks, Finance Code, Vernon's Texas Codes Annotated) for the chartering, regulation, examination and supervision of state chartered savings banks and savings and loan associations and enforcement of these statutes.

The 76th Legislature enacted the Mortgage Broker License Act (Subtitle E. Other Financial Businesses, Chapter 156) for licensing and regulation of first lien residential mortgage brokers and loan officers doing business in Texas. The statute, as amended by the 80th Legislature, applies to all residential mortgages regardless of lien position. The statute prescribes requirements for licensing and inspecting licensees, and processing consumer complaints.

The 78th Legislature enacted the Mortgage Banker Registration Act (Subtitle E. Other Financial Businesses, Chapter 157) for registering mortgage bankers conducting business in Texas and providing their borrowers with notice of the process for filing consumer complaints.

The 81st Legislature enacted the Texas SAFE Act and other significant modifications to Chapters 156 and 157. Compliance with the federal mandates addressed by this legislation expanded the field of individuals subject to residential mortgage licensing by eliminating the de minimus level of originations, and eliminating the exemptions for individuals employed by mortgage bankers under Chapter 157, governmental entities, independent third party processors and underwriters. A final determination by the Consumer Financial Protection Bureau (CFPB) for determining the compliance of the Texas SAFE Act has been postponed to no earlier than December 31, 2012.

The 82nd Legislature enacted Senate Bill 17 creating Chapter 158 calling for the registration of non-depository third party residential mortgage loan servicers. This legislation resulted from an increasing level of concerns over mortgage servicing complaints and issues with foreclosure around the country. The statute authorizes the Department to require registrants to carry a bond

or equivalent, notify serviced clients of their ability to file a complaint and to investigate any such complaints. The Department is not authorized to initiate examinations of servicing registrants but may participate in multistate examinations.

C. STRATEGIC STRUCTURE

GOAL A: THRIFT SAFETY AND SOUNDNESS. Effectively and efficiently enforce safety and soundness standards in the state chartered thrift industry and compliance with the Texas Finance Code in a manner that is constructive and maintains the interest of depositors, creditors, and borrowers of savings institutions as paramount. [Texas Finance Code Subtitle B, Savings and Loan Associations and Subtitle C, Savings Banks]

STRATEGY A-1-1. THRIFT EXAMINATION AND SUPERVISION. Perform full and limited scope examinations and participate with federal regulators in examinations according to the priority examination schedule; monitor and enforce the safe and sound operations of state chartered savings institutions and their compliance with applicable laws and regulations.

GOAL B: MORTGAGE REGULATION. Protect Texas homebuyers through fair and effective regulation of mortgage originating entities, individuals, and mortgage servicers. [Texas Finance Code, Subtitle E, Chapter 156 Residential Mortgage Loan Companies, Chapter 157 Mortgage Bankers and Residential Mortgage Loan Originators, and Chapter 158, Residential Mortgage Loan Servicers]

STRATEGY B-1-1. MORTGAGE INDUSTRY LICENSING. Process, investigate and evaluate mortgage originator license applications and registrations of entities and individuals; enforce compliance with standards of conduct.

STRATEGY B-1-2. MORTGAGE INDUSTRY EXAMINATION. Ensure effective and efficient examination of mortgage originators through fair, responsible, and comprehensive investigation and enforcement of regulatory requirements regarding procedures and standards of conduct.

GOAL C: CONSUMER RESPONSIVENESS. Ensure responsiveness to inquiries, requests, and complaints from citizens, industry, public officials, and other state and federal governmental entities. [Texas Finance Code, Chapter 13 Savings and Loan Department, §13.011; Chapter 156 Residential Mortgage Loan Companies, §156.301(b); Chapter 157 Mortgage Bankers and Residential Mortgage Loan Originators, §157.0022 and §157.021; and Chapter 158, Residential Mortgage Loan Servicers, §158.102]

STRATEGY C-1-1. COMPLAINT AND INQUIRY PROCESS. Provide a forum for registering complaints, responding to requests and inquiries and taking appropriate action when warranted. Respond appropriately to requests or inquiries to obtain information regarding financial institutions and mortgage originators, giving particular priority to requests from state and federal agencies conducting civil and criminal investigation.

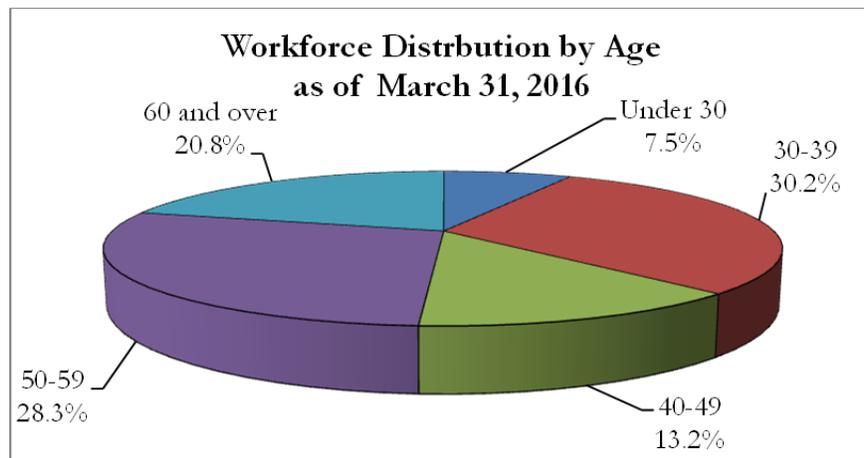
II. DEPARTMENT DEMOGRAPHICS

A. COMPOSITION OF DEPARTMENT STAFF

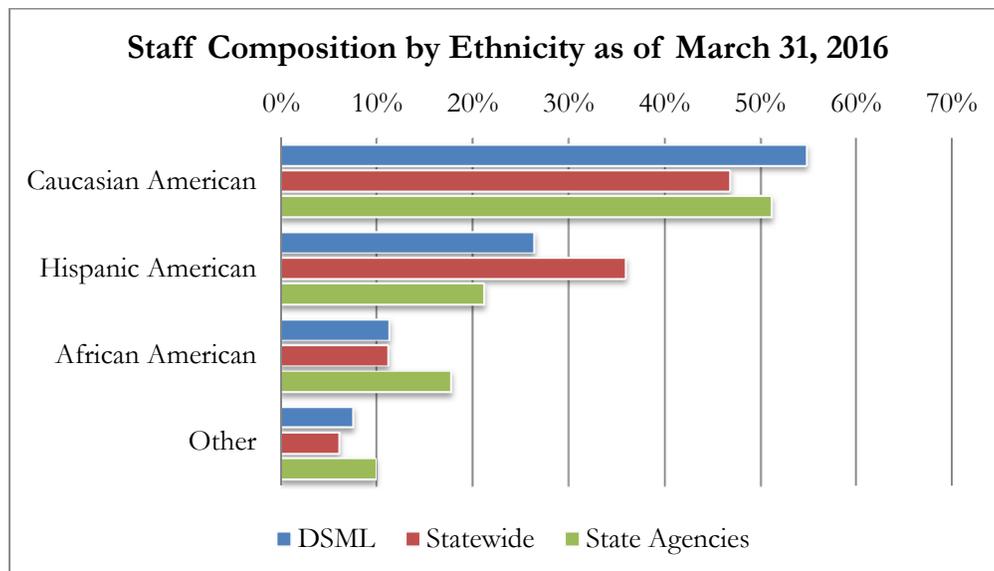
The current workforce of 53 employees is comprised of 32 females (60.4%) and 21 males (39.6%). Eleven employees (18.6%) are over age 59, fifteen (28.3%) are in their 50s, seven (13.2%) are in their 40s, and the average age has remained 47 years in fiscal year 2016. The Department faces a massive departure of knowledge in the next ten years.

The employees' length of agency service distribution has shifted due to retirements and other departures. As a result 26% (up from 7% in fiscal year 2014) of employees have less than two years of agency service, and 68% (down from 73% two years ago) now have more than five years of service.

The chart below shows the Department staff composition by age as of March 31, 2016.



The following chart compares the agency staff composition by ethnicity as of March 31, 2016 to the statewide and state agencies workforce composition as reported by the Civil Rights Division of the Texas Workforce Commission in January 2015.



B. EMPLOYEE TURNOVER

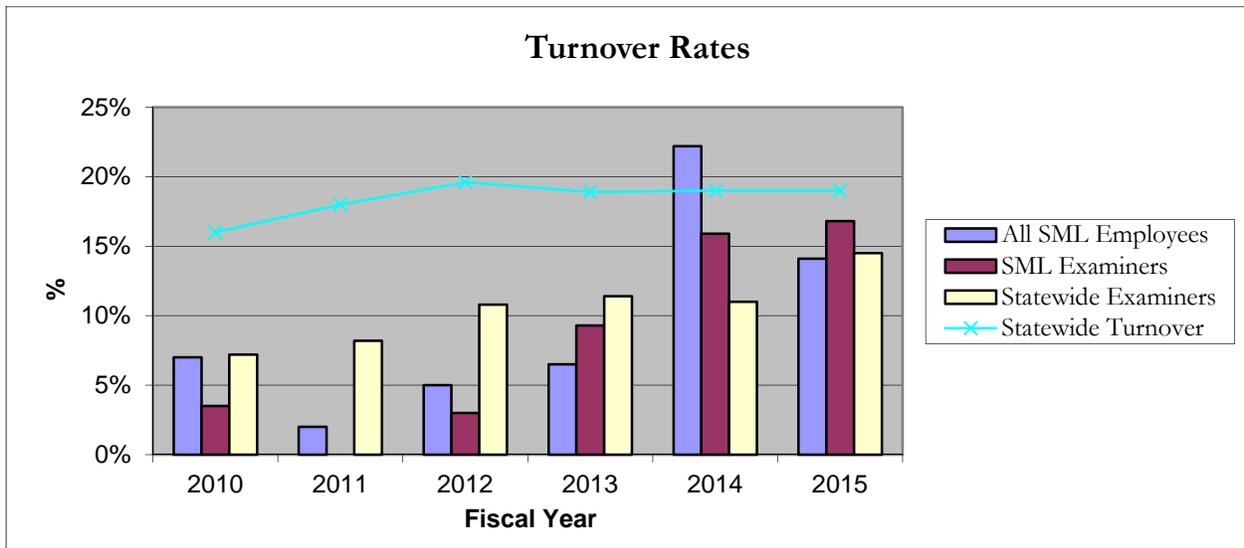
Turnover challenges every employer, impacting recruitment, selection and training, and diminishing productivity, experience and talent. Over the years the Department has developed and adjusted its processes, training schemes, internal documentation, in order to shorten the learning curve and facilitate new employees' immersion into the Department's functions and culture. Additional efforts at employee satisfaction and culture change include expanded flex hour schedules, relaxed dress code, and implementation of the Governor's fitness program. The Department continues to search for tools and mechanisms to combat turnover in all groups of employees and to keep the levels of employee satisfaction high.

Financial examiner turnover has been of a significant concern as they perform one of the essential functions of the Department. Well-trained financial examiners are widely sought after by state regulatory agency, federal counterparts, and private sector. The issue has been analyzed and addressed continuously and as a result, the financial examiner turnover has decreased from 28% in fiscal year 2005 to 0% in fiscal year 2011.

Retirements and other separations caused an increase in financial examiner turnover over the last several years from 3% in 2012 to 17% in 2015, which is comparable to the 15% of statewide financial examiners' turnover rates.

Overall, the Department turnover has been consistently lower than the statewide employee turnover, except in 2014, when due to multiple retirements the Department turnover reached 22% compared to 19% statewide.

The graph below compares Department turnover to statewide turnover for fiscal years 2010-2015, as well as the financial examiner turnover to statewide financial examiner turnover. Interagency transfers are included even though the employee stayed within the state system.



Fiscal Years 2014-15 Turnover by Length of Service

The Department lost fourteen employees during fiscal year 2014 and eight in fiscal year 2015. Employees with less than five years of experience accounted for 60% of Department turnover - a consistent trend statewide.

Length of Service	% of SML Turnover	% of State Turnover
Less than 2 years	22.7	51.3
2-5 years	27.3	17.9
5-10 years	31.8	15.5
10-15 years	13.6	6.6
15-20 years	0.0	3.4
More than 20 years	4.5	5.2

Fiscal Years 2014-2015 Turnover by Age

Age	% of SML Turnover	% of State Turnover
Under 30 years	4.5	31.6
30-39 years	31.8	21.5
40-49 years	18.2	16.4
50-59 years	18.2	18.4
60 years and over	27.3	10.9

C. RETIREMENT ELIGIBILITY

Retirement will account for a significant number of separations over the next five years, and a critical loss of institutional knowledge and expertise in key positions. Two directors and other high level positions are currently eligible or will be eligible for retirement within five years.

As of March 31, 2016, seven employees are already eligible to retire under the age 60 and five years of service rule and four employees under the rule of 80. By the end of fiscal year 2020, six employees will become eligible for retirement under the rule of 80 or the age 65 and ten years of service, and four more will become eligible under the age 60 and five years of service. Besides the executives mentioned above, the potential retirees include an attorney, seven examiners, three investigators, and four administrative staff. These employees have extensive tenure with the Department and a wealth of institutional knowledge. The average state service of the potential retirees in their year of eligibility is 14 years. It is important to ensure that this knowledge and organizational experience is not lost.

During the last several years the Department has been focused on succession planning and has a detailed plan of action to replace the skill sets of retired employees.

III. THE DEPARTMENT'S FUTURE WORKFORCE PROFILE

A. WORKFORCE CHANGES

As programs become increasingly complex, necessitating process improvements and continued cross training, the Department increasingly relies on information technology to respond to customers, provide quality services, and conduct business, in the process becoming more dependent on Information Technology staff. Assessing the need for current technological knowledge is crucial to effective planning. The Department diligently monitors industry changes, identifies necessary adjustments, and uses its resources to implement programs for the benefit of the public. The Department is actively exploring and implementing technological initiatives, including:

- Ensuring continued connectivity to the FDIC examination reporting system;
- Enhancing the Department intranet to provide centralized, immediate access to important documents, tools, and training materials; and
- Increasing use of technology in examination and inspection activities.
- Challenges to the implementation of technological initiatives include:
 - Implementation of the National Mortgage Licensing System & Registry (NMLSR) mandated by the SAFE Act, despite its initial expense and lack of some features necessary for effective regulatory oversight including examination, complaint, and enforcement information;
 - Workforce decentralization; and
 - Loss of experienced, long tenured employees in critical positions.

As Texas population continues to diversify year, the Department must tailor programs and services for citizens who do not speak or comprehend English. Increased diversity directly affects the licensing, examination, enforcement, and complaint programs, requiring additional bilingual staff to offer services in languages other than English.

B. THE CHANGING NUMBER OF EMPLOYEES

Each of the five legislatures, prior to the self-directed, semi-independent (SDSI) status being granted to the Department, has increased the Department's regulatory authority over the mortgage industry. With the growth in this program, the Department has added additional examiners, investigators, licensing technicians, accountants, attorneys, and general administrative support staff.

In fiscal year 2009, in response to the mortgage crisis and all its economic impact on mortgage lending and regulated industries, the Department reduced the number of employees corresponding to the declining licensee population.

In fiscal years 2010 through 2014, there were minimal changes in the full-time equivalents' (FTE) count. Most program and process changes have been addressed internally by shifting employees between the different functions. Staff has remained flexible to respond to rapidly changing business needs. Employees with other primary duties currently perform budgeting and planning, purchasing and facilities management, and administrative support and human resources tasks. Investigators and mortgage loan examiners assist the Licensing division during heavy

workload periods. Thrift examiners are trained to perform mortgage loan originator examinations in order to utilize time effectively.

The examination staff has been expanded to not only meet the increased requirements for mortgage loan originator and savings and loan examinations, but also to supplement our now maturing state saving bank examination team.

In fiscal 2014 and 2015, the Department lost multiple employees due to retirements and other separations and has had difficulty filling some of the vacant positions, especially in the Austin area. The local job market has been strong and very competitive providing for high paying opportunities.

C. FUTURE WORKFORCE SKILLS NEEDED

The Department's most valuable resource is well-qualified, loyal employees, whose skills are critical to our ability to operate and successfully achieve our mission. General skills such as written and verbal communication, analytical reasoning, and interpersonal skills continue to be needed. Additionally, the following skills are necessary to enable the Department to perform its core business functions:

- Financial institution regulation and examination experience;
- In-depth knowledge of the depository financial and mortgage industries;
- Audit and investigative techniques;
- Knowledge of business, accounting, finance, economics and the law;
- Technical skills associated with new programs;
- Familiarity with regulatory processes, especially those necessitated by economic changes;
- Accounting, budgeting and strategic planning;
- Risk assessment modeling;
- Business process re-engineering, analysis and redesign;
- Negotiation and change management;
- Ability to interpret and apply relevant rules, regulations, and statutes;
- Information technology expertise;
- Customer service oriented;
- Clear, concise, and accurate report and technical writing;
- Effective written and verbal communications; and
- Bilingual abilities.

IV. GAP ANALYSIS

After analyzing the workforce needs of the Department, there appear to be two critical gaps between the Department's workforce supply and demand.

A. EMPLOYEES NEED ADDITIONAL TRAINING IN CRITICAL SKILLS

- A significant percentage of employees identified as eligible retirees are either in management positions or positions requiring extensive knowledge of a program. To ensure successful

administration of programs without interruption, these key positions have been targeted for succession planning. Currently, the Department has adequate staff count to manage its programs, successfully cross-train and transfer knowledge.

- Two of the six executive management employees will be retirement eligible within the next five years. The financial institution, mortgage industry, legislative, management, and state reporting experience imbued in these individuals will almost certainly force the Department to compete with other state and federal agencies for a dwindling pool of persons qualified to handle the agency's intricate regulatory and reporting requirements unless cross-training and exposure of current employees is accomplished. To be successful, succession planning must include exposure to these activities, and preferably for more than one employee.
- Seven examiners (50% of the current thrift examination team), including the director of thrift examinations, are currently or will be retirement eligible within five years. The remaining thrift examination staff has an average tenure of 73 months of agency service, a decrease from the 83 month average two years ago, and a direct result of retirements. The gap between employees who will soon be eligible for retirement and the tenure of remaining staff is common throughout the Department. An initiative by federal regulatory counterparts to rehire retired examiners emphasizes the importance of competitive salaries and working conditions if the Department is to attract examiners with the management and depository financial institution experience necessary to ensure a continued high level of thrift regulatory oversight. The Department's cross-over examination program, in which thrift examiners are trained for and conduct mortgage examinations and selected mortgage examiners assist with thrift examination activities, is highly successful not only to manage workload and reduce travel expense, but also in alleviating employee burnout. The Department regularly conducts joint thrift and mortgage examiner training conferences.
- Sudden shifts in licensee population and program needs require skills in managing change. Managers must be able to motivate change, choose a suitable change approach, compare change initiatives to avoid failure, and define implementation strategies to support the Department's goals. These desired skill sets must be further developed.
- The Department serves a diverse range of customers. We can best meet the needs of all customers only if we have a fully diversified and trained staff. Despite intensified effort in the hiring process, in exploring our customer base and the services they request, we expect that in the future we will not have enough employees with bilingual skills.

B. ATTRACT AND RETAIN THE RIGHT EMPLOYEES FOR THE JOB.

- The pool of qualified applicants, especially for executive management, information technology and examiner positions, is small, due in part to competition with the federal regulatory agencies' and private sector's ability to offer higher pay and greater flexibility. Alternative sources for acquiring experienced examiners have been implemented. We have signed a contract with the Conference of State Bank Supervisors to participate in a pool of experienced examiners who are available on a temporary hiring basis to meet peak times of demand.
- Extensive travel requirements negatively impact the number of applications for positions in key program areas, particularly examiner positions.

- Developing and retaining examiner staff is key to the Department's continued ability to perform its core functions. The Department has made an extensive ongoing commitment to continuing education training to staff, particularly field examiners. This investment both in time and money accentuates the loss when examiners depart after only a few years.

V. STRATEGY DEVELOPMENT

To address the gaps between the current workforce and future demands, the Department has developed the following goals for the current workforce plan.

Gap	Current employees lack critical and future workforce skills.
Goal	Further develop a competent and well-trained workforce.
Rationale	Employees are the Department's most valuable resource. Their training and development is critical to the Department's success. We continue to analyze knowledge levels and tailor training to develop competencies and prepare staff for additional responsibilities. The Department also must prioritize critical competencies to determine its ability to develop staff for anticipated vacancies.
Action Steps	<ul style="list-style-type: none"> • Identify new skill sets required as a result of vacancies or program changes and expand training opportunities accordingly. • Use in house training and mentoring programs in addition to outside training to transfer knowledge. • Expand training opportunities to include programs on management skills. • Develop future leaders by creating development paths to prepare lower-level staff to move into jobs with higher-level requirements. • Develop strategies to retain knowledge by promoting the transfer of knowledge as a Department value.

Gap	Attract and retain the right employees for the job.
Goal	Become an employer of choice among Texas agencies and federal counterparts.
Rationale	Employee retention is critical to the Department's success. Working within the Department's budget and revenue collection, we must strive to attract and retain capable employees.
Action Steps	<ul style="list-style-type: none"> • Encourage managers to recruit, select and retain quality staff. • Recruit mid-level managers from outside the Department. • Identify internal candidates with the qualifications to fill key positions and use mentoring programs to match seasoned employees with new ones. • Hold management accountable through performance evaluations for their outreach and retention efforts. • Use available mechanisms to hire employees at a compensation level adequate to attract them. • Use any mechanism available within the appropriation structure to reward employees with compensation adequate to retain them.

SCHEDULE G: REPORT ON CUSTOMER SERVICE

COMPACT WITH TEXANS

The Department's Compact with Texans and appointed customer service representative are posted on the agency website (www.sml.texas.gov), along with the agency's mortgage hotline number (877) 276-5550.

CUSTOMERS INCLUDED IN SURVEY

- Thrift Industry – State chartered state savings banks
- Mortgage Industry – Licensed mortgage entities and individuals
- Consumer Complainants – Consumers served through the complaint and inquiry process

DESCRIPTION OF EXTERNAL CUSTOMERS AND THE SERVICES PROVIDED TO THEM

THRIFT INDUSTRY

SAFETY AND SOUNDNESS

A safe and sound thrift system helps ensure a stable economic environment for employers and jobs for their employees, while assuring a safe place for depositors' money and available credit for small business consumers and residential financing needs. The primary customer or beneficiary of the safety and soundness is the state of Texas, its citizens, borrowers, and depositors.

EXAMINATION AND SUPERVISION

There are two direct recipients or customers of examination and supervision, the FDIC and the regulated institutions. Additionally, there are indirect recipients such as attorneys, accountants and other staff who assist in preparing thrift applications. Thrift examiners conduct examinations jointly with the FDIC. It is important that the quality of the Department examination and supervision staff, their experience, training, and technological resources ensures the agency's ability to participate fully with the FDIC on examinations and provide efficient, timely and fair evaluation of applications. The Department has successfully met this challenge as evidenced by the success of the joint thrift examination and supervisory programs. The highest expectations must be met to maintain the state's role in the dual thrift system.

Quality examinations and supervision provide management and boards of directors with an independent look at their success in complying with state and federal statutes and regulations and operating a safe and sound financial institution, ultimately benefiting the institution's customers and shareholders. Burdensome or arbitrary requests for information, improper use of authority, or inconsistently applied statutes, regulations and procedures can inconvenience, disrupt, and even damage institutions. Accordingly, chief executive officers of institutions under the Department's jurisdiction are the customer constituency surveyed to monitor the Department's performance.

MORTGAGE INDUSTRY

REGULATION

Customers of the mortgage industry include all the diverse parties that participate in any way in the residential mortgage market and the secondary market for investment in such mortgages, and

also the home-buying citizens of Texas seeking financing to buy real estate or refinance existing mortgage loans.

LICENSING AND EXAMINATIONS

Customers of the mortgage license and examination areas include the entities licensed or registered by the Department and consumers seeking mortgage financing. The customer base, home-buying citizens of Texas, is too broad to survey, so the Department focused its survey of customer satisfaction on a sampling of the licensed mortgage entities and individuals, who had recently gone through the licensing or examination process.

CONSUMER COMPLAINANTS

COMPLAINT AND INQUIRY PROCESS

The primary customers are consumers doing business with regulated entities or relying on their work. By enforcing the statutory experience and educational requirements and standards of conduct, the Department also serves mortgage bankers, lenders and investors, appraisers, title companies, surveyors, mortgage insurance companies, realtors, and federal agencies, such as Federal Housing Administration, Veterans Administration, and HUD. The customer base is too broad to survey, so the Department focused its survey on a sampling of complainants who had recently gone through the complaint process.

INFORMATION GATHERING METHODS, RESULTS AND SUMMARY ANALYSIS

The Department assesses its customer service through communication with its constituents. During the strategic planning process, the Department surveyed thrift institution CEOs, licensed mortgage entities and individuals, and persons filing complaints against regulated entities. The Department utilized an electronic survey. All responses were submitted anonymously. The data from the surveys reveals that a majority of customers are satisfied with the services the Department provides. The Department is proud of its reputation as a provider of quality regulation and service to its constituents.

The Department plans to improve the survey process by including questions that would give the costumers the opportunity to identify and suggest ways of improving our services. The Department would also consider expanding the surveyed number of customers in order to receive a better statistical representation of the customers' feedback.

One of the possible improvements that the Department has identified as a result of this assessment is to review and determine possible changes to the website that would improve our customers' experience.

THRIFT INDUSTRY

The link to the online survey was sent to twenty-seven or 100% of state chartered thrift institutions' chief executive officers and covered the full range of Department activities: examination, monitoring, enforcement and application processing. The response rate was 59%.

The state chartered thrift industry is a small population with a well-established regulatory program. Because transactions are few in number but complex, institution executives have substantial one-on-one communication with the commissioner, general counsel, examiners, and monitoring staff.

THRIFT CHIEF EXECUTIVE OFFICER SURVEY – 2016

<u>Questions</u>		<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Applicable/ No Answer</u>
Overall Department Performance						
1	Overall, I am satisfied with the effectiveness and responsiveness of the Department.	10	5	-	-	1
2	The staff is knowledgeable and able to answer my questions.	11	4	-	-	1
3	The staff is helpful, courteous, and responsive to requests.	12	3	-	-	1
4	The staff demonstrates a willingness to assist.	10	5	-	-	1
5	The staff is responsive to complaints and addresses them in a reasonable manner.	9	6	-	-	1
6	The website provides the information I need.	4	11	-	-	1
7	The website is easy to use and well organized.	4	10	1	-	1
8	The website contains clear and accurate information.	4	11	-	-	1
9	Telephones, letters and e-mails are answered within a reasonable period.	8	7	-	-	1
10	Responses to my questions or concerns meet my needs.	9	6	-	-	1
11	Information published by the Department is clear, thorough, accurate, and understandable.	6	9	-	-	1
12	Published materials, primarily bulletins and newsletters, meet my institution's needs.	9	9	-	-	1
Overall Composite Results		49.2%	44.1%	0.5%	0.0%	6.2%

Questions	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Applicable/ No Answer</u>	
Examination and Supervision:						
13	The scope and goals for each examination are clearly communicated to management prior to the start of the examination.	9	5	1	-	1
14	Examiner requests for information are timely and reasonable.	7	7	1	-	1
15	Examiners conduct themselves professionally.	8	7	-	-	1
16	Examiner communication with management during the examination meets my needs.	7	8	-	-	1
17	Examiners are informed on current industry issues, adequately trained, and qualified.	8	6	1	-	1
18	Examiner findings and concerns are clearly communicated at exit meetings.	9	6	-	-	1
19	Examiner conclusions are well-supported.	6	8	1	-	1
20	Examiner recommendations are clear and reasonable in the circumstances.	5	8	2	-	1
21	Examination time frames are reasonable.	5	9	1	-	1
22	Reports of examination are consistent with findings discussed at exit meetings.	6	9	-	-	1
23	Reports of examination are received timely.	6	9	-	-	1
24	Supervisory action and correspondence is consistent with examination findings.	6	9	-	-	1
Examination & Supervision Composite Results		42.7%	47.4%	3.6%	0.0%	6.3%
Corporate Activities						
25	Correspondence with the Department regarding routine business matters is handled promptly and effectively.	7	8	-	-	1
26	Responses to my questions or requests for interpretation (written or verbal) of applicable statutes and regulations are timely and can be relied upon to be accurate.	6	9	-	-	1
27	My calls, e-mails, or letters are routed to the appropriate person.	7	8	-	-	1
28	If you have filed an application or requested supervisory approval for matters subject to regulatory discretion, answer the following:					
	a. The staff was accessible and provided helpful assistance in complying with requirements.	5	4	-	-	4
	b. Responses to my inquiries were timely, appropriate, and helpful.	5	4	-	-	4
	c. The process was efficient and professional.	5	4	-	-	4
	d. Requests for additional information are reasonable and appropriate.	5	4	-	-	4
Corporate Activities Composite Results		40.0%	41.0%	0.0%	0.0%	19.0%

Comments:

I enjoy working with the TDSML and believe they do a fine job. They are a good counterbalance to the sometimes (often) overbearing federal (FDIC) regulators. The TDSML does a good job of understanding the local banking markets in Texas.

The negative comments about examinations refer the examination information process. Exam items by the State are always late and do not allow sufficient time to complete those items requested. In addition, the amount of information requested is excessive.

We view the TDSML as a resource that we can't count on in a very timely, accurate, and professional manner. The TDSML staff is always very responsive to address any questions or concerns that we may have.

Department staff are extremely professional and responsive.

I absolutely think the TDSML and staff have been instrumental in the success of our bank. They are not afraid to have a relationship with the bank while maintaining their independence and professionalism. They are not afraid to call it like it is, good or bad. I have the utmost respect for everyone at the TDSML. They are a tremendous regulatory choice for banks in Texas and take great pride in regulating their banks.

Analysis of the Thrift Industry Survey

Overwhelming majority of the responding thrift chief executive officers “strongly agree” or “agree” that the Department’s overall performance, and the examination and supervision and corporate activities, in particular, are satisfactory. High ratings were received on the Department staff’s communication and professionalism.

MORTGAGE INDUSTRY

The population included all regulated mortgage entities that had received a full scope examination between September 1, 2015, and April 30, 2016, total of 324. The survey sample of 150 licensees was chosen using a random number generator. The response rate was 29%.

MORTGAGE INDUSTRY SURVEY – FY2016

	<u>Questions</u>	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Applicable/ No Answer</u>
1	Overall, I am satisfied with the effectiveness and responsiveness of the Department.	21	19	-	4	-
2	The staff is accessible and provides helpful assistance in complying with licensing requirements.	24	17	1	2	-
3	The staff is knowledgeable and able to answer my questions.	26	15	3	-	-
4	The staff is helpful, courteous, and responsive to requests.	26	16	1	1	-
5	The staff demonstrates a willingness to assist.	26	16	2	-	-
6	The staff is responsive to complaints and addresses them in a reasonable manner.	17	17	1	1	8
7	The website provides the information I need.	10	25	4	2	3
8	The website is easy to use and well organized.	9	24	5	2	4
9	The website contains clear, up-to-date, and accurate information.	11	23	4	2	4
10	Telephones, letters, faxes, and e-mails are answered within a reasonable period.	16	22	3	2	1
11	Responses to my questions or concerns address my situation.	19	21	-	3	1
12	Information published by the Department is clear, thorough, accurate, and understandable.	15	24	1	4	-
<i>Overall Composite Results</i>		41.7%	45.3%	4.7%	4.4%	4.0%

		<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Applicable/ No Answer</u>
License Processing						
13	Requests for information were clear and timely.	18	22	1	2	1
14	My license was issued in a reasonable period after all required information was submitted.	15	23	1	2	3
15	The process was efficient and professional.	14	27	2	1	-
License Processing Composite Results		35.6%	54.5%	3.0%	3.8%	3.0%
Field Examination of Loan Files						
16	The scope and goals of the examination were clearly communicated prior to the start.	27	14	0	2	1
17	The examiners conducted themselves professionally, are informed on current industry issues, and adequately trained and qualified.	31	12	0	0	1
18	Examiner findings conclusions are well-supported and concerns are clearly communicated at exit meetings.	25	15	2	1	1
Field Examination Composite Results		46.4%	31.4%	7.2%	1.3%	13.7%

Comments:
A BIG SHOUT OUT TO ALL OF THE EMPLOYEES AT TEXAS DEPARTMENT OF SAVINGS AND MORTGAGLENDING. EVERY ONE IS VERY PROFESSIONAL!!!!!!!
You are destroying the mtg industry. All your rules, fines, endless compliance. You're killing PRODUCTIVITY, small businesses & jobs all over the country. This is why 93 MILLION AMERICANS are out of work. You're HURTING YOUR COUNTRY not helping it.
Always a pleasure dealing with the Texas Department of Savings and Mortgage Lending.
Information provided by the TSML is good information but changes in guidance are not always communicated/pushed out. It is incumbent on the licensee to monitor the TSML website for such information. This would be a reasonable expectation if mortgage origination was the only, or at least primary, business of the licensee but in our case it is not. Similar organizations such as Habitat for Humanity have been given passes on the licensing requirement. This same treatment should not stop with faith based organizations only. It should be available to all charitable 501 (c)(3) nonprofits.
I have been through 3 audits and all examiners were very professional.
As a start-up company, the clarity of expectations and the advice on avoiding future issues was well received and very helpful.
The overall process went very smoothly and the examiner was very helpful in helping us find ways to be better. The help is appreciated.
loved our auditor - very helpful
Thank you very much for everything. I am grateful for my Examiner; her extreme knowledge, professionalism and communication were the aspects which I appreciated most. I have no criticism of this process and am respectful due to the enormous responsibilities each of us carry.
Mrs. [REDACTED] was on time and did a professional job. She answered all my questions and explained the State's position on the issues she noted. I would say she does a very thorough job of auditing the

office and the files. I know that I can contact her at any time and she will respond to my questions.

Analysis of the Mortgage Industry Survey

Majority of the responding licensees “strongly agree” or “agree” that the Department’s overall performance, and the mortgage examination and licensing activities, in particular, are satisfactory. High ratings were received on the Department staff’s communication, professionalism and helpfulness.

CONSUMER COMPLAINTS

The population included all complaints originated by consumers who had provided an e-mail address and whose complaint had been resolved between September 1, 2015, and April 30, 2016, total of 417. The survey sample of 200 complaints was chosen using a random number generator. The overall response rate was 13.0%.

CONSUMER COMPLAINT SURVEY – FY2016

	<u>Questions</u>	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Applicable/ No Answer</u>
1	Overall, I am satisfied with the effectiveness and responsiveness of the Department.	9	1	7	6	2
2	The staff was accessible and provided helpful assistance.	9	7	2	4	4
3	The staff was knowledgeable and able to answer my questions.	7	7	3	4	5
4	The staff was helpful, courteous, and responsive to requests.	7	6	5	3	5
5	The staff demonstrated a willingness to assist.	8	3	5	4	6
6	The website provided the information I need.	7	9	4	2	4
7	The website was easy to use and well organized.	6	11	3	2	4
8	The website contains clear and accurate information.	6	9	5	2	4
9	Telephones, letters, and e-mails were answered within a reasonable period.	8	8	4	4	2
10	Responses to my questions or concerns met my needs.	7	3	8	4	3
11	If the Department determined that your complaint was outside its jurisdiction or authority, was an explanation given or were other resources or sources of potential help provided? (Referred to another state or federal agency.)	Yes 6		No 7	-	13
12	Requests for information were clear and timely. Requests for information were clear and timely.	7	5	6	4	4
13	My complaint was resolved within a reasonable period after all required information was submitted.	8	1	5	10	2
14	The process was efficient and professional.	7	5	6	6	2
15	Did you use the Department's toll-free hotline?	Yes 13		No 12	-	1
16	If not, were you informed about the Department's toll-free hotline?	Yes 6		No 11	-	9
Overall Composite Results		29.2%	18.1%	22.5%	13.3%	16.9%

Comments:

My complaint was mishandled and the attention to the Mortgage Lender was preferred. The Mortgage Lender [REDACTED] mishandled all my needs and my complaint thru this agency was also mishandled and not investigated thoroughly.

I have not received any correspondence about the problem, except that you needed more information to determine the facts. I sent more information, and I have not heard anything. I and my attorney are still receiving harassment from [REDACTED], and [REDACTED] still acknowledge they have received my complaint, but nothing else.

I never received the reply from [REDACTED] of my complaint to you; However, my attorney did receive a copy of the reply letter that [REDACTED] sent to you, and I answered their faulty explanation to you.

I could use your help in establishing my claim.

Sincerely,

[REDACTED]

Please indicate what other information you need from me.

Mr. [REDACTED] went above and beyond my expectations. He literally put my life back on track with his helpfulness.

I was disappointed that I could not be helped with a complaint against a mortgage co.

When an email is sent on April 18, 2016, and no response was ever provided. We had to go directly to the [REDACTED] (May 5, 2016) to seek assistance in a little on the dysfunctional side.

they did nothing for me but took my money

The extent of my complaint should have definitely been handled in a different matter.. With all of the exposure of mortgage companies in the media over the last years... any claim of misconduct should be addressed immediately...

When I first submitted our problem with our mortgage company, [REDACTED], it was due to them not correcting the names of my husband and I on the loan after working with them for over two years. This caused complications with the IRS. Your office sent me a letter that they were going to look at our case and our names were not correct from your office either! I called and informed the lady that handled our case and she corrected it right away in a professional manner. Thank you for helping us resolving this issue.

I called the hotline and they never called back. I filled out the complaint form and the answer I received had nothing to do with my complaint. My complaint is against [REDACTED] Mortgage LLC out of Dallas, TX. They have been smearing my name, reputation and credit almost since they received my loan from [REDACTED]. My original loan was with [REDACTED]. [REDACTED] has sent me letters stating that I did not pay my property taxes from 2007 thru 2015. I sent them my records of checks for all the property taxes owed. They still are smearing me for no reason other than they want me to allow them to deduct the taxes from my account. That ain't gonna happen. I pay my own taxes because they are not accountable to pay them.

My Issue with [REDACTED] loan servicing, LLC and [REDACTED] mortgage have not been solved yet any these companies still destroying my life .especially [REDACTED] mortgage, reporting to credit bureaus I am late in making my mortgage payments, I need to find an attorney to file a lawsuit against both of these companies but since I don't have money to pay my lawyer I can't find anybody to help me, please help me to find a lawyer who is willing to work with me on these issues I do appreciate if you can help me, I need help.

Please forward my comments to the Board of Directors for their consideration and my reflection on their organization.

The state mandates that are established to provide protection on a macro level have failed on a micro level for me and my family.

I am a victim of predatory lending and the TDSML has turned its back on me and essentially thrown me and my family under the bus.

The TDSML has stated that my case file is outside of their jurisdiction and my reply is below.

Fox4 News did an investigative report back in October of 2015 to help build awareness to others that may be unsuspected victims of predatory appraisal and lending practices.

I did this report for the purpose of informing others of the unsuspected hardship they too could face as HOMESTEADERS of their property.

I also received letters from both the Texas Governor and Texas Lt Governor's office in approval of my proposed legislative solution for consideration in 2017.

<http://www.fox4news.com/news/44479780-story>

The TDSML office is tasked with providing "a fair process" for resolution and this has not happened in a balance and equitable manner in my case file.

After further review, it is my clear understanding that mortgages are DIRECTLY under the jurisdiction of the TDSML which is making me massively confused as to why the TDSML has not stepped forward to help me and has instead said that my case is outside of your "jurisdiction."

Additional due diligence on my part has revealed to me clear and present evidence supported by printed public record in black & white the various and MULTIPLE avenues in which the TDSML can and does help individuals and families that have fallen victim to predatory lending practices and deceptive mischaracterizations of assets represented in a residential mortgage contract.

From everything I am reading the TDSML has DIRECT authority over any and all state banking and lending institution.

██████████, from Florida is the company that stuck me with a fraudulent contract.

██████████ didn't just simply "go out of business," they were forced out of business by the Federal Bureau of Investigation for FRAUD!

Please explain how I am liable for a contract from a fraudulent company like ██████████ ██████████ that has saddled me with a fraudulent mortgage contract in their self-interest and pursuit of profits when this very service provider and originator of my mortgage contract was forced out of business by a raid from Federal Bureau of Investigations and the service provider that is enforcing this fraudulent contract is located in Dallas, Texas?

This makes absolutely no sense at all. The TDSML must explain this in laymen terms so that this subject can be understood, not just on my behalf, but for the benefit and understanding of countless

other unsuspecting Homestead property owners that rely upon the TDSML “because I said so” response for protection?

As a small business owner in the residential home furnishings market I am by no means a legal expert, but I have read public information and there must be some understanding as to why the TDSML has not chosen to enforce these mandates.

Has there been a directive that puts me outside the protection that I am afforded as a US citizen and registered Texas Homesteader?

My loan was insured by the FDIC, and Freddie Mac moved my loan from [REDACTED] just 8 days before the FBI raid. According to the bankruptcy attorney that represented the [REDACTED] closure, I would have been provided some level of coverage had Freddie Mac not directed my loan to be transferred from [REDACTED] just days prior to the FBI raid.

In addition, the jurisdiction of the TDSML makes any and all servicers that are currently handling my loan directly under the TDSML jurisdiction which would make [REDACTED] responsible for responding to your inquiries on the investigative findings from my case.

The TDSML was established to exercise authority and enforcement on behalf of the consumer. How has this been accomplished on my behalf and what inquiries have been done to ensure that my consumer rights have been safeguarded?

I am a legally registered Homestead property owner and the fraud that was committed on me and the contract that I have been burdened with have cost me over \$400,000 to date. As a family man that has just turned 50 this past September, I will never possibly be able to recover from the financial devastation that has been imposed upon me unless you intervene today. I have worked for the American dream home since I was a child and now, at the age of 50, after finally achieving my dream I will now live the rest of my life in a financial purgatory without your intervention and relief.

I NEVER asked to do business with a fraudulent Mortgage Service Provider, broker or real estate agent and along with [REDACTED] and [REDACTED], these parties have collectively ruined the financial stability of me and my family. Why has the TDSML not investigated these parties in any way?

In addition, I NEVER asked to do business with the Texas Appraisal Licensing and Certification board but according to Texas State Law I was FORCED to do business with members of this predatory organization on multiple occasions only because my CONSUMER purchase exceeded \$200,000 in value.

The fraud that was committed on me and my closing documents are NOT hearsay or unsubstantiated opinions by any means. This information is public record and on file with the Dallas Central Appraisal District (DCAD). This evidence is undeniable fact and proof for access to all that choose to investigate my claims. Has the TDSML investigated this proof on the public record and the tax burden that has been reduced as a result of the on-site investigation by the Chief and Head of the Residential Appraisal Division in Dallas?

I have supplied the original DCAD document that I relied upon to make my verbal offer of \$250,000. This was rejected by the sellers \$349,000 asking price and a contract was REQUIRED to appraise the value of the residential asset. I relied upon the findings of this report to honor the

contract that I signed including the mortgage documents that committed me to this toxic asset.

Both the TDSML are charged with authority to enforce mortgage loan compliance. I presented my case to the TDSML in 2012 and I have continued to diligently supply the TDSML with supporting documentation since that date and not once have I received a phone call or e-mail from the TDSML to investigate or inquire directly with me on these complaints.

Rulemaking for the TDSML relates “to unfair or deceptive acts or practices regarding mortgage loans, which may include unfair or deceptive acts or practices.” This statement alone puts the TDSML directly within the jurisdictional aspects of my complaint.

The open DTPA violations committed in my residential mortgage have been documented and confirmed by not just the Dallas Central Appraisal District but by numerous other certified mortgage professionals. The appraisers had not one, but two clear opportunities to reveal deficiencies in the appraisal of my purchase and they intentionally misrepresented the property for self-serving profits in order to entice me into endorsing a contract I would NEVER have signed had this appraisal been completed in a lawful manner. Oversight by [REDACTED] was conducted in the same negligent manner by not requiring a floor plan in support of the property description.

The very contract I signed allows me to back out of the agreement should the property not appraise for the contract price and I was denied this basic consumer right to a fair and impartial evaluation.

There are MULTIPLE agencies that the TDSML can and does collaborate with on both a Federal and State level to enforce rules and address DTPA violations. Has this been done on my behalf in ANY way? The only correspondence I have received from the TDSML are referrals to other agencies for help.

The Texas Attorney General has also refused to hear my case without the TDSML direct involvement and both agencies were established to safeguard my rights. Has the TDSML reached out to the Texas Attorney General’s office to inquire about any evidence or complaints that may have been submitted?

I have been informed that there are recovery funds to assist in the damages that have been inflicted upon me and I have been offered zero access. These funds are paid into by tax payers like me and my family for the sole purpose of assisting in this exact type of loss.

As previously mentioned, I am not a legal expert so please help me understand the following federal enforcement procedure:

“CIVIL PENALTIES IN FEDERAL TRADE COMMISSION ENFORCEMENT ACTIONS.—For purposes of enforcement by the Federal Trade Commission, any violation of a regulation issued by the Bureau pursuant to subsection (1)(2) shall be treated as a violation of a rule promulgated under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a) regarding unfair or deceptive acts or practices.”

At the very least the parties responsible for enticing me into endorsing a toxic mortgage require investigation for possible civil penalties and the TDSML has the jurisdiction once again to enforce the Federal & State laws that mandate your agency to act upon documented violations.

As a consumer I was assured that I would be provided with a residential mortgage loan on terms that

are not unfair, deceptive or abusive. In good faith I relied upon the professionals that represented themselves in the entire residential mortgage transaction.

There are numerous laws and legislation surrounding the regulations that prohibit steering a consumer into a mortgage that has predatory characteristics or effects such as equity stripping which is clear and evident in the fact that my property will never be put on the market again as a 3 bedroom, 2.25 acre property. With my signature in 2007 the \$90,000 over appraised valuation of my property has not just stripped me of equity in my Homestead property, but it has also burdened me with excessive closing costs, taxes, insurance and my ability to improve the property or refinance.

The contract that I signed and the mortgage transaction that I endorsed is a mischaracterizing of the appraised value of the property and the credit that I secured for this asset has been tainted by the parties involved in protecting my rights as a consumer. The TDSML must intervene to ensure that not only I am made whole financially but that other consumers do not suffer from this needless waste of tax payers money and time.

The only loan assistance that I have been provided from [REDACTED] have been in the form of a "Short Sale" or an extension on the term of my mortgage with additional interest expense to me and increased profits to the holders of this toxic mortgage. Both of these options saddle me with additional expense and further economic loss for this mischaracterized asset. The TDSML has policy that protect me from this additional economic loss and I require the protection of the TDSML and the Consumer Response Team NOW, not tomorrow.

By not intervening in the residential mortgage that I endorsed the TDSML is endorsing the continuation of economic losses to be paid towards an asset that is negatively amortized. This fact alone requires your intervention and is within your direct jurisdiction.

The terms "functional obsolescence," and "diminished site utility" are trade definitions of which no citizen or Texas resident would recognize unless they are directly involved or associated with the appraisal profession. As I am unfamiliar with the "anti-deficiency law," it is unclear why not a single service provider that has handled my mortgage since these trade definitions were brought to their attention never provided me with notice that certify their awareness and acknowledgment for me to continually endorse and pay for as a toxic asset.

The damage that was done on me was disclosed and discovered by in 2010 by [REDACTED] from [REDACTED] Appraisals. The application of the "Discovery Rule" for negligence discovered after a statute of limitations has expired was the court precedent that I sought through the judicial channels.

The attached DCAD document was presented to my attorney yet he chosen not included this vital evidence in the negligence suit. For this reason, the courts were denied the factual property description on file with the city of Dallas and the testimony became hearsay.

I filed complaints with the TDSML in 2012 well within the allowable 3 years statute of limitations from the date of discovery and it has taken until 2016 to get an interview with the TDSML on the specifics of my complaint.

The TDSML was established to protect the consumer rights that I brought to your attention back in 2012 and I have continuously reached out and sent letters to your agency for support from that day forward. Why the TDSML has chosen to turn their back on me during since 2012 and throughout

the judicial process when I asked for your Amicus support and intervention is further evidence of the continued negligence on behalf of the professionals that I have relied upon since the day I sought to make a residential consumer purchase.

During the judicial process the attached document was provided by the mortgage broker stating that a second appraisal was recommended and would likely yield a lower appraised value yet this function was never performed and I was never informed of this consideration prior to receiving the delayed appraisal report. If my interests were represented in the professional manner in which I paid for, then the option of a second appraisal should have been provided to me prior to closing. This NEVER HAPPENED and indeed there is testimony on file stating that the real estate agent told me that one appraisal is as good as any other and NOT required. This is documented as well.

At NO time during this process was I advised by my real estate agent, mortgage broker, lender or appraisers to:

- (1) Consider additional, appropriate property information, including the consideration of additional comparable properties to make or support their appraisal. ‘
- (2) Provide further detail, substantiation, or explanation for the appraiser’s value conclusion.
- (3) Correct errors in the appraisal report.

When I was first informed of the negligence that was performed on my residential mortgage I reached out not only to the TDSML but also the TALCB without knowing this was a channel that the TDSML would provide support with.

“Any mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, or any other person involved in a real estate transaction involving an appraisal in connection with a consumer credit transaction secured by the principal dwelling of a consumer who has a reasonable basis to believe an appraiser is failing to comply with the Uniform Standards of Professional Appraisal Practice, is violating applicable laws, or is otherwise engaging in unethical or unprofessional conduct, shall refer the matter to the applicable State appraiser certifying and licensing agency.”

Multiple agencies and professionals were informed of this hardship and not a single agency stepped forward on my behalf to engage the TALCB on the enforcement of federal and state law. As a result the offending appraisers were each given a “Non-Disciplinary Warning” and 4 hours of “Mentorship.” These parties ruined the economic freedom I have built since first obtaining a social security number and at the age of 50 I will am being forced to live in this purgatory for the remainder of my life and these gentlemen received “Fellowship” / “Mentorship” and inconvenienced for a solid four hours for this predatory devastation.

How can this be fair and equitable enforcement from a federal, state ethical standard?

I have sent countless letters to my service provider and all party’s concerned since 2010 requesting a reasonable due diligence be performed to determine if the appraisal did or did not materially misstate or misrepresent the value of my property and I have been denied this basic service.

In my pursuit of equitable and fair treatment I have contacted the Comptroller of the Currency, the CFRB, the Federal Trade Commission and the Federal Housing Finance Agency to bring awareness

to the violations that were committed on my consumer transaction and the TDSML clearly has the ability to collaborate with all of these agencies on my behalf yet my case file has revealed such an undiscoverable predatory act that all agencies are waiting to receive the endorsement before acting on my behalf. Where are you and why is the TDSML not representing my interests as an unknowing consumer?

The Appraisal Subcommittee has been informed of the negligence committed by the offending appraisers as well as the lack of enforcement by the TALCB and despite receiving multiple complaint letters against the appraisers and appraisal management company the investigation and enforcement of my complaint has yet to be addressed by the TDSML.

On a national level, The Appraisal Subcommittee and Appraisal Foundation do not support negligent appraisers that hide behind contract of duty and the statute of limitations and the TDSML is mandated to also follow this federal guideline.

Both the TDSML and the Appraisal Subcommittee have the authority to follow up on complaint referrals in order to determine the status of the resolution of the complaint yet this basic service has also been denied to me and my family.

I thank you once again for reviewing the my material and scheduling an additional conference call to find closure to this case file.

Respectfully,

████████████████████

████████████████████ LANE

DALLAS, TX ██████

████████████████

Provided useful information

The SML was on the side of the company. I am not sure how much I owe these companies that were collection agencies for a loan from ██████ for \$24,000. they were asking \$47,000. I have used 4 different attorneys and it took an attorney from legal aid to get the \$47,000 to \$14,000.

I do not feel like the seriousness of my complaint was fully understood or addressed with the loan processing company.

The agent I worked with was extremely understanding, supportive, and helpful. they refused to investigate this fraud.

The state did Great. My Mortgage company on the other hand still sucked. They have however transferred my mortgage back to the original servicer

No he recibido ningún tipo de ayuda, la compañía tiene toda mi información desde hace 16 meses y no resuelven nada a pesar de que esta (Translation by Department staff: "I have received no help from the company, they've had all my information for 16 months now and nothing is resolved")

A large portion of the responding consumers “strongly agree” or “agree” that the Department’s overall performance, and the consumer complaints activities, in particular, is satisfactory. High ratings were received on the Department staff’s accessibility and willingness to assist.

Schedule H: Assessment of Advisory Committees

ASSESSMENT OF ADVISORY COMMITTEES
March, 2016
450 Department of Savings and Mortgage Lending

To assist in the process required by Chapter 2110, Texas Government Code, state agencies should submit an assessment of advisory committees using the format provided. Please submit your assessment for each advisory committee under your agency's purview. Include responses for committees created through statute, administrative code or ad-hoc by your agency. Include responses for all committees, whether ongoing or inactive and regardless of whether you receive appropriations to support the committee. Committees already scheduled for abolishment within the 2016-17 biennium are omitted from the scope of this survey. When submitting information for multiple advisory committees, right-click the sheet "Crmt1", select Move or Copy, select Create a copy and move to end.

NOTE: Only the items in blue are required for inactive committees.

SECTION A: INFORMATION SUBMITTED THROUGH ADVISORY COMMITTEE SUPPORTING SCHEDULE IN LEGISLATIVE APPROPRIATIONS REQUEST

Committee Name:

Number of Members:

Committee Status (Ongoing or Inactive): Note: An Inactive committee is a committee that was created prior to the 2014-15 biennium but did not meet or supply advice to an agency during that time period.

Date Created: **Date to Be Abolished:**

Budget Strategy (Strategies) (e.g. 1-2-4): **Strategy Title (e.g. Occupational Licensing):**

Budget Strategy (Strategies): **Strategy Title:**

[State / Federal Authority](#)
[State Authority](#)
[State Authority](#)

[State Authority](#)
[Federal Authority](#)
[Federal Authority](#)

Select Type	Identify Specific Citation
Statute	Texas Finance Code Chapter 156.104

Advisory Committee Costs: This section includes reimbursements for committee member costs and costs attributable to agency staff support.

Committee Members' <u>Direct</u> Expenses	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Travel	\$369	\$180	\$0
Personnel	\$0	\$0	\$0
Number of FTEs	0.0	0.0	0.0
Other Operating Costs	\$0	\$0	\$0
<i>Total, Committee Expenditures</i>	\$369	\$180	\$0

Committee Members' <u>Indirect</u> Expenses	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Travel	\$0	\$0	\$0
Personnel	\$0	\$0	\$0
Number of FTEs	0.0	0.0	0.0
Other Operating Costs	\$0	\$0	\$0
<i>Total, Committee Expenditures</i>	\$0	\$0	\$0

Method of Financing	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Method of Finance			
1 - General Revenue Fund	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
Expenses / MOFs Difference:	\$369	\$180	\$0

Meetings Per Fiscal Year			
	3	3	0

Committee Description: The committee was statutorily created by the 79th Legislature. The enabling statute is Texas Finance Code, Chapter 156.104. The function of the committee is to advise the commissioner with respect to: (1) the proposal and adoption of rules relating to the mortgage industry; (2) the form of or format for any applications or other documents under Texas Finance Code, Chapters 156 and 157; and (3) the interpretation, implementation, and enforcement of Texas Finance Code, Chapters 156 and 157. Additionally, the committee shall take a record vote on any matter relating to the proposal and adoption of rules relating to the mortgage industry. The commissioner shall inform the Finance Commission of the result of the vote and any additional information the commissioner considers necessary to ensure the Finance Commission is sufficiently notified of the advisory committee's recommendation. A record vote taken by the advisory committee is only a recommendation and does not supersede the rulemaking authority of the Finance Commission.

SECTION B: ADDITIONAL COMMITTEE INFORMATION

[Committee Bylaws: The committee does not have Bylaws. The minutes for the meetings are not transcribed, but are kept in an audio format. I have submitted a copy of the information provided to the Finance Commission regarding the advisory committees last meeting.

1. When and where does this committee typically meet and is there any requirement as to the frequency of committee meetings?

2. What kinds of deliverables or tangible output does the committee produce? If there are documents the committee is required to produce for your agency or the general public, please supply the most recent iterations of those.

3. What recommendations or advice has the committee most recently supplied to your agency? Of these, which were adopted by your agency and what was the rationale behind not adopting certain recommendations, if this occurred?

4a. Does your agency believe that the actions and scope of committee work is consistent with their authority as defined in its enabling statute and relevant to the ongoing mission of your agency?

4b. Is committee scope and work conducted redundant with other functions of other state agencies or advisory committees?

5a. Approximately how much staff time (in hours) was used to support the committee in fiscal year 2015?

5b. Please supply a general overview of the tasks entailed in agency staff assistance provided to the committee.

6. Have there been instances where the committee was unable to meet because a quorum was not present?

7a. What opportunities does the committee provide for public attendance, participation, and how is this information conveyed to the public (e.g. online calendar of events, notices posted in Texas Register, etc.)?

7b. Do members of the public attend at least 50 percent of all committee meetings?

7c. Are there instances where no members of the public attended meetings?

8. Please list any external stakeholders you recommend we contact regarding this committee.

9a. In the opinion of your agency, has the committee met its mission and made substantive progress in its mission and goals?

9b. Please describe the rationale for this opinion.

10. Given that state agencies are allowed the ability to create advisory committees at will, either on an ad-hoc basis or through amending agency rule in Texas Administrative Code:

10a. Is there any functional benefit for having this committee codified in statute?

10b. Does the scope and language found in statute for this committee prevent your agency from responding to evolving needs related to this policy area?

10c. If "Yes" for Question 2b, please describe the rationale for this opinion.

11a. Does your agency recommend this committee be retained, abolished or consolidated with another committee elsewhere (either at your agency or another in state government)?

11b. Please describe the rationale for this opinion.

12a. Were this committee abolished, would this impede your agency's ability to fulfill its mission?

12b. If "Yes" for Question 4a, please describe the rationale for this opinion.

13. Please describe any other suggested modifications to the committee that would help the committee or agency better fulfill its mission.