

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING



CUSTOMER SERVICE REPORT MAY 2018

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 Department'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 intends to enhance 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-five 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 64%.

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 – 2018

<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.	12	4	-	-	-
2	The staff is knowledgeable and able to answer my questions.	12	3	1	-	-
3	The staff is helpful, courteous, and responsive to requests.	13	3	-	-	-
4	The staff demonstrates a willingness to assist.	13	3	-	-	-
5	The staff is responsive to complaints and addresses them in a reasonable manner.	12	3	-	-	1
6	The website provides the information I need.	9	7	-	-	-
7	The website is easy to use and well organized.	9	7	-	-	-
8	The website contains clear and accurate information.	9	7	-	-	-
9	Telephones, letters and e-mails are answered within a reasonable period.	12	4	-	-	1
10	Responses to my questions or concerns meet my needs.	12	4	-	-	-
11	Information published by the Department is clear, thorough, accurate, and understandable.	12	4	-	-	-
12	Published materials, primarily bulletins and newsletters, meet my institution's needs.	11	5	-	-	-
Overall Composite Results		70.5%	28.0%	0.5%	0.0%	1.0%

<u>Questions</u>	<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.	12	4	-	-	-
14	Examiner requests for information are timely and reasonable.	9	6	1	-	-
15	Examiners conduct themselves professionally.	13	3	-	-	-
16	Examiner communication with management during the examination meets my needs.	12	3	1	-	-
17	Examiners are informed on current industry issues, adequately trained, and qualified.	12	3	1	-	-
18	Examiner findings and concerns are clearly communicated at exit meetings.	12	3	1	-	-
19	Examiner conclusions are well-supported.	7	8	1	-	-
20	Examiner recommendations are clear and reasonable in the circumstances.	7	8	1	-	-
21	Examination time frames are reasonable.	8	8	-	-	-
22	Reports of examination are consistent with findings discussed at exit meetings.	10	5	-	1	-
23	Reports of examination are received timely.	10	5	1	-	-
24	Supervisory action and correspondence is consistent with examination findings.	11	4	1	-	-
Examination & Supervision Composite Results		64.1%	31.3%	4.2%	0.5%	0.0%
Corporate Activities						
25	Correspondence with the Department regarding routine business matters is handled promptly and effectively.	12	4	-	-	-
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.	11	5	-	-	-
27	My calls, e-mails, or letters are routed to the appropriate person.	11	4	-	-	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.	7	-	-	-	2
	b. Responses to my inquiries were timely, appropriate, and helpful.	6	1	-	-	2
	c. The process was efficient and professional.	7	-	-	-	2
	d. Requests for additional information are reasonable and appropriate.	6	1	-	-	2
Corporate Activities Composite Results		71.4%	17.9%	0.0%	0.0%	10.7%

Comments:
The TDSML is a valuable resource and really beneficial during our exams, because they understand our bank. FDIC really struggles to understand our bank so it is helpful to have this department around to explain things.
We appreciate the accessibility of the TDSML leadership and staff. They seem to work hard to create an environment of being there for banks like us to ensure our compliance and success.
The agency and our bank have a good working relationship.
This department has been an essential factor to the success of my bank. The dual system of oversight between Texas and Washington and the cooperation and communication thereof is of paramount importance to an outcome that is positive for the banking industry. I have experienced times when Washington's agenda has been short sighted or politically driven that were not positive for the industry, not positive for individual states and certainly not for Texas community banks. I would whole heartedly support and encourage the expansion of the role of the Texas Department of Savings and Mortgage Lending. The commissioner and her staff are doing a exemplary job.
The department could focus on ways to make their charter more appealing than State charters. Exam differences in the two charters and find ways to have parity or even more advantageous practices/regulations.
We are very pleased with the knowledge and professionalism of the agency's staff and leadership. They are consistently focused on the financial health of the industry, combined with an understanding of the important role thrifts play in providing essential loan and deposit services to individuals and small businesses in Texas. They also possess an understanding of the particular financial needs of Texans and the characteristics of the state's economic environment, which tends to be generally combined into a national comparative point of view by federal regulators.
The Department is operated in a highly professional maner. The office staff has been very responsive in all interactions and the on-site examiners are similarly knowledgeable and professional in all their interactions with the Bank's management team. Department personnel work effectively with their federal counterparts. We also appreciate that the Commissioner and members of her senior leadership team visited the Bank to have a dialogue with our senior leadership team.
The Department does a great job. Staff is always informed about current regulatory matters, examiners always make certain that they understand the full scope of any given issue before making a decision, and ██████ and ██████ are always very helpful.
The Department takes a very common-sense approach during examinations and the fulfillment of regulatory requirements. I appreciate their presence when dealing with FDIC.

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 January 1, 2017 and December 31, 2017, total of 530. The survey sample of 150 licensees was chosen using a random number generator. The response rate was 26%.

MORTGAGE INDUSTRY SURVEY – FY2018

	<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.	15	17	4	2	-
2	The staff is accessible and provides helpful assistance in complying with licensing requirements.	20	13	2	4	-
3	The staff is knowledgeable and able to answer my questions.	22	13	3	1	-
4	The staff is helpful, courteous, and responsive to requests.	22	12	4	1	-
5	The staff demonstrates a willingness to assist.	23	11	4	1	-
6	The staff is responsive to complaints and addresses them in a reasonable manner.	14	10	4	1	10
7	The website provides the information I need.	6	21	10	1	-
8	The website is easy to use and well organized.	4	21	11	2	-
9	The website contains clear, up-to-date, and accurate information.	7	22	7	1	1
10	Telephones, letters, faxes, and e-mails are answered within a reasonable period.	12	19	4	1	-
11	Responses to my questions or concerns address my situation.	13	18	2	4	1
12	Information published by the Department is clear, thorough, accurate, and understandable.	9	20	7	1	1
<i>Overall Composite Results</i>		36.2%	42.7%	13.9%	4.4%	2.8%

		<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.	9	20	7	1	1
14	My license was issued in a reasonable period after all required information was submitted.	11	14	1	5	7
15	The process was efficient and professional.	15	15	3	3	2
License Processing Composite Results		30.7%	43.0%	9.6%	7.9%	8.8%
Field Examination of Loan Files						
16	The scope and goals of the examination were clearly communicated prior to the start.	15	20	1	1	1
17	The examiners conducted themselves professionally, are informed on current industry issues, and adequately trained and qualified.	23	11	2	1	1
18	Examiner findings conclusions are well-supported and concerns are clearly communicated at exit meetings.	17	16	3	1	1
Field Examination Composite Results		48.3%	41.2%	5.3%	2.6%	2.6%

Comments:
I recently changed employers and the licensing staff made the move seamless. They processed the sponsorship change quickly. I had no downtime with work.
Our examiner was excellent.
The licensing area was very helpful regarding a recent merger our company went through. The department worked with us and were able to approve several branches and accept sponsorships for many employees on the day the merger happened. This was a great help to our company and meant that we were able to continue business as usual. Thanks for your help.
Great Job
With reference to new applications for licensing and transitions; the turnaround time is extremely long. Running a minimum of (60) for new applications and if there are issues; we are not getting notified timely which further delays the process and approvals. Transitions are not as long as "new" applications but still longer that they should take. Email requests for updates and status are not timely and the limited time we can call the state is difficult to work around. Can be somewhat frustrating at times.
For the life of me cannot understand the excessive timeframe for issuance of licenses. My CPA license is issued within hours of renewal completion, same for other's I have or do hold, Why does it take three weeks to issue renewal, Would like a response, I made a mistake with my 2018 renewal as the NMLS system failed to update my entity email address and never saw the notice or something that had failed to renew. Cost me about \$10K in fees due to not having current license available for the entity. [REDACTED]
The auditor was great. He sent me a list of items that he needed prior to the audit and I had them back to him the same day. Once he was in my office the audit went smooth and he was very informative on the couple of things that I lacked which I corrected immediately.

<p>██████████ that did my audit was extremely kind, efficient and got the job done in a timely manner.</p>
<p>Unfortunately software updates occasionally changes our settings on various forms, we try to review and catch those issues. However, when a box is not checked in some files, when there is evidence that it has been checked on the same forms in other files, and we have the form in the file and signed by the borrowers, I would like partial credit in compliance instead of reading "failure to provide form X" in our official review post audit. It is obvious we did not fail to provide, and I have addressed this with the software provider that these changes when updated to the newest version for compliance in other areas causes problems. Unfortunately, the software we use is the most accepted software by all our investors. Other than that the audit process flows well and the auditors I have had in my office for the last three audits have been very professional, courteous and helpful when we have questions.</p>
<p>Being a small mortgage company these audits are a training source for us and helpful. This last examiner was very clear and took the time to explain things more than at other examinations.</p>
<p>There are some very unique laws regarding financing in Texas. A grid of the different type loans i.e. purchase, refinance, cash out, Heloc with the requirements and specific disclosures would be most helpful.</p>
<p>The examiner did not treat me fairly, equally, and did not report accurately the information. She stated statements that are not correct for the mortgage industry and will put the consumer in a hardship. The state gave 30 days to answer and correct what she thought was deceptive actions, however, I was penalized before the 30 days. The intimidated report and intimidate letter that I received resulted in a financial hardship as a single Hispanic mother with no child support. In addition, I went into a coma stage on December 24th due to the stress that all of the above issues caused me. I worked with Mortgage brokers in the past and they were treated differently. It definitely changed my life. I hired and talk to people that have been a lobbyist for the mortgage industry. When I exposed my case, they were out of words. I started going to school since I felt I was discriminated for having an accent, been a minority group. The same examiner has been with brokers that are not a minority such as white, male, however, the examiner did not take action for the violations that they are doing. I have two young kids that I need to support. The financial hardship took me to the extreme to get food stamps to feed my kids. I hire a company that does my compliance and reports and review my files to help me not be vulnerable to the government department such as the Texas Department Savings and Mortgage Lending. I have helped low-income families that other lenders did not want to give them the time of the day because their loan was pretty small. I still have PTSD of how horrible this audit went, The Examiner sent me a message stating that on h</p>
<p>My examiner was superb. He helped me through some questions that I had re. compliance. However, when I call the department's helpline, it's deplorable. And, I have trouble getting clear info from the web site - e.g., a clear posting of the recently edited Home Equity Disclosure. I have heard the commissioner speak several times - she's superb, clear, interesting. I wish the site and the info line were as good as the Commissioner and our Auditor. Then, you're golden. Thanks --</p>
<p>To be clear visiting auditor was great. Very professional. The office in Austin is where improvement is needed. They never accept phone calls, never respond and take TOO long to process applications and renewals. It's almost impossible to get any answers.</p>
<p>the person conducting the review, was on the phone texting, I provided items prior to exit she requested, stated she would review and we should be fine without having additional marks. She never responded or reviewed to my knowledge</p>
<p>Thank you!</p>
<p>THANK YOU</p>

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 January 1, 2017, and December 31, 2017, total of 1044. The survey sample of 200 complaints was chosen using a random number generator. The overall response rate was 7%.

CONSUMER COMPLAINT SURVEY – FY2018

	<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.	3	2	0	6	2
2	The staff was accessible and provided helpful assistance.	3	3	1	5	2
3	The staff was knowledgeable and able to answer my questions.	2	4	0	5	3
4	The staff was helpful, courteous, and responsive to requests.	3	4	1	5	1
5	The staff demonstrated a willingness to assist.	3	4	0	6	1
6	The website provided the information I need.	1	6	1	3	2
7	The website was easy to use and well organized.	2	5	0	3	3
8	The website contains clear and accurate information.	2	5	1	3	2
9	Telephones, letters, and e-mails were answered within a reasonable period.	2	8	1	2	0
10	Responses to my questions or concerns met my needs.	4	1	3	5	0
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 5		No 2	-	6
12	Requests for information were clear and timely. Requests for information were clear and timely.	1	4	3	3	2
13	My complaint was resolved within a reasonable period after all required information was submitted.	1	4	2	5	1
14	The process was efficient and professional.	2	5	2	4	0
15	Did you use the Department's toll-free hotline?	Yes 3		No 10	-	0
16	If not, were you informed about the Department's toll-free hotline?	Yes 2		No 6	-	5
Overall Composite Results		18.4%	25.9%	15.6%	25.9%	14.2%

Comments:

I submitted two letters to the Texas Dept of Savings and Mortgage Lending regarding loans given me by ██████ Bank of ██████, Texas. Please refer to these letters for a history of this situation. I was told that ██████ Bank would do it's own forensic accounting for \$30/hour cost to me, and I was told this AFTER I was told: "we (including someone from ██████ Bank) all looked at your loans and it all appeared in order". I do not believe anyone could consider it legal or ethical that a bank could do it's own forensic accounting. Let me repeat: I WAS NOT paid the total dollar amount of \$247,000+ listed on my loans from ██████. Period. I DID NOT GET THAT MONEY, only a portion of it at the very beginning. THESE LOANS ARE INACCURATE and I request again that a forensic accounting be done by an outside accounting firm. As well, I was told that I should have received about \$30,000 when I signed the paperwork for the final home equity loan - I did not receive ANY money at this time either - and have since learned that ██████ who handled that paperwork was indicted for fraud, she was keeping client's money; in the local Marfa newspaper, The ██████, her now-ex-husband said that "all persons have been paid" - but I did not even hear from them. I don't know how much more clear I can be about this bank fraud and subsequent home equity fraud. I have all the documents yet, all my deposit slips from that time, all my paperwork to the bank regarding my questions, and more. As well, ██████ who was the CEO (taking over from ██████), agreed with a handshake to my lawyer ██████ and myself, that the bank would agree to a Deed in Lieu of Foreclosure since the dollar amount ██████ claims I owe them is so significantly less than the appraised value of this property. Instead, ██████ foreclosed, and did not follow legal protocol regarding timing, courtroom appearance, auction etc. ██████ told me at one point that "they have a buyer", and indeed my property was seized less than a month after my last meeting with them, and this property is listed as sold and closed within 6 weeks after my early forced departure. PLEASE help me sort this out. You will find this dollar amount was never paid out to me by ██████, instead, I sincerely believe that \$100,000.00 was falsely put into my name and loan documents as ██████ was trying to recover from a million-dollar-plus bankruptcy by someone in Ft. Davis, Texas. Thank you. Sincerely, ██████

No real, satisfactory answer was ever provided. The Mortgage company, without stating reason, suddenly provided a satisfactory response, as if magic. No confirmation of contact between them and your agency was ever received. They would not acknowledge that they changed their position due to any contact from you or anyone else. Merely stated they were changing their policy after giving me the run around for close to 3 months.

Assign an investigator who actually cares to take time to review factual information that has been provided.

I have been treated unfairly by ██████, LLC (██████), however, I was unable to receive help in the situation when I submitted a grievance to Texas Department of Savings and Mortgage Lending. I am grateful for this followup.

I truly appreciate your time and this email in regards my case. I was helped by the investigator ██████, and my experience over all was very degrading. in addition to this we feel traumatized, humiliated, offended and without no sense of respect towards a veteran of the country and an elderly person like us. The worst part of it all was the fact that ██████, decided to avoid the sufficient proofs that we have sent over to her like: 1. obtaining a loan with false signatures. 2. forger our signatures in all of the documents 3. submitted all the paperwork with false signatures and information. 4. Gave me a check with no funds 5. double charging amounts that were already paid to him and keeping the money 6. obtaining points for the loan without our authorization 7. lying in regards to a second title company. I have plenty of proof to show you that ██████ committed fraud with our loan and he took advantage of our age, race, lack of knowledge, and lack of the language. I'm asking you to please re-open my case with a different investigator that really cares

about the customers, has respect for others and has work ethics. Waiting on a positive answer [REDACTED]
On the web page for [REDACTED] it states to contact you with questions or concerns. I did just that and was told that you were unable to help. The company is still not crediting my account for payments made even though I call and write constantly. I just don't know what to do anymore. [REDACTED]
I am in disbelief that a mortgage company can disregard the Texas Constitution and not face any consequences from any state agency. Why do they exist if they are of no help.
Not enough space in the online form for a comprehensive complaint.

Analysis of the Consumer Complaints Survey

Customer service is a priority of the Department. Out of the 200 surveys sent only 7% (14) responded. Overall, 44.3% of the respondents indicated either they “Strongly Agree” or “Agree” with positive responses, 41.5% of the respondents “Disagree” or “Strongly Disagree”, and 14.2% either marked “Not Applicable” or did not answer the question(s). This Customer Survey response rate was low. Due to inherent nonresponse bias, low response rates can skew the results of a survey either to the negative or positive.

The Department has reviewed all responses and comments carefully and has determined that all policies and procedures have been followed. Staff continues to review the Department’s consumer complaint policies, procedures, and processes, in order to enhance them.

High ratings were received on the Department staff’s timely response and website content.