DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

STRATEGIC PLAN

FISCAL YEARS 2021 TO 2025

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

AGENCY STRATEGIC PLAN

FISCAL YEARS 2021 TO 2025

FINANCE COMMISSION OF TEXAS		
BOARD MEMBERS	DATES OF TERM	HOMETOWN
Phillip A. Holt, Chair	Feb 23, 2016 to Feb 1, 2022	Bonham
George "Cliff" McCauley, Vice Chair	Jun 28, 2018 to Feb 1, 2024	San Antonio
Robin Armstrong, M.D.	Apr 02, 2019 to Feb 1, 2022	Friendswood
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
Larry Long	Apr 06, 2020 to Feb 1, 2026	Dallas
William M. (Will) Lucas	Sep 27, 2011 to Feb 1, 2024	Center
Sharon McCormick	Apr 20, 2020 to Feb 1, 2026	Frisco
Vince E. Puente, Sr.	Aug 25, 2016 to Feb 1, 2024	Ft. Worth
Laura Nassri Warren	Apr 20, 2020 to Feb 1, 2026	Palmhurst

Caroline C. Jones

SUBMITTED: JUNE 1, 2020 Caroline C. Jones, Commissioner

APPROVED: JUNE 19, 2020 Finance Commission of Texas

Strategic Plan 2021-2025

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AGENCY 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

It is a privilege and honor to serve Texans as regulators of the state savings banks and savings associations (thrift industry) and the residential mortgage lending industry. The Department's core values in fulfilling its regulatory responsibilities are to:

- Be responsive, accountable, and transparent to Texas citizens, the regulated entities, the Texas Legislature, and the Finance Commission of Texas.
- Supervise and regulate with the highest degree of integrity, ethics, fairness, efficiency, and professionalism.
- Uphold the constitution and laws of Texas and the United States.

GOAL: EFFECTIVE REGULATION OF THE THRIFT INDUSTRY

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 promotes a stable thrift industry and maintains the confidence of depositors, creditors, and borrowers in these institutions.

ACTION ITEMS TO ACHIEVE GOAL

- Conduct all examinations jointly with federal regulators (FDIC or Federal Reserve) in order to provide consistency between state and federal regulators.
- During examinations, review for state specific thrift industry requirements, such as, but not limited to:
    - at least 50% of assets in residential mortgage lending;
    - no more than 40% of total assets in non-real estate commercial lending;

  - consumer complaint notices; and
  - indemnity bond coverage requirements, including a requirement for written notice of cancellation to be given to the Department.
- Perform full and limited scope examinations within the required timeframes.
- Monitor and enforce the safe and sound operation of the thrift industry through regular off-site supervision.
- Examine, monitor and enforce compliance with applicable laws and regulations.
- Participate in compliance examinations with FDIC or Federal Reserve in accordance with the Department's Compliance Examination Program.
- Be receptive and knowledgeable of changes and innovations in financial products.
- Maintain regular communication with federal regulators.
- Encourage awareness of and proactive actions relating to cybersecurity concerns within the regulated industry.
- Monitor changes in the economy and in the federal regulatory arena for impact on the thrift industry.
- Closely monitor interest rate changes, housing supply and demand, and trends in home ownership for an impact on the thrift industry.
- Effectively communicate regulatory expectations and changes, both state and federal, to the thrift 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.
   - Continue to be a prudent steward of financial resources.
   - Continue to provide transparency through reporting.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant or non-core functions.
   - Conduct full scope and limited examinations jointly with federal regulators to provide consistent findings and recommendations to thrift industry, to avoid duplication of costs, and to limit the number of times regulators are at the institutions.
   - Conduct off-site monitoring to detect risks, at early stages, on specific institutions and the thrift industry on a whole.
   - Provide flexible work schedule for examiners in order to reduce the impact of travel expenses on the budget.
   - Utilize the FDIC's Examination Tool Suite (ETS) to streamline the examination process.

- Maintain the Department's Thrift Compliance Examination Program to address industry concerns about federal regulatory burden.
- Continue to evaluate processes and procedures, as well as new technologies, for added efficiencies.

3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve.
    - Meet or exceed performance measures.
    - Continue to review processes and look for ways to improve efficiency and fulfillment of core functions.
    - Evaluate and implement additional tools to enhance Department operations and efficiency in the thrift industry area.
4. Attentive to providing excellent customer service.
    - Continue to provide internal and external training for examination and supervision staff.
    - Serve as resource to the thrift industry concerning regulatory expectations and best practices.
    - Share complaint information with the FDIC and the Federal Reserve.
5. Transparent such that agency actions can be understood by any Texan.
    - Communicate on a regular basis with the thrift industry.
    - Adhere to performance measures.
    - Provide reports and updates to the Finance Commission at its bi-monthly meetings.
    - Make reports and other information available through the Department's and Finance Commission's websites.
    - Welcome consumer and stakeholders opinions on current rules and regulations. Publish any proposed rule amendments using clear, understandable language with instructions for the public to submit public comments, and also publish any adopted rules or amendments to rules on the Department's website.

OTHER CONSIDERATIONS

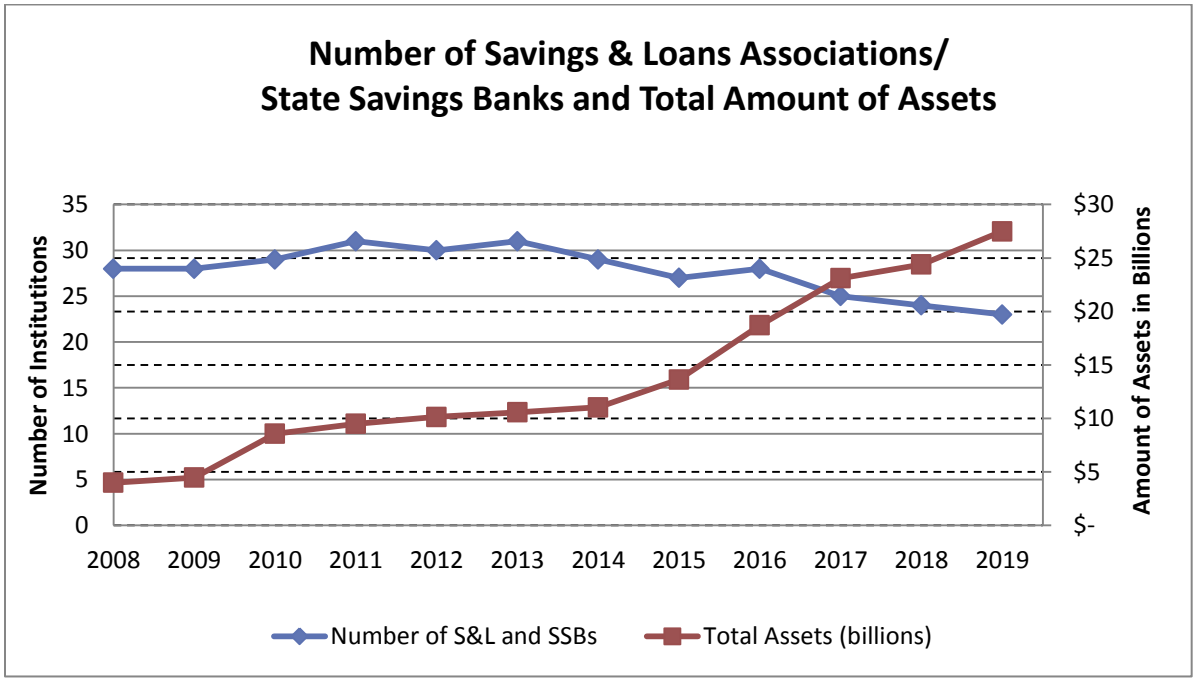
The Department places a priority on having knowledgeable, well-trained examination staff and provides internal and external training, as appropriate. The Department monitors various local, state, and national data sources to gain better understanding of the risks facing the thrift industry and individual institutions. Some of the risks that have potential impact on the thrift industry are interest rate changes, housing supply and demand, trends towards home ownership, and innovative products.

Thrift Examinations and Thrift Supervision staff are communicating regularly with state thrift management, answering questions, and providing feedback about

thrift issues and activities. Further, the Department organizes and holds the Thrift Industry Day. At this annual event, state thrift executive management and board members attend to hear Department staff and guest speakers discuss current topics, recent and upcoming events, and regulatory changes affecting the industry.

Another priority is maintaining contact and communication with federal counterparts, such as the FDIC, Federal Reserve, CFPB, and other state regulators. This interaction aids the Department in staying current with federal regulations. The Commissioner currently serves on the Board of the American Council of State Savings Supervisors. Additionally, thrift staff members serve on a number of Conference of State Bank Supervisors' committees including Risk Identification Team, State Examiner Review Team, and others.

As of December 31, 2019, the thrift industry in Texas consisted of 23 state thrifts with aggregate assets of $27.5 billion.



The COVID-19 crisis has caused significant uncertainty and challenges to the economy, including the thrift industry. In response, the Department issued several notices relating to thrift industry to aid them in their operations and dealings with Texas consumers. In light of the disruptions caused by the crisis, the Department understands that the thrift industry needs regulatory flexibility. The Department will continue to pursue practical and adaptive solutions in reviewing the industry's activities during the crisis and the following recovery.

GOAL: EFFECTIVE REGULATION OF THE MORTGAGE INDUSTRY

Protect Texas homebuyers through fair and effective regulation of the residential mortgage industry.

ACTION ITEMS TO ACHIEVE GOAL

Licensing

- Timely process, investigate, and take appropriate final action on mortgage license applications and registrations of entities.
- Timely process, investigate, and take appropriate final action on mortgage loan originator license applications.
- Confirm licensees have met and maintained license requirements, prior to approving renewal requests.
- Enforce compliance with laws, regulations and licensing standards of conduct through enforcement actions against regulated individuals and entities.

Examination

- Ensure effective and efficient examination of mortgage licensees and registrants through fair, responsible, and comprehensive compliance review.
- Enforce compliance with applicable laws and regulations and standards of conduct through enforcement actions against regulated individuals and entities.
- Perform examinations within appropriate timeframes.
- Encourage awareness of and proactive actions relating to cybersecurity concerns within the regulated industry.
- Monitor changes in the economy and in the federal regulatory arena for impact on the mortgage industry.
- Closely monitor interest rate changes, housing supply and demand, and trends in homeownership for any impact on the mortgage industry.
- Effectively communicate regulatory expectations and changes, both state and federal, to the thrift industry.

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.
    - Continue to be a prudent steward of its financial resources.
    - Continue to provide transparency through reporting.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through elimination of redundant or non-core functions.
    - Continue to review licensing and examination policies and procedures for more consistent and efficient work product.
    - Continue to use the Nationwide Multistate Licensing System (NMLS).
    - Reduce travel expenses by hiring mortgage examiners in areas of high industry concentrations and utilizing technology that allows off-site examinations to be conducted on a larger population of licensees.
    - Continue to evaluate procedures and processes, as well as new technologies, for added efficiencies.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve.
    - Meet or exceed performance measures.
    - Continue to review policies and procedures for ways to improve effectiveness and fulfillment of core functions.
    - Review and develop additional tools to enhance Department operations and effectiveness in the mortgage industry area.
    - Promptly take enforcement actions when warranted.
4. Attentive to providing excellent customer service.
    - Be accessible and a resource for consumers and the regulated industry.
    - Set targeted internal deadlines for processing license applications.
    - Provide internal and external training for staff.
    - Provide useful information on the Department's website for consumers and the regulated industry.
5. Transparent such that agency actions can be understood by any Texan.
    - Communicate on a regular basis with the mortgage industry.
    - Adhere to performance measures.
    - Provide reports and updates to the Finance Commission at its bi-monthly meetings.
    - Make reports and other information available through the Department's and Finance Commission's websites.
    - Welcome consumer and stakeholders opinions on current rules and regulations. Publish any proposed rule amendments using clear, understandable language with instructions for the public to submit public comments, and any adopted rules or amendments to rules, on the Department's website.
    - Publish enforcement order data on the agency website.

OTHER CONSIDERATIONS

The Department places a priority on having a knowledgeable, well-trained examination staff and provides internal and external training, as appropriate. The Department monitors various local, state, and national data sources to best understand the risks facing the mortgage industry. Some of the risks that may have potential impact on the mortgage industry are interest rate changes, housing supply and demand, trends towards home ownership, and innovative products.

Being a resource to the industry is a priority. The Department holds an annual Mortgage Industry Seminar, at which event mortgage industry representatives hear presentations from Department staff relating to current topics affecting the industry, as well as areas of focus from regulators. Additionally, the Department's executive staff gives presentations to a variety of industry organizations, provides information and answers questions 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 issues cease and desist orders and assesses fines and penalties related to these investigations. Where unlicensed activity continues, despite administrative enforcement actions by the Department, the Department works with the Office of the Texas Attorney General to take whatever additional legal action may be needed to protect consumers and the residential mortgage industry.

The Department participates in multi-state and Consumer Financial Protection Bureau (CFPB) mortgage examinations as needed and appropriate.

Another priority is maintaining contact and communication with the CFPB, other state regulators and national associations, such as the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR). The Department's Director of Mortgage Examination currently serves on the AARMR Board of Directors and the State Regulatory Registry Board of Managers. One of the Department's senior mortgage examiners serves as a Chairman of the Mortgage Testing and Education Board (MTEB); other senior examiners serve on the NMLS Policy Committee and the Performance Standards Committee of the CSBS Education Foundation. This interaction aids the Department in staying up to date on federal regulations and emerging issues related to the mortgage industry.

TEXAS MORTGAGE INDUSTRY AS OF FEBRUARY 29, 2020	
Number of Licensees:	
Mortgage Entities	2,078
Branches	3,782
Mortgage Servicers	194
Mortgage Loan Originators (Individuals)	27,428
Number of Examinations Conducted in FY19	476 (covering 6,253 licensees)

The COVID-19 crisis has caused significant uncertainty and challenges to the economy, including the mortgage industry. In response, the Department issued several notices relating to mortgage industry to aid them in their operations and dealings with Texas consumers. In light of the disruptions caused by the crisis, the Department understands that the mortgage industry needs regulatory flexibility. The Department will continue to pursue practical and adaptive solutions in reviewing the industry's activities during the crisis and the following recovery.

GOAL: EFFECTIVE AND EFFICIENT CONSUMER RESPONSIVENESS

Ensure responsiveness to inquiries, requests, and complaints from citizens, industry, public officials, and other state and federal governmental entities.

ACTION ITEMS TO ACHIEVE GOAL

- Provide a forum for registering complaints regarding financial institutions and mortgage entities and individuals.
- Timely review and investigate complaints, as appropriate, and respond to requests and inquiries.
- Take appropriate enforcement 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.
    - Continue to be a prudent steward of its financial resources.
    - Continue to provide transparency through reporting.

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant or non-core functions.
    - Review investigation policies and procedures for more consistent and efficient work product.
    - Promptly investigate and resolve 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.
    - Review policies and procedures for ways to improve effectiveness and fulfillment of core functions.
    - Promptly take enforcement action when warranted.
4. Attentive to providing excellent customer service.
    - Provide website link for consumers for filing of consumer complaints.
    - Provide complaint forms in English and Spanish.
    - Ensure accessible and responsive investigation staff.
5. Transparent such that agency actions can be understood by any Texan.
    - Adhere to performance measures.
    - Provide reports and updates to the Finance Commission at its bi-monthly meetings.
    - Make reports and other information available through the Department's and Finance Commission's websites.
    - Welcome consumer and stakeholders opinions on current rules and regulations. Publish any proposed rule amendments using clear, understandable language with instructions for the public to submit public comments, and also publish any adopted rules or amendments to rules on the Department's website.
    - Publish enforcement order data on the agency website.

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 deemed appropriate.

The Department maintains contact and communication with the Consumer Financial Protection Bureau, other state regulators, and national associations, such as Conference of State Bank Supervisors and American Association of Residential Mortgage Regulators. This interaction aids the Department in staying up to date on federal regulations and emerging issues related to the mortgage industry.

The complaints received by the Department cover a variety of issues and their complexity range from basic to very complex. Most complaints received relate to mortgage loan servicing, which tends to be more complex and take longer to resolve.

In addition to enforcement actions, administrative hearings and work on various legal issues, the Department's legal staff also provides assistance to the public, members of legislature and the industry regarding regulatory questions involving the thrift, mortgage and residential loan servicing industries.

SML has continued to receive, review, and resolve consumer complaints during the COVID-19 crisis to ensure uninterrupted protection for Texas consumers. The Department will continue to separately track any COVID related complaints. In response to the crisis, the Department has posted consumer resources relating to COVID on its website and will continue to do so.

Goal: Effective 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 competent and well-trained in performing their job duties and responsibilities.
- Coordinate and ensure cross-training in all areas of the Department.
- Monitor fiscal performance.
- Collaborate with Department of Banking and Office of Consumer Credit Commissioner on Finance Commission's efforts to achieve greater efficiencies.

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.
    - Continue to be a prudent steward of financial resources.
    - Continue to provide transparency through reporting.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including elimination of redundant or non-core functions.
    - Increase efficiency and effectiveness through well-trained staff.
    - Monitor expenditures and revenues on a continual basis.

- Share information and collaborate with the other Finance Commission agencies.

3. Effective by successfully fulfilling core functions, achieving performance measures, and implementing plans to continuously improve.
    - Meet or exceed performance measures.
    - Coordinate and ensure cross-training in order to facilitate succession planning.
    - Review policies and procedures for ways to improve effectiveness and fulfillment of core functions.
4. Attentive to providing excellent customer service. (Customers under this Goal would be Department employees)
    - Provide and maintain alternative work schedules.
    - Provide a safe work environment for employees and the tools needed to perform their job duties.
    - Process employee reimbursement vouchers and payroll in a timely manner.
5. Transparent such that agency actions can be understood by any Texan.
    - Adhere to performance measures.
    - Provide reports and updates to the Finance Commission at its bi-monthly meetings.
    - Make reports and other information available through the Department's and Finance Commission's websites.

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 are placed in the Department's account at the Texas Treasury Safekeeping Trust Company. Various provisions in the Texas Finance Code authorize the Commissioner to impose and collect fees to cover the Department's costs of performing its regulatory responsibilities. The Department operates in a prudent and fiscally responsible manner while performing its statutory duties.

In addition, the Department has been a Self-Directed, Semi-Independent (SDSI) agency since 2009. This status has been instrumental in supporting the Department's efforts to fulfill its mission. Being an SDSI agency, the Department is able to respond effectively and timely to the changing dynamics in the economy and the regulated industries, including the ability to adjust budgets to implement immediate changes in staffing strategies, as well as to adjust salaries in order to retain and attract qualified personnel and strive for competitive salary levels with other state and federal regulators. Having SDSI status allows the

Department to operate more efficiently and provides the flexibility needed to expand or diminish resources in response to changing economic conditions.

The Department develops an annual budget, which is evaluated and reviewed by the Finance Commission, an eleven member governing body which provides oversight of three state agencies: Department of Savings and Mortgage Lending, Texas 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, open to the public, is held each year.

The Department has contributed a portion of its administrative penalties to the Finance Commission's Texas Financial Education Endowment and has a representative on the Grants Committee. By making these contributions, the Department participates in providing financial education to consumers in the areas of its regulated industries.

The Department is headquartered in the Finance Commission Building at 2601 North Lamar Boulevard, along with the other Finance Commission agencies – Texas Department of Banking and Office of Consumer Credit Commissioner. In an effort to relieve overcrowding and a deficiency in office, meeting, and parking space, the agencies are pursuing relocation options. Legislation passed in 2017 would allow the Texas Department of Transportation to sell certain excess land to the agencies. The agencies are continuing to work with Texas Department of Transportation and Texas Department of Motor Vehicles to evaluate potential options. With the assistance of a contracted commercial real estate broker, the agencies are considering options that will accommodate the unique requirements of all three agencies. Cash reserves have been set aside to cover the future expenses related to the purchase or construction of a new building and relocation.

The Department underwent a review by the Texas Sunset Advisory Commission during their 2018-2019 review cycle, as required by the Texas Sunset Act. The Sunset Advisory Commission Report to the 86th Legislature noted that "the three finance agencies have weathered the storms of the financial crisis well and maintained transparent, accountable practices even with the recent decreased legislative oversight after the Legislature granted the agencies self-directed semi-independent status." Further, the report stated that the Department "fulfills its responsibilities to regulate the state's savings banks and mortgage lenders." The 86th Legislature passed Senate Bill 614 continuing the Department through September 1, 2031, under the continued oversight of the Finance Commission.

The Department began implementing recommendations from the Sunset review in 2018 and is set to complete the remaining recommendations within the mandated timeframes.

One of the Sunset Management Actions directed the Finance Commission to minimize duplication of agency functions and promote more cost-efficient administration of the finance agencies, which included an efficiency audit that was completed and the results reported to the Finance Commission in June 2019. The Finance Commission voted on and approved a plan that directs the agencies to establish workgroups to explore and collaborate on enhanced sharing opportunities in six areas: Budget and Accounting; Complaint Intake; Financial Literacy Program; Purchasing and Contracting; Human Resources; and Information Technology. The workgroups meet periodically to identify, recommend, and implement new measures to promote efficient administration. The agencies report the status and progress of the workgroups to the Finance Commission on a semi-annual basis. The first status update was presented to the Finance Commission in April 2020.

REDUNDANCIES AND IMPEDIMENTS

REDUNDANCIES AND IMPEDIMENTS	
Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	None Identified at this time.
Describe why the Service, Statute, Rule, or Regulation is Inefficient or Ineffective Agency Operations	As statutes, rules or regulations which may impede operations are identified, they are brought to the attention of the legislature or the Finance Commission.
NATURAL DISASTER-RELATED REDUNDANCIES AND IMPEDIMENTS	
Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Not Applicable.
Describe why the Service, Statute, Rule, or Regulation is Inefficient or Ineffective Agency Operations	None.

SCHEDULE A:
BUDGET STRUCTURE – GOALS, OBJECTIVES AND PERFORMANCE 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-leveling, self-funding, is responsible for all direct and indirect 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 the Department's account at the Texas Treasury Safekeeping Trust Company and not included in the General Revenue Fund.

The Department develops an annual budget, made available to the public on the Department's website and presented to the Finance Commission for evaluation and approval. The budgeting process begins in the last quarter of the fiscal year with the proposed budget presented at a public hearing typically at the end of July or beginning of August. The final budget is presented to the Finance Commission at its regularly scheduled August meeting for final decision. The Finance Commission must approve a budget before any expenditure can be made.

GOAL: EFFECTIVE REGULATION OF THE THRIFT INDUSTRY

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 promotes a stable thrift industry and the confidence of depositors, creditors, and borrowers of these institutions.

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; and
- 100% of applications are processed within the statutory timeframes.

Outcome Measures

- Percentage of state chartered savings institutions receiving examination within the required timeframes
- Percentage of savings institutions classified safe and sound
- Percent of state chartered savings institution applications processed 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 state chartered savings institution examinations performed
- Number of state chartered savings institution applications processed

Efficiency Measures

- Assets examined per examiner day (in millions)
- Average time (business days) to complete analysis of quarterly financial data

Explanatory Measures

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

Goal: Effective Regulation of the Mortgage Industry

Protect Texas homebuyers through fair and effective regulation of the residential mortgage industry.

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

- Percentage of satisfactory levels of compliance reported through examination

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 requirements.

Ensure effective and efficient examination of mortgage licensees and registrants through fair, responsible, and comprehensive compliance review; 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: EFFECTIVE AND EFFICIENT CONSUMER RESPONSIVENESS

Ensure responsiveness to inquiries, requests, and complaints from citizens, industry, public officials, and other state and federal governmental entities.

OBJECTIVE: COMPLAINTS AND INQUIRIES

Ensure that complaints are timely and efficiently completed.

OUTCOME MEASURES

- Percentage of complaints completed within ten business days of receipt of complete information
- Percentage of written complaints closed within 90 days

STRATEGY: COMPLAINT AND INQUIRY PROCESS

Provide a forum for registering complaints, responding to requests and inquiries, and taking appropriate action when warranted.

OUTPUT MEASURES

- Number of complaints closed

EFFICIENCY MEASURES

- Average cost per complaint closed

GOAL: EFFECTIVE AGENCY ADMINISTRATION

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

OBJECTIVE: INDIRECT ADMINISTRATION

Monitor and analyze staff turnover and operating budget and take action to ensure improved retention and accurate budgeting.

OUTCOME MEASURES

- Percentage of employees separated from the agency
- Percentage of actual expenditures to budgeted expenditures

SCHEDULE B: PERFORMANCE MEASURE DEFINITIONS

GOAL: EFFECTIVE REGULATION OF THE THRIFT INDUSTRY

OUTCOME MEASURES:

PERCENTAGE 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

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.

DATA SOURCE

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 $3 billion in asset size or more rated composite CAMELS 1 or 2, are examined every 12 months. Institutions less than $3 billion 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 $3 billion, 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, approximately 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.

METHODOLOGY

The cumulative number of state chartered saving institutions due for examination according to the examination priority schedule examined by the Department, FDIC, or Federal Reserve Bank during the reporting period, divided by the number of savings institutions required to be examined under the Department's priority schedule during the reporting period. The measurement date for timeliness of examinations begins on the transmittal date of the Report of

Examination to the institution. Examinations started within 30 days from the date they are due are considered to meet the Department's performance measures.

DATA LIMITATIONS
None

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Cumulative	No	Higher than target

PERCENTAGE OF SAFE AND SOUND INSTITUTIONS CLASSIFIED SAFE AND SOUND

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
To provide 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.

DATA SOURCE
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.

METHODOLOGY
The number of safe and sound (rated 1 or 2) institutions is divided by the total number of state chartered savings institutions regulated as reported in the quarterly Risk Monitoring 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 METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

PERCENTAGE OF STATE CHARTERED SAVINGS INSTITUTION APPLICATIONS PROCESSED 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, if applicable: 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

To indicate whether the Department is processing applications in a timely manner and informing the applicant of the evaluation and conclusion in a reasonable time.

DATA SOURCE

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

METHODOLOGY

The application log for the reporting period is reviewed and each application processed during the period is evaluated for compliance with statutory timeframes. The number of applications processed within statutory timeframes is divided by the total number of all applications processed during the reporting period.

DATA LIMITATIONS

None

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

OUTPUT MEASURES:

NUMBER OF STATE CHARTERED SAVINGS INSTITUTION 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
To indicate the level of examination activity for the period reviewed as a production volume indicator and in comparison with the total number of state chartered savings institutions; to inform of the examination staff's workload.

DATA SOURCE
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.

METHODOLOGY
Arithmetically total the number of examinations performed during the reporting period.

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 METHOD	NEW MEASURE	TARGET ATTAINMENT
Cumulative	No	Higher than target

NUMBER OF STATE CHARTERED SAVINGS INSTITUTION APPLICATIONS PROCESSED

DEFINITION
The total number of all applications received by the Department during the reporting period, including, but not limited to, requests to charter a savings institution, establish additional offices, engage in a merger or acquisition transaction, or invest in a subsidiary.

PURPOSE
To indicate the application workload regarding savings institution corporate transactions. The number of applications processed is directly related to the number of applications received, which 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. Agency staffing can be impacted based upon the number of applications.

DATA SOURCE
The Department staff maintains a log of all application activity, including the date application received, date application deemed complete, date of hearing, if applicable, and final determination by the Commissioner. These dates

are supported by letters to the applicants and, hearing notices published in the Texas Register, when applicable.

METHODOLOGY
Arithmetically count the number of applications with final action taken by the Department during the reporting period, as recorded in the applications log, regardless of when the application was originally received.

DATA LIMITATIONS
The Department has no control over the number of applications received and processed. The number of applications could vary significantly over the reporting period; thereby, the measure would vary in a similar manner.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Cumulative	No	Higher than target

EFFICIENCY MEASURES:

ASSETS EXAMINED PER EXAMINER DAY (IN MILLIONS)

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

PURPOSE
To compare total industry assets examined to the available examination staff days available in order to evaluate the reasonableness of the number of examiners to the size of the industry regulated by the Department.

DATA SOURCE
Department staff derives the number of examiner FTEs from a report generated from the statewide payroll system. The total assets of state chartered savings institutions examined are obtained from the Risk Monitoring Model prepared by Department staff and based on quarterly call reports submitted by each institution. The total 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 for each examiner and adding them together.

METHODOLOGY
Total assets of state chartered savings institutions examined by the Department during the reporting period 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 regulated by the Department. Significant economic downturns can adversely affect financial institutions in the state system, leading to an increase in the number of staff required to effectively examine and regulate the industry.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

AVERAGE TIME (BUSINESS DAYS) TO COMPLETE ANALYSIS OF QUARTERLY FINANCIAL DATA

DEFINITION
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
To provide indication of the Department's off-site monitoring efficiency. The financial monitoring report is a significant tool for the Commissioner and staff for identifying and addressing financial operating changes in an institution between quarterly reports, so that prompt, effective supervisory action can be taken when needed - the timelier the action, the greater its effectiveness.

DATA SOURCE
Call report data serves as the basis for Risk Monitoring Model reports. Call reports are submitted electronically to FFIEC within 30 calendar days of calendar quarter end. Department staff obtains call reports submitted through the repository. Final Risk Monitoring Model reports cannot be produced until all call reports are received.

METHODOLOGY
Financial monitoring system reports are available within a few days after receipt of the last call report. The due date of the Call Report serves as the start date. The generated date stamp on the Risk Monitoring Model report serves as the end date. The count of elapsed business days between the two dates is the measure of performance.

DATA LIMITATIONS
None

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Lower than target

EXPLANATORY MEASURES:

NUMBER OF STATE CHARTERED SAVINGS INSTITUTIONS

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

PURPOSE
To assist in evaluating the Department's level of activity in all strategies and other measures related to savings institution regulation - the number of examinations, applications, and complaints correlate in whole or in part to the number of institutions. Agency staffing can be impacted based upon the number of institutions.

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

METHODOLOGY
Arithmetically count the number of state chartered savings institutions as of the end of the reporting period.

DATA LIMITATIONS
None

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

DOLLAR AMOUNT OF ASSETS UNDER REGULATION (IN BILLIONS)

DEFINITION
The aggregate total assets of savings institutions chartered by the state under the Department's jurisdiction.

PURPOSE
The information on the aggregate assets of the state thrift system subject to the Department's jurisdiction and influence serves as an indicator of the appropriateness for the amount of the state resources dedicated to supervising and regulating the industry. Agency staffing can be impacted based upon the amount of assets under regulation.

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

METHODOLOGY
Arithmetically add the total assets of state savings institutions as of the calendar quarter end.

DATA LIMITATIONS
None

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

GOAL: EFFECTIVE REGULATION OF THE MORTGAGE INDUSTRY

OUTCOME MEASURES:

PERCENTAGE OF SATISFACTORY LEVELS OF COMPLIANCE REPORTED THROUGH EXAMINATION

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
To indicate how effectively the Department's activities deter violations of statutes and rules. The examination of mortgage entities and individuals, as mortgage loan originators, helps to ensure compliance with legal and statutory standards of conduct.

DATA SOURCE
Department staff maintains a database of examinations, where detailed information about each examination is entered, including examination dates, examination rating, examiner's name, and whether follow-up examination is needed. Data about the level of compliance achieved during the reporting period is derived from the database.

METHODOLOGY
The total number of examinations, conducted during the reporting period, with satisfactory levels of compliance, as determined by the Department, divided by the total number of examinations conducted during the reporting period.

DATA LIMITATIONS
The Department's examination staff makes a determination of compliance levels and uses a rating system to identify licensees with a satisfactory or unsatisfactory level of compliance. The examination ratings are based on the Department's regulatory analysis.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

OUTPUT MEASURES:

NUMBER OF APPLICATIONS PROCESSED

DEFINITION
The number of applications processed during the reporting period.

PURPOSE
To provide information on the extent to which the Department fulfills its statutory responsibility to license and regulate the mortgage industry. The number of applications processed is directly related to the number of applications received, which reflects the current size of the regulated industry. Agency staffing can be impacted based upon the number of applications.

DATA SOURCE
The Department utilizes the Nationwide Multistate Licensing System (NMLS) as the system of record. The number of applications processed during the reporting period is determined by preparing a report from NMLS.

METHODOLOGY
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 of applications varies significantly, either up or down, the measure will vary in a similar manner.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Cumulative	No	Higher than target

NUMBER OF LICENSEES EXAMINED

DEFINITION
The total number of mortgage loan originators included in examinations completed during the reporting period.

PURPOSE
To indicate the level of examination activity for the period, reviewed as a production volume indicator. An examination is the review and evaluation process necessary to determine licensees' compliance with applicable legal and statutory standards.

DATA SOURCE
Department staff maintains a database of examinations, where detailed information about each examination is entered, including examination dates, examination rating, examiner's name, and whether follow-up examination is needed. Data about the number of mortgage loan originators examined during the reporting period is derived from the database.

METHODOLOGY
Arithmetically count the number of mortgage loan originators examined during the reporting period.

DATA LIMITATIONS
The total number of mortgage loan originators examined will vary between quarters depending on the size and complexity of examinations. This measure would also be affected by a significant change in the size of the regulated industry.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Cumulative	No	Higher than target

EFFICIENCY MEASURES:

AVERAGE COST PER APPLICATION PROCESSED

DEFINITION
The average cost incurred by the Department per application processed.

PURPOSE
To provide an indication of how efficiently the Department processes applications.

DATA SOURCE
Cost data used to calculate the average cost per application processed is derived from the Department's accounting system. The number of applications

processed during the reporting period is determined by preparing a report from NMLS.

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

DATA LIMITATIONS
The Department cannot control the number of applications received. The number of applications could vary significantly over the reporting period; thereby, the measure would vary in an opposite manner.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Lower than target

EXPLANATORY MEASURES:

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
To assist in evaluating the Department's level of activity in all strategies and other measures related to mortgage regulation - the number of examinations, applications, and complaints correlate in whole or in part to the number of licensees. Agency staffing can be impacted based upon the number of licensees.

DATA SOURCE
The Department utilizes the Nationwide Multistate Licensing System (NMLS) as the system of record. The number of licensees in an approved status during the period is determined by preparing a report from NMLS.

METHODOLOGY
Arithmetically count the number of licensees in an approved status.

DATA LIMITATIONS
None

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

GOAL: EFFECTIVE AND EFFICIENT CONSUMER RESPONSIVENESS

OUTCOME MEASURES:

PERCENTAGE OF COMPLAINTS CLOSED WITHIN TEN BUSINESS DAYS OF RECEIPT OF COMPLETE INFORMATION

DEFINITION
The percentage of complaints closed within ten business days of the receipt of all needed information relating to the complaint.

PURPOSE
To indicate whether complaints are being investigated, researched, and addressed promptly.

DATA SOURCE
Department staff maintains a database of complaints, where detailed information about each complaint is entered, including date of receipt of complete information and closed date. Data about all complaints closed during the reporting period is derived from the database.

METHODOLOGY
The number of days between the date all needed information is received and the date closed is calculated for each complaint. The number of complaints closed within 10 business days of receipt of complete information or less is divided by the total number of complaints closed during the reporting period.

DATA LIMITATIONS
Complaints can require significant investigation; 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 METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

OUTPUT MEASURES:

NUMBER OF COMPLAINTS CLOSED

DEFINITION
The number of complaints against regulated entities for which all information has been obtained, the investigation was completed, and a written response was provided to the complainant during the reporting period.

PURPOSE
To indicate the level of consumer complaints' investigations activity, reviewed as a production volume. The number of complaints closed is directly related to the number of complaints received, which in turn reflects the consumers' satisfaction with the regulated industries. Agency staffing can be impacted based upon the number of complaints received and closed.

DATA SOURCE
Department staff maintains a database of complaints, where detailed information about each complaint is entered, including closed date. Data about all complaints closed during the reporting period is derived from the database.

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

DATA LIMITATIONS
The number of complaints received may fluctuate based on consumer issues during the reporting period. The level of complaints cannot be controlled by the Department.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Higher than target

EFFICIENCY MEASURES:

AVERAGE COST PER COMPLAINT CLOSED

DEFINITION
The average cost incurred by the Department per complaint closed.

PURPOSE
To provide an indication of how efficiently the Department processes complaints.

DATA SOURCE
Cost data used to calculate the average cost per application processed is derived from the Department's accounting system. The number of complaints closed during the reporting period is derived from the complaints database.

METHODOLOGY
Average cost per unit is computed by adding the total direct costs and indirect costs attributable to the complaints strategy, and dividing by the total number of complaints closed during the reporting period.

DATA LIMITATIONS
The Department cannot control the number of complaints received. The number of complaints received could vary significantly over the reporting period; thereby, the measure would vary in an opposite manner.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	No	Lower than target

GOAL: EFFECTIVE AGENCY ADMINISTRATION

OUTCOME MEASURES:

PERCENTAGE OF EMPLOYEES SEPARATED FROM THE AGENCY

DEFINITION
The employee turnover or the percentage of regular employees separated from the agency during the reporting period.

PURPOSE
Staff turnover is an indicator of the effectiveness of the Department's human resources management. Excessive turnover can lead to incurring additional costs of hiring and training new staff. Poor retention of qualified staff can negatively impact productivity and performance.

DATA SOURCE
State Auditor's Office (SAO) maintains a database for all state agencies' turnover as reported by each agency. Data for the reporting period is derived from that database.

METHODOLOGY
The percentage of employees separated from the agency is calculated by SAO as the number of separated employees, divided by the average number of FTEs for the reporting period.

DATA LIMITATIONS
The number of separations may fluctuate between reporting periods. Some level of turnover is natural and could have a positive impact on the Department.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	Yes	Lower than target

PERCENTAGE OF ACTUAL EXPENDITURES TO BUDGETED EXPENDITURES

DEFINITION
The percentage of actual expenditures to budgeted expenditures as of the end of the reporting period.

PURPOSE
To assist in the review of the budgeting accuracy. An accurate budget allows the Department's management to make informed and relevant decisions in achieving the Department's mission, goals and objectives.

DATA SOURCE
Data is derived from the Department's internal accounting system and the statewide accounting system.

METHODOLOGY
The percentage is computed by dividing the total actual expenditures for the reporting period to the total budgeted expenditures for the same reporting period.

DATA LIMITATIONS
Unanticipated expenditures due to extraordinary events outside of the Department's control can occur during the reporting period.

CALCULATION METHOD	NEW MEASURE	TARGET ATTAINMENT
Non-Cumulative	Yes	Higher than target

SCHEDULE C:
HISTORICALLY UNDERUTILIZED BUSINESS PLAN

HISTORICALLY UNDERUTILIZED BUSINESS (HUB) POLICY

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 HUBs.

The Department supports efforts by state leadership in their policy directing state agencies to utilize HUBs when awarding state contracts. While the Department has limited opportunities to award contracts, it is the Department's intent to continue its concerted efforts to maximize such utilization.

HUB GOALS AND ACHIEVEMENTS

During fiscal years 2018 and 2019, the Department exceeded the state's annual procurement goals for percentage of funds spent with HUBs in all categories of spending.

CATEGORY	STATE'S GOAL %	DEPARTMENT'S SPENDING WITH HUBS %	
		FY2018	FY2019
Professional Services	23.7%	N/A*	100.0%
Other Services	26.0%	43.7%	43.8%
Commodity Purchasing	21.1%	59.0%	81.7%

*N/A – There was no spending in this category during the fiscal year.

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

Workforce Plan

Fiscal Years 2021-2025

SCHEDULE F
STRATEGIC PLAN 2021-2025

WORKFORCE PLAN – 2021-2025

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DEPARTMENT OVERVIEW

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 savings and loan associations and state chartered savings banks, 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 examining 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.

Additionally, the 81st Legislature granted the department a self-directed, semi-independent (SDSI) status, which in effect transferred the responsibility for annual budget and staffing levels' approval to the oversight board of the Department - the Finance Commission of Texas. The SDSI status gives the Department the ability to respond effectively and timely to changes in the regulatory environment, quickly adjust budgets, implement necessary changes in business and staffing strategies, and take actions to maintain competitive salary levels with state and federal counterparts.

The 82nd Legislature created Chapter 158 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 servicer 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.

The Department underwent a review by the Texas Sunset Advisory Commission during their 2018-2019 review cycle, as required by the Texas Sunset Act. The 86th Legislature passed Senate Bill 614 continuing the Department through September 1, 2031, under the continued oversight of the Finance Commission of Texas.

Strategic Structure

Goal A: Effective Regulation of the Thrift Industry

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 promotes a stable thrift industry and the confidence of depositors, creditors, and borrowers in these institutions.

Strategy A-1-1: 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.

Goal B: Effective Regulation of the Mortgage Industry

Protect Texas homebuyers through fair and effective regulation of the residential mortgage industry.

STRATEGY B-1-1: MORTGAGE INDUSTRY LICENSING

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

STRATEGY B-1-2: MORTGAGE INDUSTRY EXAMINATION

Ensure effective and efficient examination of mortgage licensees and registrants through fair, responsible, and comprehensive compliance review; 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.

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.

GOAL D: AGENCY ADMINISTRATION

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

CORE BUSINESS FUNCTIONS

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 majority of residential mortgage lending in Texas.

In order to adequately carry out these responsibilities, the Department employs financial examiners, investigators, and other professional and administrative staff, all contributing to the fulfillment of the Department's mission.

ANTICIPATED CHANGES

The Department does not foresee changes in its mission and strategic structure, as the need for regulatory oversight over the thrift and mortgage industries continues to exist.

The Department, however, anticipates, prepares for and continually implements updates in the methods and tools used to perform its core business functions. These updates are necessitated by changes in the regulated industries' business practices and in consumers' needs as a result of evolving information technologies.

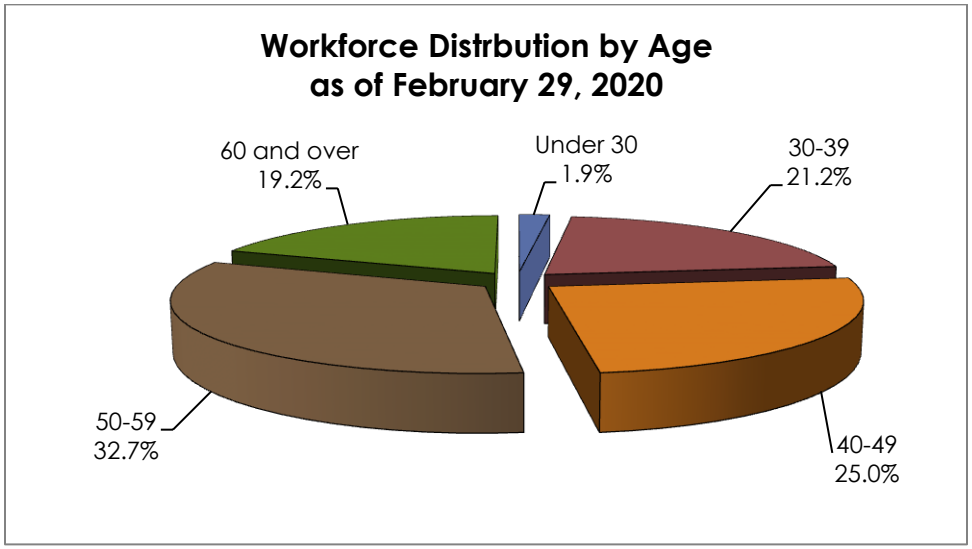
CURRENT WORKFORCE PROFILE

COMPOSITION OF DEPARTMENT'S STAFF

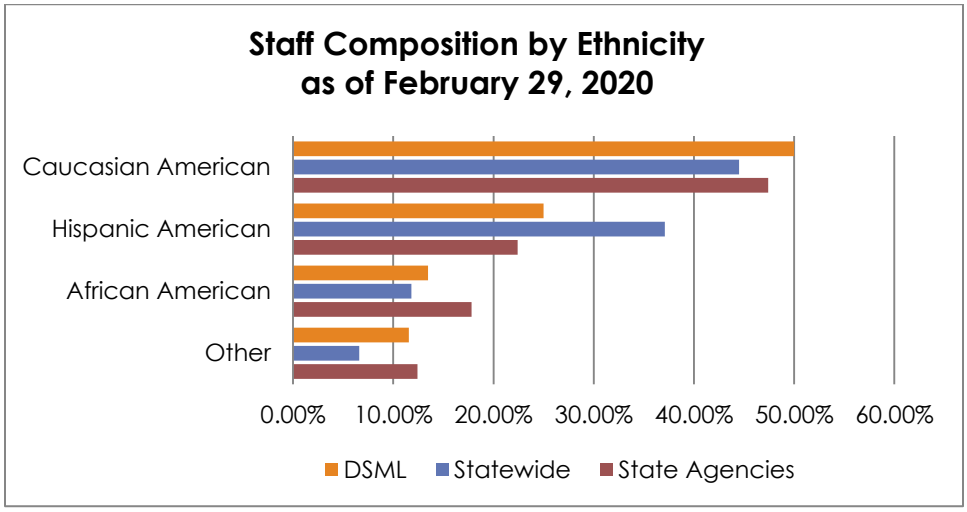
DEMOGRAPHICS INFORMATION

As of February 29, 2020, the Department's workforce is comprised of 52 employees - 27 females (51.9%) and 25 males (48.1%).

The chart below shows the Department staff composition by age. The average age has increased to 50 years compared to 47 in 2018.



The following chart compares the agency staff composition by ethnicity as of February 29, 2020, to the statewide and state agencies workforce composition as reported by the Civil Rights Division of the Texas Workforce Commission in their Equal Employment Opportunity and Minority Hiring Practices Report for fiscal years 2017-2018.



The employees' length of agency service distribution has shifted due to continuously improved retention. As a result only 11.5% (down from 22% in fiscal year 2018) of employees have less than two years of agency service, and 59% (down from 68% two years ago) now have more than five years of service.

RETIREMENT ELIGIBILITY

Retirement will potentially account for a significant number of separations over the next five years and a critical loss of institutional knowledge and expertise in key positions.

As of February 29, 2020, eight (8) employees or 15.4% are eligible to retire - eight under the rule of *80* or the *age-65-and-10-year-of-service* rule. By the end of fiscal year 2025, thirteen (13) additional employees or 25% will become eligible for retirement - nine under the rule of *80* or the *age-65-and-10-years-of-service* rule, and four under the *age-60-and-five-year-of-service* rule. The total of 21 potential retirees, represent 40.9% of the field staff and 40% of the office staff. These employees have extensive tenure with the Department and a wealth of institutional knowledge. The average state service of these employees when they reach retirement eligibility is 14 years. It is important to ensure that this knowledge and organizational experience is not lost.

VETERANS

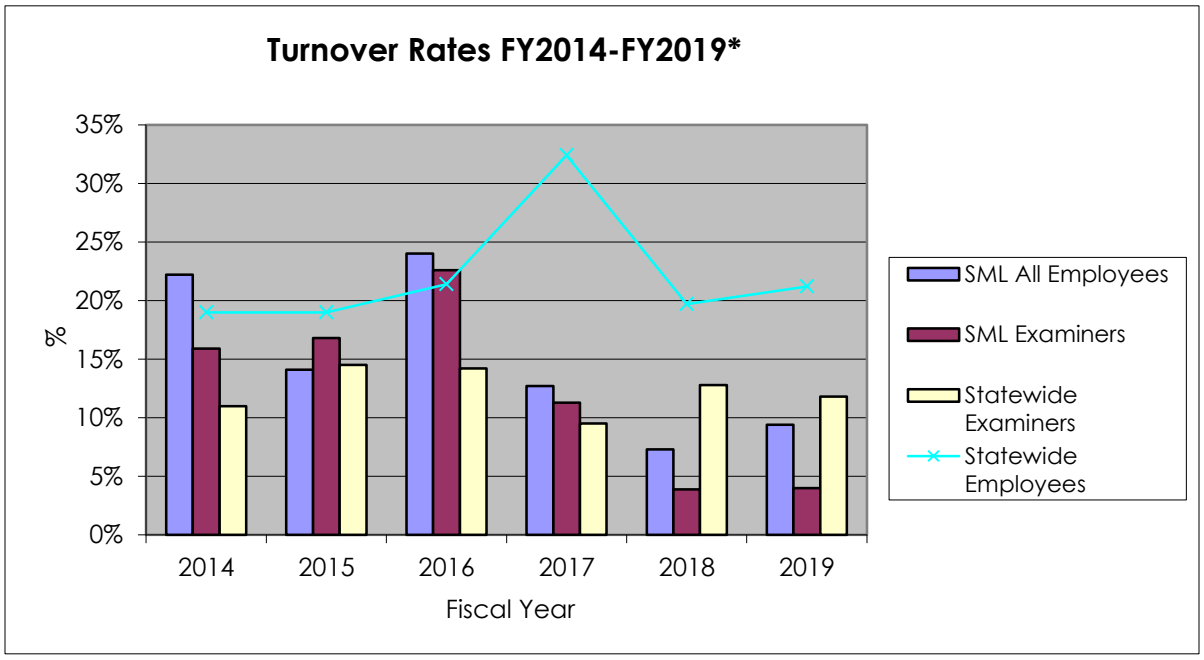
The 84th Legislature amended and added to Texas Government Code, Section 657.004, requirements for state agencies to meet a veteran employment goal of hiring veterans in full-time positions to equal at least 20% of the total number of employees. The agency takes advantage of the resources of the Texas Veterans Commission and the Texas Workforce Commission. As of February 29, 2020, the Department employs 3 veterans or 5.8%.

CURRENT AND PROJECTED TURNOVER

Retention of good quality employees is a priority for the Department. Turnover occurs in every organization for a variety of reasons. Over the years the Department has developed and adjusted its processes, training schemes, and 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 include expanded flex hour schedules, relaxed dress code, and implementation of a health and 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 retention is a particular priority because examiners perform one of the essential functions of the Department. Well-trained financial examiners are widely sought after by state and federal regulatory agencies, and the private sector. After a high of 23% in 2016 due to retirements and other separations, the financial examiner turnover decreased to 11% in 2017, and 4% in 2018 and 2019.

The graph below compares Department turnover to statewide turnover for fiscal years 2014-2019, 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.



*Turnover information obtained from State Auditor's Office Electronic Classification Analysis System (E-Class).

TURNOVER BY LENGTH OF SERVICE FOR FISCAL YEARS 2018-2019

The Department lost four employees during fiscal year 2018 and five in fiscal year 2019. Employees with two to five years of experience had the highest Department turnover.

Length of Service	% of SML Turnover	% of State
Less than 2 years	12.5	43.1
2-5 years	62.5	19.8
5-10 years	12.5	12.0
10-15 years	0.0	7.3
15-20 years	12.5	5.0
More than 20 years	0.0	7.8

TURNOVER BY AGE FOR FISCAL YEARS 2018-2019

Age	% of SML Turnover	% of State
Under 30 years	0.0	32.2
30-39 years	44.4	22.6
40-49 years	22.2	16.0
50-59 years	22.2	17.3
60 years and over	11.1	11.9

CRITICAL WORKFORCE SKILLS

The skills listed below are critical to the Department's ability to perform its core business functions and achieve its mission.

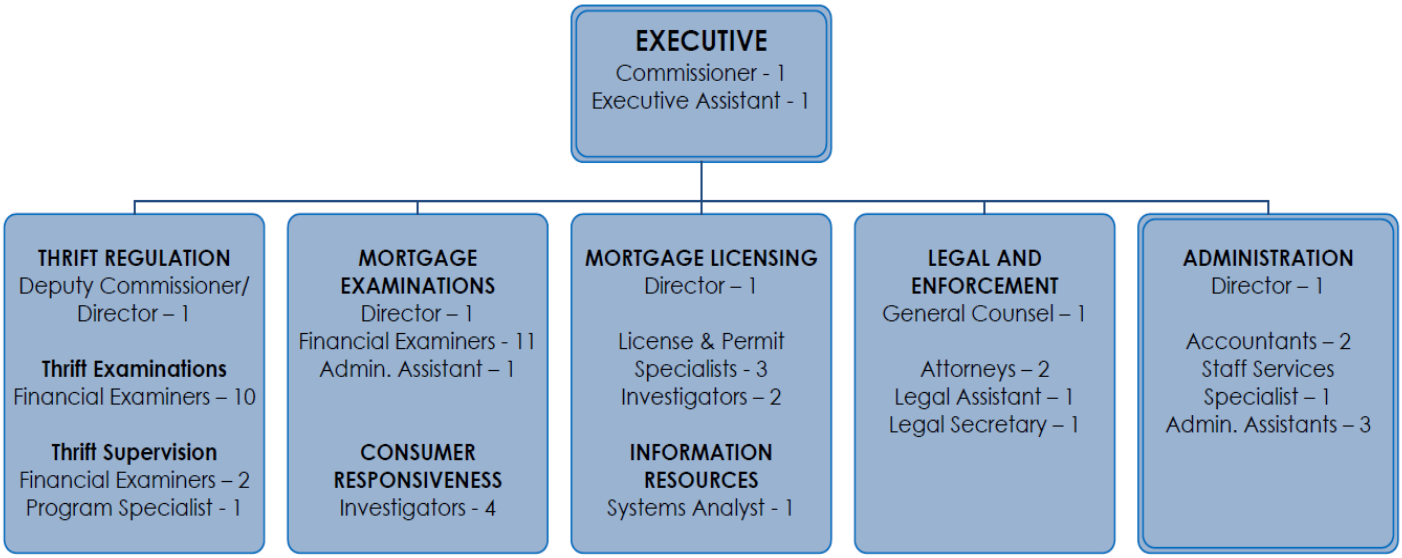
Regulatory
- In-depth knowledge of the thrift and mortgage industries
- Financial institution regulatory processes and examination experience
- Ability to interpret and apply relevant rules, regulations, and statutes

Technical
- Audit and investigative techniques
- Risk assessment modeling
- Accounting and budgeting
- Information technology expertise
- Clear, concise, and accurate report and technical writing

Organizational
- Strategic planning
- Performance management

Communications
- Customer service skills
- Effective written and verbal communications
- Multilingual skills

Workforce Allocation



Future Workforce Profile

Factors Influencing the Future Workforce

Large Financial Institutions

The Department has recently gained jurisdiction over two large financial institutions as part of the regulated thrift industry. Organic growth and mergers and acquisitions in this industry could lead to other savings banks growing to large bank status. Such large financial institutions require specialized skills and a higher level of expertise.

Information Technology

As business practices and processes of regulated entities change due to information technology changes, the Department's workforce increasingly needs to stay up-to-date and update its processes and skills in order to respond

to customers, provide quality services, and conduct business. The Department diligently monitors industry changes, identifies necessary adjustments, and uses its resources to implement program changes for the benefit of the public.

Diversification

As Texas' population continues to diversify, the Department continues to tailor programs and services, and develop staff's skills in order to accommodate citizens who do not speak or comprehend English. Increased diversity directly affects the licensing, examination, enforcement, and complaint programs, continuing to require bi- or multilingual staff to offer services in languages other than English.

Generational Differences

Currently, the Department's workforce is comprised of members of three generations – Baby Boomers, Generation X and Millennials. As Generation Z is entering the workforce, the generational differences in motivation, communication style, and worldview, require that the Department remains flexible and provides different opportunities for work and professional development as needed. Each generation brings a different perspective and skillset to the workplace which can lead to increased productivity and improved employee retention, if managed properly.

Future Workforce Skills Needed

In addition to the critical workforce skills listed above, the following skills will be necessary to enable the Department perform its core business functions efficiently and effectively:

- Specialized knowledge in large financial institutions and capital markets
- Increased information technology expertise
- Business process analysis, reengineering, and redesign
- Change management

Anticipated changes in number of employees needed

The Department anticipates hiring additional thrift examination and supervision staff to adequately address the growth in the number of institutions and amount of assets under the Department's jurisdiction. Administrative support and information resources staff will also be hired as needed.

GAP ANALYSIS

STAFFING LEVELS

Current staffing levels, including anticipated new hires, are adequate to perform the Department's core business functions and fulfill the Department's mission.

Future staffing needs are being evaluated on an ongoing basis. If it is determined that changes in staffing levels are necessary, the SDSI status gives the Department the needed fiscal and operational flexibility to address these changes promptly.

CRITICAL SKILLS

LOSS OF KNOWLEDGE DUE TO RETIREMENTS

A significant percentage of employees identified as eligible retirees are in management or senior positions with extensive financial institution, mortgage industry, legislative, management, and state reporting knowledge and experience. The external pool of persons that can effectively step into a management or a senior role with the Department is very small.

INFORMATION RESOURCES RELATED SKILLS

The constant evolution of information technology brings out to the forefront several types of needed skills, knowledge and expertise. As information technology practices in the regulated industries change, Department's staff needs to monitor, analyze, and determine the necessary adjustments the Department's regulatory processes. Business process analysis, reengineering and redesign will be necessary to effectively accommodate effectively accommodate the use of new tools or methods. Available information technology products and services need to be evaluated and assessed for applicability to the Department's processes. Finally, implementation of new processes and information resource products and services require appropriate change management skills and training of existing staff.

STRATEGIC DEVELOPMENT

SUCCESSION PLANNING

This is not a new strategy for the Department. Succession planning has always been an important and integral part of the Department's strategic and operational planning. It is the Department's intent, however, to focus on succession planning with renewed commitment and dedication, as follows:

- Ensure existing cross-training program covers all critical skills and functions performed by retirement eligible or soon-to-be eligible staff.
- Further develop a structured knowledge transfer between employees.

EMPLOYEE DEVELOPMENT

In order to maintain a competent, engaged, and effective workforce, the Department's focus on employee development and training is paramount to the continued fulfillment of the Department's mission. In addition to the existing robust training policies and programs, the Department will take the following actions:

- Identify and compare required and actual competencies and proficiency levels for each position.
- Build individually tailored employee development plans to address current competency gaps and further develop critical skills.
- Increase the focus on internal training in order to transfer knowledge.
- Provide multiple opportunities for information resources related training.
- Evaluate and adjust employee development plans regularly to ensure alignment of developmental needs and available opportunities.

CONTINUED EFFORTS

The Department already utilizes competitive compensation, a multi-pronged wellness program, and in-depth turnover analysis, as strategies to hire and retain capable and dedicated employees who possess needed critical skills. It is the Department's intent to continue the efforts in applying and improving these strategies in order to close any gaps in staffing and critical skills.

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

Report on Customer Service

May 2020

SCHEDULE H
STRATEGIC PLAN 2021-2025

Report on Customer Service – May 2020

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COMPACT WITH TEXANS

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

EXTERNAL CUSTOMERS AND SERVICES PROVIDED

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.

EXAMINATIONS 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 and the Federal Reserve Bank. It is important that the quality of the Department examination and supervision staff, their experience, training, and technological resources, ensure the Department's ability to participate fully in examinations with the FDIC and the Federal Reserve Bank and to 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 in order to maintain the state's role in the dual thrift system.

Quality examinations and supervision provide bank 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 regulation include all of the diverse parties that participate in any way in the residential mortgage market and the secondary market for investment in such mortgages, as well as the home-buying citizens of Texas seeking financing to buy real estate or refinance existing mortgage loans.

Licensing and Examination

The mortgage licensing and examination areas directly serve 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.

Consumers

Complaint and Inquiry Process

The primary customers are consumers doing business with regulated entities or relying on their work. By enforcing the statutory experience, 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

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 make revisions to the survey process in order to receive a better statistical representation of the customers' feedback, including expanding the surveyed number of customers and increasing the frequency of the survey.

DETAILED CUSTOMER SERVICE INFORMATION

THRIFT INDUSTRY

The link to the online survey was sent to 21 or 91.3% of the 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 81%.

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.

STATE SAVINGS BANK CHIEF EXECUTIVE OFFICER SURVEY – 2020

Questions	Overall satisfaction with the agency	Very satisfied	Satisfied	Neut-ral	Unsatis-fied	Very unsatis-fied	Not Appli-cable
1	How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?	5	6	2	-	-	4
2	How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?	12	3	-	1	-	1
3	How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?	12	3	-	-	-	2
4	How satisfied are you with the agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further Information or to complain?	8	5	1	-	1	2
5	How satisfied are you with the agency's complaint handling process, Including whether it is easy to file a complaint and whether responses are timely?	7	4	2	-	-	4
6	How satisfied are you with the agency's ability to timely serve you, including the amount of time you wait for service in person?	12	2	1	1	-	1
7	How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?	10	3	-	-	-	4
8	Please rate your overall satisfaction with the agency.	11	4	1	-	-	1
	Overall Totals	77	30	7	2	1	19
	Overall Composite Results	56.6%	22.1%	5.1%	1.5%	0.7%	14.0%

Questions	Satisfaction with specified services	Strongly Agree	Agree	Dis-agree	Strongly Dis-agree	Not Appli-cable
Examination and Supervision						
9	The scope and goals for each examination are clearly communicated to management prior to the start of the examination.	10	6	-	-	1
10	Examiner requests for information are timely and reasonable.	9	7	-	-	1
11	Examiners conduct themselves professionally.	12	4	-	-	1
12	Examiner communication with management during the examination meets my needs.	9	6	1	-	1
13	Examiners are informed on current industry issues, adequately trained, and qualified.	10	4	2	-	1
14	Examiner findings and concerns are clearly communicated at exit meetings.	10	6	-	-	1
15	Examiner conclusions are well-supported.	9	5	2	-	1
16	Examiner recommendations are clear and reasonable in the circumstances.	9	6	1	-	1
17	Examination time frames are reasonable.	8	8	-	-	1
18	Reports of examination are consistent with findings discussed at exit meetings.	10	6	-	-	1
19	Reports of examination are received timely.	8	7	1	-	1
20	Supervisory action and correspondence is consistent with examination findings.	9	4	1	-	3
	Examination and Supervision Totals	113	69	8	-	14
	Examination and Supervision Results	55.4%	33.8%	3.9%	0.0%	6.9%
Corporate Activities						
21	Correspondence with the Department regarding routine business matters is handled promptly and effectively.	11	4	1	-	1
22	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	-	-	1
23	My calls, e-mails, or letters are routed to the appropriate person.	11	5	-	-	1
24	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.	6	2	1	-	8
	b. Responses to my inquiries were timely, appropriate, and helpful.	6	2	1	-	8
	c. The process was efficient and professional.	6	2	1	-	8
	d. Requests for additional information are reasonable and appropriate.	6	2	1	-	8
	Corporate Activities Totals	57	22	5	-	35
	Corporate Activities Results	47.9%	18.5%	4.2%	0.0%	29.4%

ANALYSIS OF THE THRIFT INDUSTRY SURVEY

An overwhelming majority of the responding thrift chief executive officers are "very satisfied" or "satisfied" with the Department's overall performance, and "strongly agree" or "agree" that the examination and supervision and corporate activities services provided were satisfactory. In addition to the answers of the questions above, seven of the respondents provided further feedback in the form of comments. 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, 2019 and December 31, 2019, total of 543. The survey sample of 150 licensees was chosen using a random number generator. The response rate was 34%.

MORTGAGE INDUSTRY SURVEY – 2020

	Questions / Overall satisfaction with the agency	Very satisfied	Satis-fied	Neutral	Unsa-tisfied	Very unsa-tisfied	Not Appli-cable
1	How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?	14	5	6	-	1	25
2	How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?	28	12	3	1	2	5
3	How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?	24	11	6	2	3	5
4	How satisfied are you with the agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further Information or to complain?	16	15	12	2	3	3
5	How satisfied are you with the agency's complaint handling process, Including whether it is easy to file a complaint and whether responses are timely?	10	6	7	1	0	27
6	How satisfied are you with the agency's ability to timely serve you, including the amount of time you wait for service in person?	15	14	7	2	2	11
7	How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?	14	13	4	1	-	19
8	Please rate your overall satisfaction with the agency.	20	20	7	3	1	0
	Overall Totals	141	96	52	12	12	95
	Overall Results	34.6%	23.5%	12.7%	2.9	2.9%	23.3

Questions	Satisfaction with specified services	Strongly Agree	Agree	Dis-agree	Strongly Dis-agree	Not Appli-cable
License Processing						
9	Requests for information were clear and timely.	25	17	3	4	2
10	My license was issued in a reasonable period after all required information was submitted.	23	18	5	3	2
11	The process was efficient and professional.	24	21	2	3	1
	License Processing Totals	72	56	10	10	5
	License Processing Results	47.1%	36.6%	6.5%	6.5%	3.3%
Field Examination of Loan Files						
12	The scope and goals of the examination were clearly communicated prior to the start.	27	20	1	1	2
13	The examiners conducted themselves professionally, are informed on current industry issues, and adequately trained and qualified.	37	9	1	1	3
14	Examiner findings conclusions are well-supported and concerns are clearly communicated at exit meetings.	31	13	3	2	2
	Examination Totals	95	42	5	4	7
	Examination Results	62.1%	27.5%	3.3%	2.6%	4.6%

Analysis of the Mortgage Industry Survey

The majority of the responding licensees were "very satisfied" or "satisfied" with the Department's overall performance, and "strongly agree" or "agree" that the mortgage examination and licensing activities, in particular, are satisfactory. In addition to the answers of the questions above, sixteen (16) of the respondents provided further feedback in the form of comments. 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 and December 31, 2019, total of 898. The survey sample of 200 complaints was chosen using a random number generator. The overall response rate was 10%.

CONSUMER COMPLAINTS SURVEY – 2020

	Questions / Overall satisfaction with the agency	Very satisfied	Satis-fied	Neutral	Unsatis-fied	Very unsa-tisfied	Not Appli-cable
1	How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?	1	5	4	1	2	7
2	How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?	2	5	5	3	1	4
3	How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?	4	4	4	3	3	2
4	How satisfied are you with the agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further Information or to complain?	2	6	9	1	2	0
5	How satisfied are you with the agency's complaint handling process, Including whether it is easy to file a complaint and whether responses are timely?	3	4	4	4	5	0
6	How satisfied are you with the agency's ability to timely serve you, including the amount of time you wait for service in person?	2	3	3	2	5	5
7	How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?	0	4	6	1	1	8
8	Please rate your overall satisfaction with the agency.	3	3	3	6	5	0
	Overall Totals	17	34	38	21	24	26
	Overall Results	10.6%	21.3%	23.8%	13.1%	15.0%	16.3%

	Questions / Satisfaction with specified services	Strongly Agree	Agree	Dis-agree	Strongly Dis-agree	Not Applic-able
	Consumer Complaints					
9	Requests for information were clear and timely.	2	5	5	3	5
10	My license was issued in a reasonable period after all required information was submitted.	3	2	5	7	3
11	The process was efficient and professional.	3	5	6	4	2
	Overall Totals	8	12	16	14	10
	Consumer Complaints Composite Results	47.1%	36.6%	6.5%	6.5%	3.3%

ANALYSIS OF THE CONSUMER COMPLAINTS SURVEY

Customer service is a priority for the Department. The survey was sent out to 200 respondents but only 10 % (20) responded. A low response rate can skew the results of a survey to the negative or the positive due to an inherent nonresponse bias. In addition to the answers of the questions above, thirteen (13) of the respondents provided further feedback in the form of comments. High ratings were received on the Department staff's communication, professionalism and helpfulness.

CUSTOMER SERVICE PERFORMANCE MEASURES

OUTCOME MEASURES

• Percentage of Surveyed Customer Respondents Expressing Overall Satisfaction with Services Received: The total number of survey respondents indicating that they are satisfied or very satisfied with the agency, divided by the total number of agency survey respondents.	69.3%

OUTPUT MEASURES

• Total Customers Surveyed: The number of customers who receive access to surveys regarding Department's services	371
• Response Rate: The percentage of total customers surveyed who completed the survey	23.7%
• Total Customers Served: Total numbers of customers receiving services through Department's programs	36,918

EFFICIENCY MEASURES

• Cost per Customer Surveyed: Total costs for the Department to administer customer surveys divided by the total number of customer surveyed.*	$0

*No identifiable costs were incurred in order to administer the customer surveys.

EXPLANATORY MEASURES

• Total Customers Identified: The total population of customers in all unique customer groups**	36,918
• Total Customer Groups Inventoried: The total number of unique customer groups identified for each Department's program.	3

**The potential customer base is very broad as explained above. Included here are only the direct recipients of the Department's services.