

PUBLIC DISCLOSURE

MAY 19, 2015

**MORTGAGE LENDER COMMUNITY INVESTMENT
PERFORMANCE EVALUATION**

**AMERICAN INTERNET MORTGAGE INC.
D/B/A AIMLOAN.COM
MC2890**

**4121 CARMINO DEL RIO SOUTH
SAN DIEGO CA. 92108**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON MA. 02118**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.</p>

GENERAL INFORMATION

Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, Mortgage Lender Community Investment (CRA), require the Division to use its authority when examining mortgage lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess the mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the CRA performance of **American Internet Mortgage Inc. dba AimLoan.com (the Lender or American Internet Mortgage)** prepared by the Division, the Lender's supervisory agency, as of **May 19, 2015**.

SCOPE OF EXAMINATION

An onsite evaluation was conducted using examination procedures, as defined by CRA guidelines. A review of the Division's records, as well as the mortgage lender's public CRA file, did not reveal any complaints.

The CRA examination included a comprehensive review and analysis, as applicable, of American Internet Mortgage's:

- (a) origination of loans and other efforts to assist low and moderate income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the mortgage lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth.

CRA examination procedures were used to evaluate American Internet Mortgage's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered American Internet Mortgage's lending and community development activities for the period of January 2013 through December 2014. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following five criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, fair lending, and loss of affordable housing.

Home mortgage lending for 2013 and 2014 is presented in the geographic distribution, lending to borrowers of different incomes and the Minority Application Flow tables. Comparative analysis of the Lender's lending performance for the year of 2013 is provided because it is the most recent year for which aggregate HMDA lending data is available. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting mortgage lenders which originated loans in the Commonwealth of Massachusetts.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S CRA RATING:

This mortgage lender is rated "Needs to Improve."

- Given the demographics of Massachusetts, the loan distribution to borrowers reflects a less than satisfactory record of serving the credit needs among individuals of different income levels, including low and moderate-income levels.
- American Internet Mortgage made little use of innovative and flexible lending practices to address the credit needs of low and moderate-income level individuals.
- Fair lending policies and practices are considered less than adequate.
- American Internet Mortgage provided no community development services during the examination period.
- The geographic distribution of the Lender's loans reflects adequate dispersion in low and moderate-income census tracts, as it is reflective of the distribution of owner occupied housing in those census tracts.
- There is no evidence of loans that show an undue concentration and a systematic pattern of lending.
- American Internet Mortgage's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the Commonwealth and services do not vary in a way that inconveniences geographies or individuals, particularly low- and moderate-income geographies and low- and moderate-income individuals.

PERFORMANCE CONTEXT

Description of Mortgage Lender

American Internet Mortgage was established in the state of California on January 16, 1998 and was granted a license by the Massachusetts Division of Banks in 2004. American Internet Mortgage's main office is located in San Diego, California and the Lender does not maintain any branch offices within the Commonwealth of Massachusetts. American Internet Mortgage is licensed to do business in 49 states and District of Columbia.

American Internet Mortgage offers a limited variety of mortgage loan products to meet the needs of the Commonwealth's borrowers. American Internet Mortgage is an approved lender for the Veterans Administration (VA) and the Federal Housing Administration (FHA).

All underwriting and major functions in the loan process are done at American Internet Mortgage's main office. Approved loans are funded through established warehouse lines of credit. American Internet Mortgage's business development relies primarily on the generation of internet mortgage loan applications. Originated loans are closed in the Lender's name and sold immediately to secondary market investors. Servicing rights are retained on loans sold directly to FNMA and FHLMC.

Demographic Information

The regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of the economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

2010 CENSUS DEMOGRAPHIC INFORMATION						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,474	10.8	20.0	40.7	27.1	1.4
Population by Geography	6,547,629	8.9	18.9	42.8	29.2	0.2
Owner-Occupied Housing by Geography	1,608,474	2.9	13.7	48.9	34.5	0.0
Family Distribution by Income Level	1,600,588	19.2	17.8	24.4	38.6	0.0
Distribution of Low and Moderate Income Families	592,420	7.7	18.4	43.6	30.3	0.0
Median Family Income	\$86,272	Median Housing Value		373,206		
Households Below Poverty Level	11.1%	Unemployment Rate		5.3*		
2013 HUD Adjusted Median Family Income	\$84,208	2014 HUD Adjusted Median Family Income		\$83,495		

Source: 2010 US Census; *as of 12/31/2014

Based on the 2010 Census, the Commonwealth's population stood at 6.5 million people with a total of 2.7 million housing units. Of the total housing units, 1.6 million or 57.7 percent are owner-occupied, 904,078 or 32.5 percent are rental-occupied, and 9.8 percent are vacant units.

According to the 2010 Census there are 2.5 million households in the Commonwealth with a median household income of \$69,101. Thirty-nine percent of the households are now classified as low and moderate-income. In addition, over eleven percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as “families” totaled slightly over 1.6 million. Of all family households, 19.2 percent were low-income, 17.8 percent were moderate-income, 24.4 percent were middle-income, and 38.6 percent were upper-income. The median family income according to the 2010 census was \$86,272. The Housing and Urban Development (HUD) adjusted median family income is \$84,208 in 2013 and \$83,495 in 2014. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contained 1,474 Census tracts. Of these, 160 or 10.8 percent are low-income; 295 or 20.0 percent are moderate-income; 600 or 40.7 percent are middle-income; 399 or 27.1 percent are upper-income; and 20 or 1.4 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual income that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$373,206 according to the 2010 Census. The unemployment rate for the Commonwealth of Massachusetts stood at 5.3 percent as of December 31, 2014, which was a decrease from December 31, 2013 when the unemployment rate was at 6.2 percent. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

American Internet Mortgage's lending efforts are rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of American Internet Mortgage.

American Internet Mortgage's Lending Test performance was determined to be "Needs to Improve" at this time.

I. Geographic Distribution

The geographic distribution of loans was reviewed to assess how American Internet Mortgage is addressing the credit needs throughout the Commonwealth of Massachusetts' low, moderate, middle, and upper-income Census tracts.

The following table presents, by number, American Internet Mortgage's 2013 and 2014 HMDA reportable loans in low, moderate, middle, and upper-income geographies, in comparison to the aggregate lending data (exclusive of American Internet Mortgage), as well as the percentage of owner-occupied housing units in each of the Census tract income categories.

Distribution of HMDA Loans by Income Level Category of the Census Tract							
Census Tract Income Level	2013 Total Owner- Occupied Housing Units	2013 American Internet Mortgage		2013 Aggregate Lending Data	2014 Total Owner- Occupied Housing Units	2014 American Internet Mortgage	
	%	#	%	% of #	%	#	%
Low	2.9	5	2.2	2.8	3.1	3	2.9
Moderate	13.7	25	11.2	12.3	13.0	11	10.8
Middle	48.9	109	48.7	46.1	48.3	47	46.1
Upper	34.5	85	37.9	38.8	35.6	41	40.2
Total	100.0	224	100.0	100.0	100.0	102	100.0

Source: 2013 & 2014 HMDA LAR Data and 2010 U.S. Census Data.

As reflected in the above table, of the 224 loans originated in 2013, 13.4 percent were in the low- and moderate-income geographies. The percentages in each category are comparable to the percentage of the area's owner occupied housing units in low- and moderate-income geographies and aggregate lending data percentages.

In 2014 the Lender's overall loan volume significantly decreased, while the percentage of lending in low- and moderate-income census tracts remained at levels consistent with 2013.

The highest concentration of residential loans was originated in the middle- and upper-income census tracts for both 2013 and 2014. Given that over 80.0 percent of the area's owner-occupied housing units are in middle- and upper-income census tracts, it is reasonable to find the majority of loans originated within these designated census tracts.

Overall, the geographic distribution of residential mortgage loans reflects an adequate dispersion throughout low- and moderate-income census tracts within the Commonwealth.

II. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the Lender is addressing the credit needs of the Commonwealth's residents.

The following table shows American Internet Mortgage's 2013 and 2014 HMDA-reportable loans to low, moderate, middle, and upper-income borrowers in comparison to the 2013 aggregate lending data (exclusive of American Internet Mortgage) and the percentage of total families within the Commonwealth in each respective income group.

Distribution of HMDA Loans by Borrower Income							
Median Family Income Level	2013 % of Families	2013 American Internet Mortgage		2013 Aggregate Lending Data	2014 % of Families	2014 American Internet Mortgage	
	%	#	%	% of #	%	#	%
Low	19.3	3	1.3	5.4	22.2	0	0.0
Moderate	17.8	19	8.5	15.9	16.5	8	7.9
Middle	24.4	58	25.9	22.9	20.6	24	23.5
Upper	38.5	144	64.3	43.7	40.7	70	68.6
N/A	0.0	0	0.0	12.1	0.0	0	0.0
Total	100.0	224	100.0	100.0	100.0	102	100.0

Source: 2013 & 2014 HMDA LAR Data and 2010 U.S. Census Data.

As shown in the above table, American Internet Mortgage's lending to low- and moderate-income borrowers during 2013, at 9.8 percent was considerably below the percentage of low- and moderate-income families and the performance of the aggregate data. The percentage of lending to low- and moderate-income borrowers decreased in 2014, showing a downward trend in originations to the demographic. The Lender's overall lending performance to low- and moderate-income borrowers constitutes a less than satisfactory position.

III. Innovative or Flexible Lending Practices

American Internet Mortgage offers the following flexible lending products, which are provided in a safe and sound manner to address the credit needs of low and moderate-income individuals or geographies.

American Internet Mortgage became a Housing and Urban Development approved Non-Supervised FHA Loan Correspondent in 2005. FHA products provide competitive interest rates, as well as smaller down payments for low- and moderate-income first-time homebuyers and existing homeowners.

American Internet Mortgage became a Veterans Administration agent in 2006. The VA Home Loan Guarantee Program is designed specifically for the unique challenges facing service members and their families. Through VA-approved lenders, the program offers low closing cost, no down payment requirement, and no private mortgage insurance requirement.

American Internet Mortgage did not originate any FHA or VA loans during the examination period in Massachusetts.

IV. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with American Internet Mortgage's personnel, and individual file review. No evidence of disparate treatment was identified at this time.

American Internet Mortgage has established a less than adequate record relative to fair lending practices. The Lender's fair lending policies and procedures are weak.

The Lender's Fair Lending Policy instructs employees not to discriminate against loan applicants on a prohibited basis. Training is provided to all employees on fair lending and mortgage loan originators are also required to complete the continuing education program, in line with the NMLS requirements.

Senior management is responsible for ensuring compliance with current laws and regulations, and making necessary changes and updates to policies and procedures. Independent internal audits of all departments are conducted annually at minimum. Audits should be enhanced to include quality control and regulatory compliance reviews as it relates to fair lending to ensure proper monitoring and oversight, as well as ensuring that all applicants are being treated fairly and consistently.

MINORITY APPLICATION FLOW

American Internet Mortgage's Loan Application Registers for 2013 and 2014 were reviewed to determine if the application flow from the different racial and ethnic groups was reflective of the Commonwealth's demographics.

Demographic information for Massachusetts reveals the total ethnic and racial minority population stood at 23.9 percent of the total population as of the 2010 Census. This segment of the population is comprised of 9.6 percent Hispanic or Latino ethnicities. At 14.3 percent, racial minorities consisted of 6.00 percent Black; 5.3 percent Asian/Pacific Islander; 0.2 percent American Indian/Alaskan Native; and 2.8 percent self-identified as Other Race.

During 2013 and 2014 American Internet Mortgage received 643 HMDA-reportable mortgage loan applications from within the Commonwealth of Massachusetts. Of these applications, 91 or 14.1 percent were received from racial minority applicants, of which 41 or 45.1 percent resulted in originations. American Internet Mortgage received 11 or 1.7 percent of HMDA reportable applications from a 50.7 percent overall origination ratio by the Lender in Massachusetts, and a 74.6 percent origination ratio of the aggregate during the same time period.

Refer to the following table for information on the mortgage lenders' minority loan application flow as well as a comparison to aggregate lending data throughout the Commonwealth of Massachusetts. The comparison of this data assists in deriving reasonable expectations for the rate of applications the mortgage lender received from minority applicants.

MINORITY APPLICATION FLOW					
RACE	2013 American Internet Mortgage		2013 Aggregate Data	2014 American Internet Mortgage	
	#	%	% of #	#	%
<i>American Indian/ Alaska Native</i>	1	0.2	0.1	0	0.0
<i>Asian</i>	36	8.4	4.8	22	10.4
<i>Black/ African American</i>	7	1.6	2.4	5	2.3
<i>Hawaiian/Pacific Islander</i>	4	0.9	0.1	0	0.0
<i>2 or more Minority</i>	0	0.0	0.1	0	0.0
<i>Joint Race (White/Minority)</i>	12	2.8	1.2	4	1.9
Total Minority	60	13.9	8.7	31	14.6
<i>White</i>	296	68.7	69.6	134	63.2
<i>Race Not Available</i>	75	17.4	21.7	47	22.2
Total	431	100.0	100.0	212	100.0
ETHNICITY					
<i>Hispanic or Latino</i>	4	0.9	2.8	1	0.5
<i>Not Hispanic or Latino</i>	345	80.1	74.7	162	76.4
<i>Joint (Hisp-Lat /Not Hisp-Lat)</i>	4	0.9	0.9	2	0.9
<i>Ethnicity Not Available</i>	78	18.1	21.6	47	22.2
Total	431	100.0	100.0	212	100.0

Source: PCI Corporation CRA Wiz, Data Source: 2000 U.S. Census Data, 2013 & 2014 HMDA Data

During 2013 and 2014, American Internet Mortgage's overall racial minority application flow was comparable with the population demographics derived from the census data. The Lender's performance to racial minorities was above the aggregate's figures, while ethnic minority applications were notably lower than the demographic data and the performance of the aggregate.

V. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by American Internet Mortgage by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the Lender was reviewed as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans could be tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. Furthermore, overall delinquency rates were found to be consistent with industry averages.

SERVICE TEST

The service test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

American Internet Mortgage's Service Test performance was determined to be "Needs to Improve" at this time.

Mortgage Lending Services

American Internet Mortgage provides an effective delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth. Services do not vary in a way that inconveniences geographies or individuals, particularly low- and moderate-income geographies and low- and moderate-income individuals.

Customers can apply to American Internet Mortgage for a mortgage via the internet or over the telephone. American Internet Mortgage's main office is located in San Diego, California. American Internet Mortgage does not maintain branch offices within Massachusetts.

Business development relies primarily on the generation of internet mortgage loan applications. American Internet Mortgage advertises its services through on-line outlets, such as BankRate, MortgageMarvel, and Zillow.

American Internet Mortgage retains servicing on mortgage loans sold directly to FNMA and FHLMC. The portfolio is serviced by a third party servicer.

Community Development Services

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services.

During the examination period, American Internet Mortgage did not participate in any community development services within the Commonwealth of Massachusetts.

Management is encouraged to employ a stronger focus and a proactive commitment in community development activities that meet the definition of community development under the CRA regulation throughout the Commonwealth. Other activities may include, but are not necessarily limited to: financial literacy education initiatives targeted to low and moderate-income individuals; and foreclosure prevention counseling and/or providing technical assistance to community organizations in a leadership capacity.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the CRA regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. In connection with this, the mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.