



Advanced Data's AD-JBI Records Slight Increase to 0.73%

A key to combat fraud is automated technology that can increase origination efficiency

Milford, Pa., May 1, 2017--Advanced Data Corporation, a mortgage industry leader in enterprise-wide fraud prevention and enhanced verifications, reports today that the Advanced Data-Jobless Borrower Index (AD-JBI), records slight increase to 0.73% in the first quarter of 2017 and 0.71% in the fourth quarter of 2016. In 2016, the AD-JBI increased an average of 0.8%, compared with 1.01% in 2015.

The Advanced Data-Jobless Borrower Index, AD-JBI, reflects the percentage of borrowers that were unemployed within seven days of their scheduled mortgage closings. "Although regulatory scrutiny is greater than ever, now is certainly no time for lenders to get complacent, the risk is increased because of the move to a predominantly purchase market, from a refi market," said Allen Johnson, CEO of Advanced Data Corporation. "Closing loans requires collecting more documents than in the past, and can expose them to more regulatory risk."

To be sure, the purchase market has replaced the refinance market as the largest sector of the mortgage market, and that's a regulatory concern because it requires lenders to gather more information about their customer, and that can mean more risk and more opportunity for fraudulent activity.

"At all levels of government, regulatory scrutiny of the mortgage market remains high, so taking steps to eliminate risk through advanced technology and automating manual processes, especially if they can be embedded in lenders' origination processes, is of critical importance," said Johnson. The index reached a high of 4% in the second quarter of 2011, and hit a three-year low of 0.53% in the fourth quarter of 2013, as well as 0.54% in the fourth quarter of 2012.

Under Consumer Finance Protection Bureau rules that took effect in 2014, a lender must make a good faith effort to ensure a borrower can repay the loan. Most loans that Fannie Mae and Freddie Mac purchase require a verification of employment--but these are ordered early in the origination process. A loan can close weeks later, and unless a second verification of employment is ordered, the lender might be lending to an individual who is unemployed.

“Lenders face many regulatory burdens, and that scrutiny will continue to increase in 2017, which can make ensuring that every borrower meets the basic parameters of a loan more difficult.

There are advanced tools to generate efficiency that can eliminate the risk that the AD-JBI measures. In addition, they can generate efficiency and make the origination process more profitable for their financial institutions,” said Johnson. “My sense is that most lenders are getting better at compliance and identifying risk, such as the one measured in the AD-JBI, and that’s very positive, but it’s important that they continue to improve their quality control and risk management abilities.”

About Advanced Data

Advanced Data is recognized as the standard for enterprise-wide mortgage data integrity, specializing in fraud prevention and enhanced verifications. Its proprietary technology is integrated with loan origination systems, and the firm offers a SaaS platform for clients that prefer a custom solution. Its services include eTax Verification Form 4506-Ts, streamlined verifications and re-verifications of employment, fraud reports, multiple levels of social security number verifications, AVM plus property inspection, and flood zone determinations. Advanced Data’s proprietary Fraud Report identifies each loan’s fraud risk before and after funding. The firm prides itself on delivering superb customer service, hiring experienced employees, and developing customized, sophisticated technology. It’s one of the only firms in its sector to employ an in-house development group, which ensures its technology provides a competitive advantage to clients and can be customized to their needs. For more information, visit advanceddata.com.

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