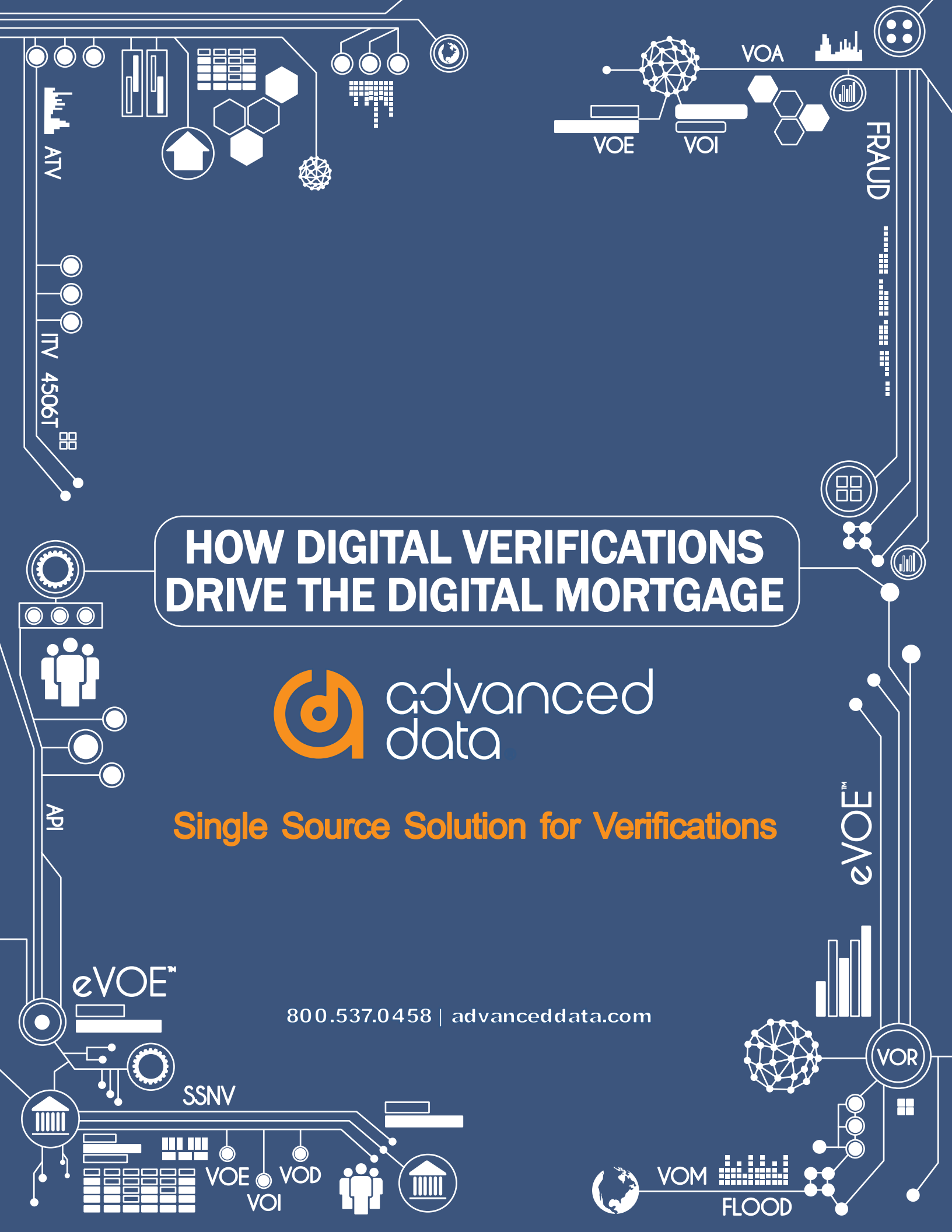


HOW DIGITAL VERIFICATIONS DRIVE THE DIGITAL MORTGAGE



Single Source Solution for Verifications

800.537.0458 | advanceddata.com



HOW DIGITAL VERIFICATIONS DRIVE THE DIGITAL MORTGAGE

BACKGROUND

The digital mortgage movement and its acceleration in recent years were driven by two forces: the historic continuous increase in the cost of producing a mortgage loan, and the commoditization of the technology necessary to enable the digital experience for the customer. With most other major industries having long ago advanced the use of digital technologies alongside the proliferation of consumer internet access, customers worldwide have enjoyed digital access to their vendor base with instant information exchange and streamlined transactions.

Customers in the mortgage space have come to expect the same instant access and ease of use that they now get from all other entities with which they do business. Understanding this expectation along with the need to control costs, entities like Freddie Mac and Fannie Mae are taking steps to help modernize the industry through initiatives such as Day 1 Certainty. These types of initiatives are designed to simplify and shorten the process of obtaining a mortgage loan, which will benefit customers, lenders, and the industry as a whole.

DIGITAL VERIFICATIONS

An important element of the digital movement is purging manual, time consuming, and error- or fraud-prone activities from a lender's operational core in favor of automation or digital fulfillment. Digital verifications of employment, income, assets and more are now a reality thanks to a growing base of data repositories that store employment and tax data, and application program interfaces (APIs) that enable secure data portability between financial institutions, mortgage lenders, and consumers.

Although this represents a significant step forward for the mortgage industry, it will be many years before obtaining verifications of employment, income, assets, tax records, and social security numbers will be as quick and easy as obtaining a credit report. The digital mortgage landscape is in a continual state of flux. New data sources, as well as new access tools and methods are constantly emerging, requiring a strong and evolving set of technical capabilities to keep pace with the many rapid changes that will continue to take place. For this reason, initiatives such as Day 1 Certainty include the creation of a validation service group.



VALIDATION SERVICES

An integral part of Day 1 Certainty is the DU Validation Service group, where validation services are performed by a group of vendor specialists who can execute verification tasks more quickly, accurately, and securely than a lender, and at a much lower cost to the lender. Once they remove these time-consuming tasks from their origination process, lenders can reduce their application to funded cycle time by as much as a week or more. Compressed cycle time lowers production costs, reduces fallout, and has an indelible impact on customer service. Validation services and other digital initiatives have shown that the cost escalation trend in the mortgage industry can finally be reversed.

REQUIREMENTS

Considering the state of the verifications landscape, vendor specialists must establish and maintain a broad and changing set of capabilities to be successful. While many verifications can now be fulfilled digitally, a significant number of these must still be fulfilled manually. Emerging data sources and technology will reduce the incidence of manual verifications, but for the foreseeable future, there will continue to be a significant portion that cannot be fulfilled digitally.

Vendor specialists must therefore stay abreast of emerging data repositories as well as new access tools and tactics to continue to ensure that they fulfill orders in the quickest, most secure manner available. This necessitates a blend of resources that can develop, integrate and leverage cutting-edge technology as well as promptly execute manual orders when needed.

ADVANCED DATA CORPORATION

The Advanced Data fulfillment team is comprised of seasoned professionals who have been doing verifications for over a decade. With this level of experience, they've encountered and dealt with every type of verification task for every possible customer situation. Advanced Data's technology division maintains strategic partnerships with data and systems providers, and develops tools such as their proprietary eVOE™ to maintain their position in today's market as a technological innovator and service leader.

With this blend of tools and services, Advanced Data can offer a tailored solution to each lender that best suits their changing needs. These solutions include, but are not limited to:

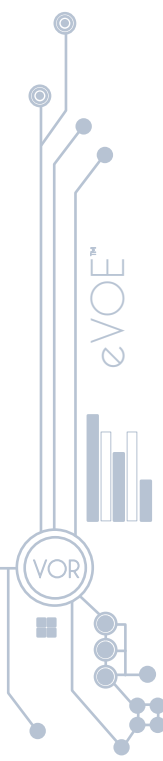
- **Full Service Outsourcing** – for new lenders building an operation without the traditional verifications component, or for established lenders who are fully eliminating these activities from their operations, Advanced Data can perform any/all verifications tasks for the lender, including VOE, VOI, reVOE, 4506-T, SSNV, VOA, VOM, VOR, VOD, as well as fraud reporting and flood zone determinations.


VOE / VOI

eVOE™

VOR

FLOOD VOM



- 
- **Partial Outsourcing** – for lenders who wish to purge verifications from their operations over time, Advanced Data can help them kick off this migration effort by absorbing one or two activities to start and then helping them create a plan to manage a progression that over time continues to move verification tasks over to ADC’s team of specialists, until such time as full outsourcing has been achieved.
 - **Productivity Tools**– for lenders wishing to stay close to their verification activities but who still wish to leverage digital tools and methods, Advanced Data offers integrated technology such as their proprietary eVOE™ tool. Lenders can use eVOE™ to email a link to an employer that connects them to a secure online portal where they are taken through a guided verification process that ultimately creates an electronic form that the employer can eSign and return to the lender electronically.
 - **Training** – Advanced Data offers training across multiple delivery channels, including onsite, web based, and video training. Training goes beyond the traditional workflow curriculum to include topics important to lenders when utilizing new verification services such as VOA, which requires training for loan officers as well as customers.


SUMMARY

The digital mortgage movement arose from a need to improve the customer experience and lower the cost of producing a mortgage loan. This movement has only recently taken hold, and it will continue to play out over the next several years. Entities with a vested interest in the health of the industry are electing to encourage industry modernization through initiatives such as Day 1 Certainty, designed to assist and motivate mortgage lenders to take steps toward digitization for the benefit of all industry participants.

One of the more impactful aspects of this movement is the efficiency gain and cost reduction that are possible by outsourcing verifications to vendor specialists within a focused validation service group. Lenders can offload low value processing tasks which have proven to be time consuming, error prone, and costly. Vendor specialists can perform the same tasks more quickly, more accurately, and at a much lower cost to the lender. Lenders in turn realize a dramatic reduction in customer touch points and overall cycle time: two overarching goals of the digital mortgage movement.

Advanced Data Corporation is the premier provider of verification services in this space, offering the following advantages over similar vendors:

- **Specialization** – Advanced Data is the only vendor fully focused on the verifications space. For other vendors, verifications are a subset of a much broader suite of offerings, whereas Advanced Data has been fully focused on optimizing its verifications practice since its inception over a decade ago.
- **Expertise** – Advanced Data’s fulfillment team has over ten years’ worth of experience maintaining excellent service levels while keeping pace with changes in available data stores, technology, and regulatory concerns. This exceptional track record means that even with the rare or esoteric verification types that lenders traditionally struggle with, there are one or more resources at Advanced Data that have direct experience with them and can execute them swiftly.

- 
- **Technology** – With pinpoint focus on validation services, all technology that Advanced Data develops is designed specifically to optimize verifications fulfillment, and they're often first to market with innovations such as their proprietary eVOE™ tool, the first of its kind in the industry.
 - **Training** – Being fully dedicated to validation services increases the depth of the solutions that Advanced Data can offer, which can include training for loan officers and customers to add momentum to the adoption of new market practices such as Verification of Assets, which is designed to replace cumbersome Verifications of Deposit. Validation service providers' offerings typically stop at the fulfillment level. By contrast, Advanced Data prides itself on going several steps further by assisting lenders with things like training for loan officers that teaches them how to improve customer comfort levels around new digital practices such as VOA, which requires customers to provide direct electronic access to their personal accounts.

Advanced Data will remain a validation service market leader by offering lenders unprecedented advancements in the practice of leveraging data to continue transforming mortgage loan origination. Their sole focus on verifications and training results in some of the best service levels in the mortgage marketplace. Advanced Data drives operational improvements at the lender level and increased satisfaction at the customer level, resulting in a healthier, more sustainable industry.



CONTACT

Advanced Data Corporation
800.537.0458
info@advanceddata.com
www.advanceddata.com

