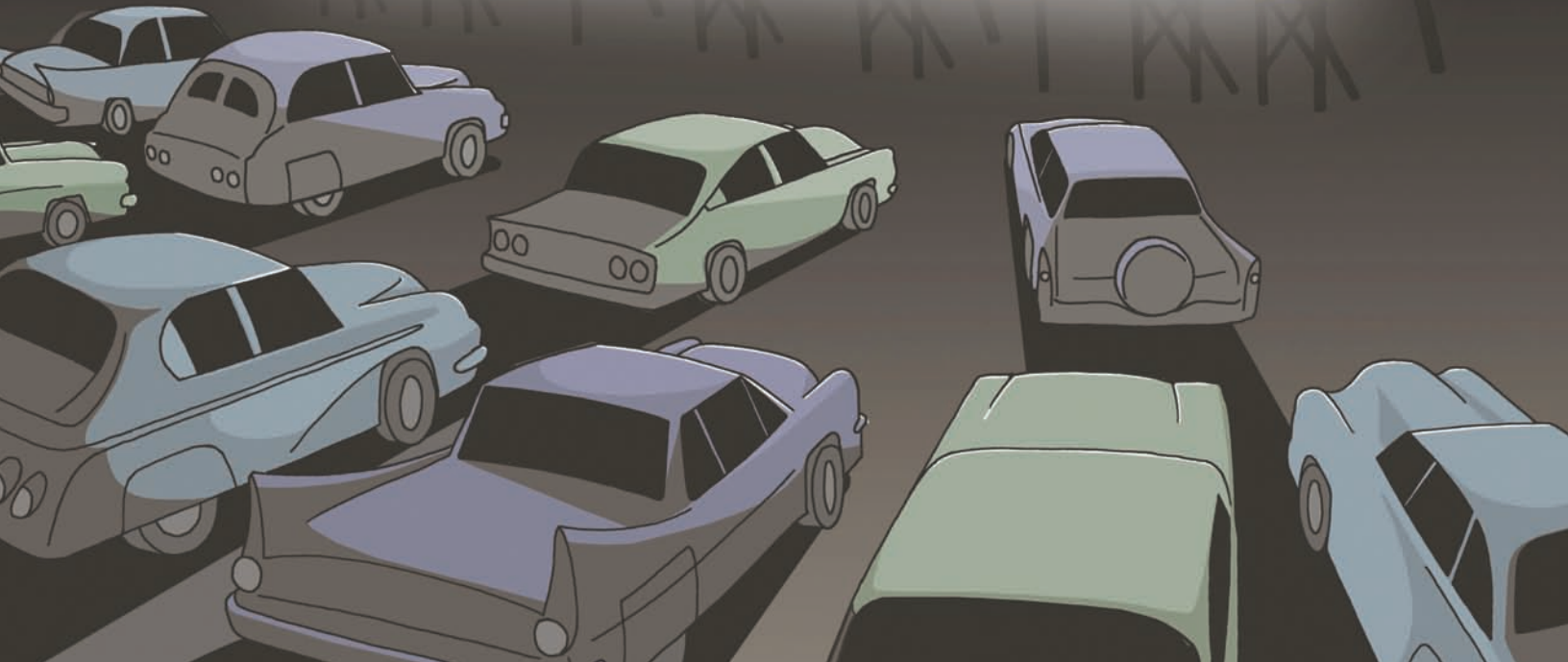
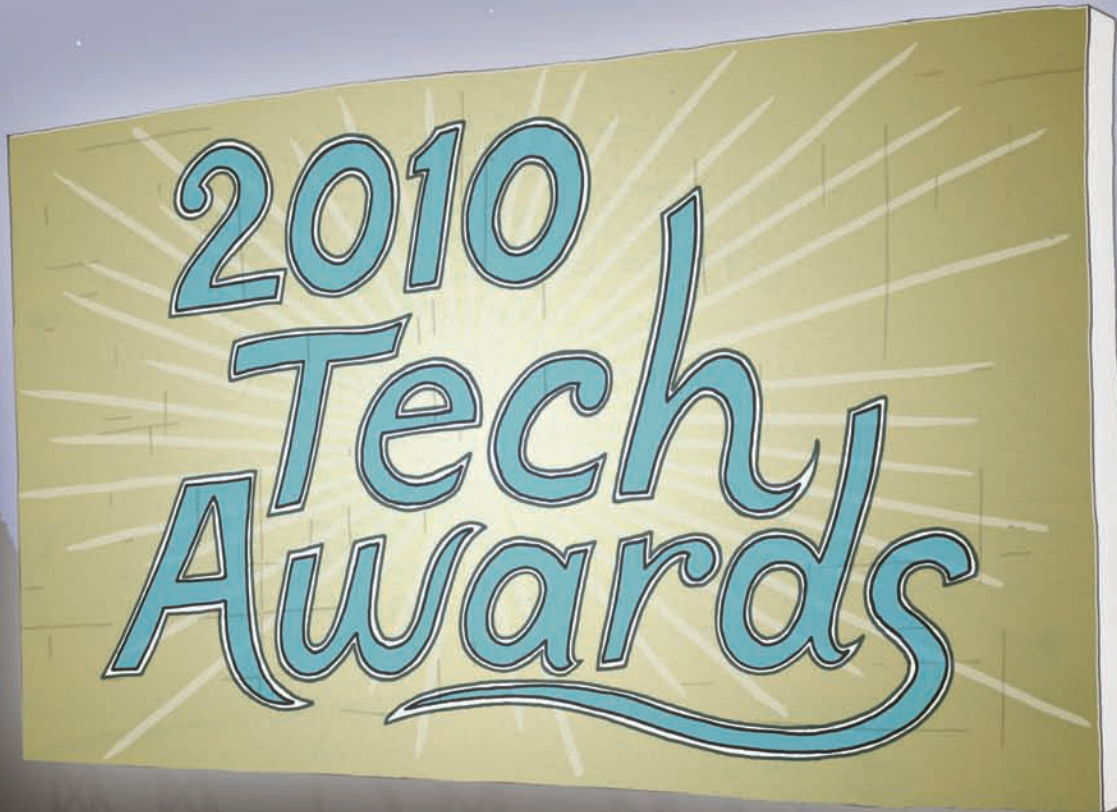




# MORTGAGE TECHNOLOGY

Exploring Return on Automation





## FIX-IT AWARD

## The Work Number

**T**he Fix-It Award goes to a technology tool providing an effective solution for a particular industry problem, need or channel. Our winner this year is TALX's The Work Number and its fully automated solution for verification of employment and income. Business process outsourcer TALX, St. Louis, is a provider of electronic payroll services.

Given the continued volatility of the mortgage market and the prevalence of default risk, the mortgage industry is under unflinching pressure to ensure that each borrower has a proven ability to repay a loan. Verification of current income is critical. The Work Number cites studies showing that verifications completed in-house deliver an inconsistent process and output, often documented with illegible handwritten reminders and phone numbers jotted on post-it notes. Employers are not independently vetted, and borrower-provided phone numbers are widely used. That opens the process to fraud and makes auditing challenging—if not impossible. While lenders traditionally have secured this information directly from consumers with stated income or pay stubs, or empirically derived it from statistical models that reasonably estimate income and assets, third-party verification has become needed as never before. One study showed that in-house verification of employment takes an average of six human touches and 30-45 minutes to complete. That tallies up to at least \$28 per verification, assuming a yearly cost of \$35,000 or higher for a salaried loan processor.

Large samples of employer data show trends of upward of 20% in annual job turnover. This creates a need for more automated solutions that can quickly provide access to up-to-date employment and income verifications. Securing third-party verification in a timely manner requires automated solutions that can quickly provide access to up-to-

date employment and income verifications from the most accurate sources of information—employers themselves and the IRS.

The Work Number has proven to be a fix for the employment verification problem, providing rapid, compliant, verifications using a highly automated workflow. It allows lenders to entirely outsource this critical function on a variable-cost basis. Requests for employment and income hit The Work Number's employer database—containing over 50 million payroll records, updated each pay period—for instant and most-current employment data. If borrower employment is not available instantly, The Work Number attests that its automated workflow passes the request to specialized agents who complete the verification by contacting employers directly. Most verifications give same-day delivery direct from the employer. Outsourcing VOE/VOI to The Work Number reduces the number of human touches and completion time by over 50%—and reduces the total verification cost by greater than 50%.

The Work Number is consistent and compliant with Fannie/Freddie guidelines or a lender's internal requirements. The workflow is programmed to ensure that employers are independently vetted and employment verification is complete and accurate. The Work Number offers testimonials that no other provider has the combination of instant payroll data, workflow technology and specialized talent to complete verifications in an equally rapid and fully automated environment. Testimonials say The Work Number has solved a serious problem for lenders. One top-10 lender stated that "third party, independent verification from The Work Number will help us achieve loan quality and loan profitability that's invaluable in this lending environment. We chose to completely outsource to The Work Number after evaluating their highly automated workflow against our current process. **MT**