EQUIFAX | The Work Number®

DIGITAL, AUTOMATED INCOME AND EMPLOYMENT DATA

Streamline processes and improve borrower experience

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INTRODUCTION

Like never before, lenders are challenged with the task of meeting and anticipating ever-changing policy regulations and consumer expectations.

As businesses continue to implement massive digital transformations and navigate shifts in consumer behavior and expectations brought on by disruptive forces like COVID-19, mortgage lenders urgently need to understand borrowers in the aggregate and, more importantly, as individuals.

This deeper understanding includes knowing how borrowers make purchasing decisions. When do they prefer to engage online versus in-person? What type of experiences do they anticipate and at what stages in their buyer's journey? Knowing the answers to these questions can help lenders make the right decisions and deliver the best experiences to borrowers while assessing their ability to repay a loan.

When do consumers prefer to engage online versus in-person?

What type of experiences do consumers anticipate and at what stages in their buyer's journey?
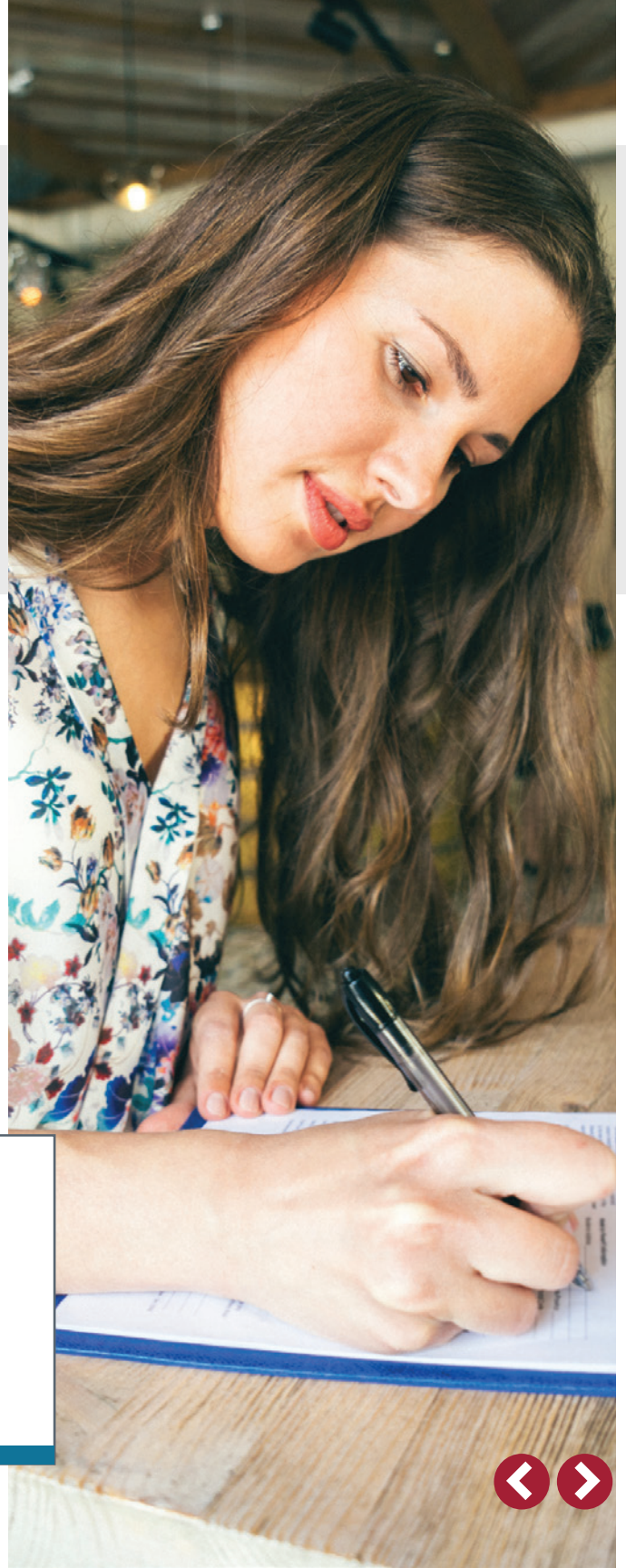
Talks of a completely digital mortgage process have been happening for years. But now, more than ever, lenders have the opportunity to revamp the way they do business by embracing a digital lending journey.

Specifically for the income and employment verification process, this digital journey should include less overwhelming paper-based transactions, and reduced need for multiple requests for more documents from applicants. Lenders can tap into technologies to automate, simplify and speed up each step of the mortgage process, helping to bring us closer to a complete end-to-end digital lending experience.

Let's explore how real-time income and employment data can support evolving consumer expectations and help make the loan origination process easier than it's ever been.

OUTDATED LEGACY PROCESSES

Today's borrower is more knowledgeable about the home-buying and mortgage process than previous generations. Instant access to residential property information, including tax data, historical value, personal credit information and competitive loan options – often via a mobile device – has forced lenders to adapt to a new reality and fundamentally change how they operate.

It's time to address the elephant in the room: Some legacy methods for income and employment verification are outdated. They don't work for today's lending landscape. Utilizing income and employment data, direct from employers, can help reduce processing costs. It can help to boost efficiency and free up internal resources that can then be focused on closing more complex deals with the potential to create more revenue for the lender. **Here's how:**

A streamlined and improved borrower experience

Few parts of the loan origination process are as timely or as notoriously clunky as income validation. Lenders have traditionally verified income by contacting the applicant's employer or asking them to provide pay stubs, W-2s, or, more recently, their banking credentials. When lenders have to stop, make a phone call to an employer to verify income, or worse, ask the customer to leave and return with "proof of income," it creates friction for both the borrower and the lender. Lenders can cut through these complexities with the right third-party verification partner.

Using third-party data providers to verify income and employment ensures that lenders have current data, enabling them to approve a qualified home buyer faster, remotely, and safely.

Further, digital income and employment verifications can also help reduce the potential for human error and expedite the loan process. Shortening the loan cycle means faster speed to revenue, and income and employment data direct from employers means lower risk to the lender.

(2)

Stronger lender portfolios

In addition to helping to shorten the loan cycle, automated income verification from third-party data providers can help reduce reprocessing costs by increasing efficiency at every step.

Shortening the time-to-close enables more loans to be closed faster. Also, utilizing third-party verification enables internal resources that are no longer required to manually pull documentation to focus on more complex deals, potentially generating additional revenue for their organization.

Data provided directly by employers can increase the level of certainty throughout the decisioning process. It also can reduce the risk of future defaults resulting from over-inflated borrower-provided income.

Automated income verification from third-party data providers can help reduce reprocessing costs.

3

Increased investor value

Informed decision-making requires lenders to have a complete view of a borrower's creditworthiness. Third-party verification helps bring greater certainty to the underwriting process, enabling lenders to strengthen their portfolios and increase investor value. As more lenders continue to adopt and implement this technology, coupled with the efficiencies and cost-savings it brings, third-party verification is quickly becoming an industry standard. Those that are slow to adopt digital solutions may have higher risk, increased defaults and longer and more cumbersome processes.

Five things to look for in an income and employment verifications provider

While technology advances are visible on multiple fronts, it's sometimes challenging for lenders to realize these advancements. Too often, what appear to be innovative offerings simply don't deliver as promised.

Increasingly, lenders must go beyond the standard credit score to include additional data such as income, asset and employment information when evaluating borrowers' creditworthiness. Evaluating more data in a compressed time frame demands greater levels of automation on the lender side.

To help avoid potential pitfalls, lenders should look for an income and employment data provider with these key characteristics:

1 **Trusted Sources for Lenders**
The quality of the data is essential. It is the lender's responsibility to ensure that their data provider meets the necessary standards in providing data that will be accepted for verification. It is also important to understand where the data originates and the frequency at which it's updated.

2 **Government Sponsored Enterprises**
Freddie Mac and Fannie Mae may provide a good deal of that information and assurance. Fannie Mae's Day 1 Certainty® and Freddie Mac AIM have published a list of approved vendors. Working with GSE-approved vendors can give lenders peace of mind.

3 **History and Experience**
Consider not only how long the data solutions provider has been in business, but how much experience it has in providing solutions specifically for the mortgage industry. A broad portfolio of mortgage solutions is important for smarter insights at each stage of the loan origination process.

4 **The Scale of the Data**
How far-reaching is the data the provider offers? Where is the data sourced and how current is it? These are questions lenders should ask providers, as each element is important for a comprehensive and current view of an applicant's ability to repay a loan.

5 **Delivery Options**
Can the provider's solution be accessed in a way that best fits your needs? Having access to more data, in the method that is best for your business, can bring a higher degree of certainty to the process.

ABOUT THE WORK NUMBER

Equifax is the largest commercial source of consolidated employment information.

With over 25 years of experience and commitment to the mortgage industry, Equifax income and employment verification solutions deliver a streamlined and improved borrower experience and meet government-sponsored enterprise (GSE) requirements. Automated access to over **114 million active records** from over one million employers can help lenders gain valuable borrower insights in real-time.

The Work Number from Equifax delivered more than 223 million verifications on behalf of U.S. consumers through credentialed verifiers from more than 71,000 organizations in 2020.

Automated access to over **114 million active records** from over one million employers!

The Work Number database is the central hub for consolidated income and employment data, providing you the choice to access to millions of employee records—fast, digital and direct from employers. Verifications aren't something ancillary we offer—they're what we do every single day.

Simplify lending with The Work Number.

- ✓ **System integration capabilities with your LOS**
- ✓ **24/7/365 real-time income and employment insights, beyond what a credit score reveals**
- ✓ **Access data directly from employers**
- ✓ **Less friction, faster origination and improved borrower experience**

Mortgage-made income and employment verification solutions for the entire loan origination process.
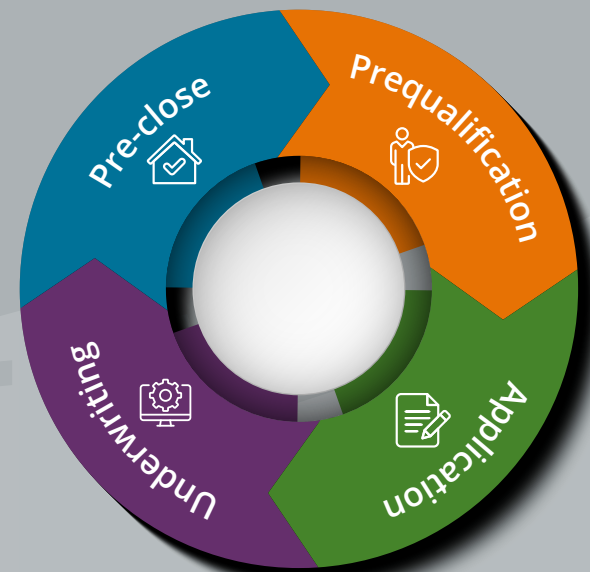
EQUIFAX

Learn more about the broad portfolio of solutions created specifically for the mortgage industry.