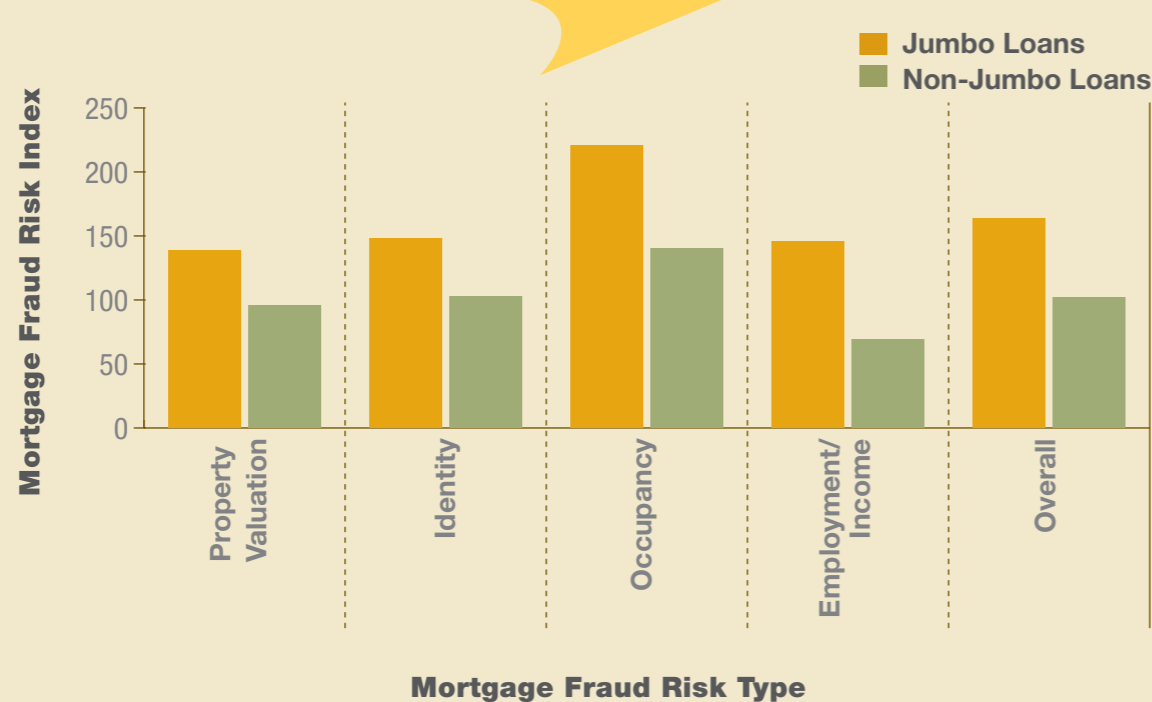
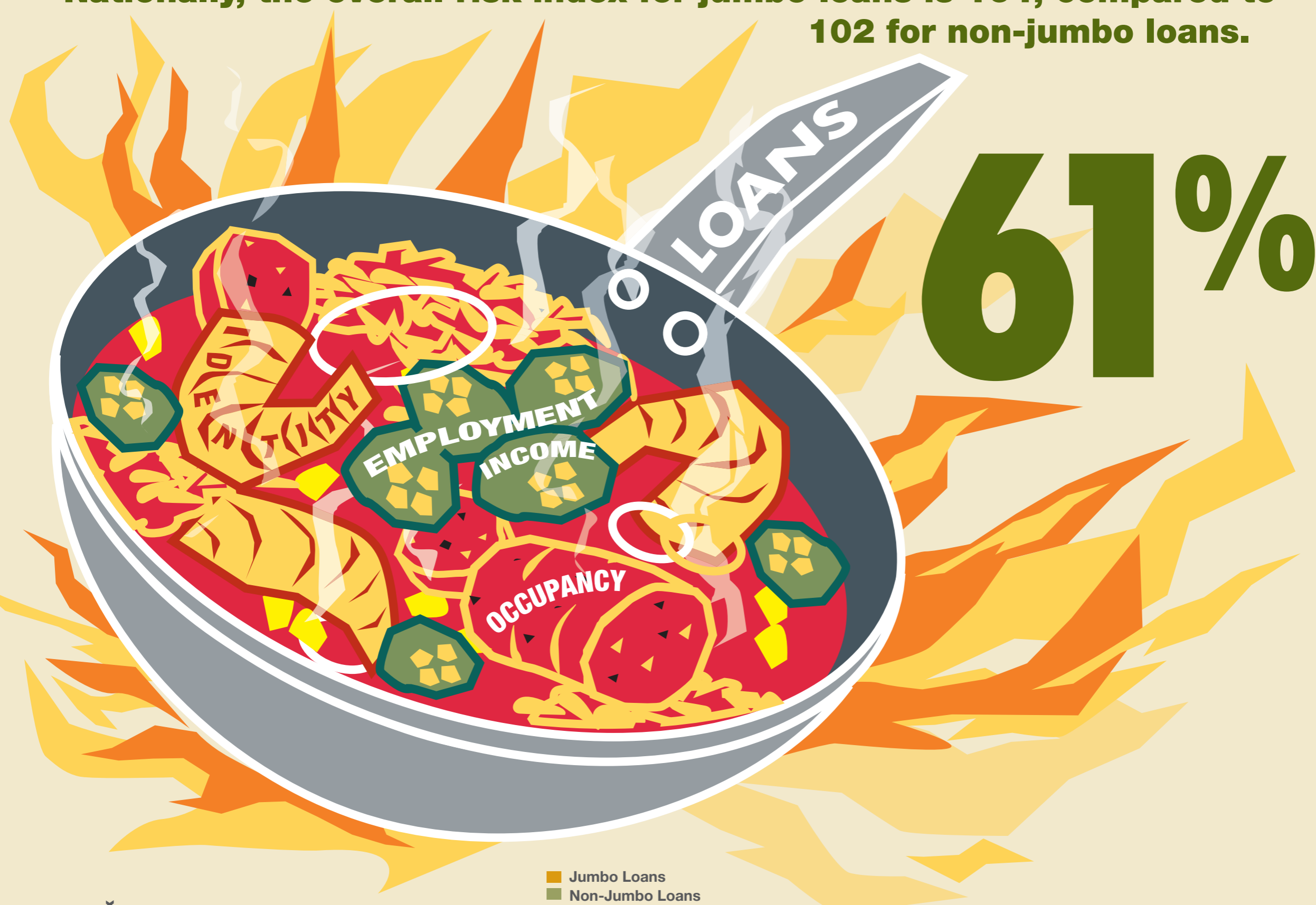


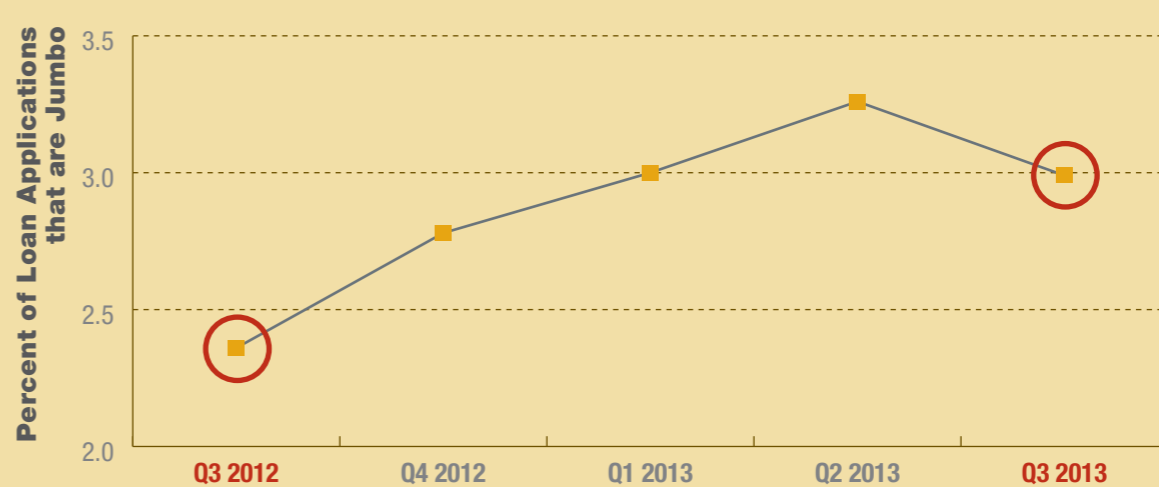
JUMBO-LAYA

Jumbo loans have a higher fraud risk compared to conventional loans. Nationally, the overall risk index for jumbo loans is 164, compared to 102 for non-jumbo loans.



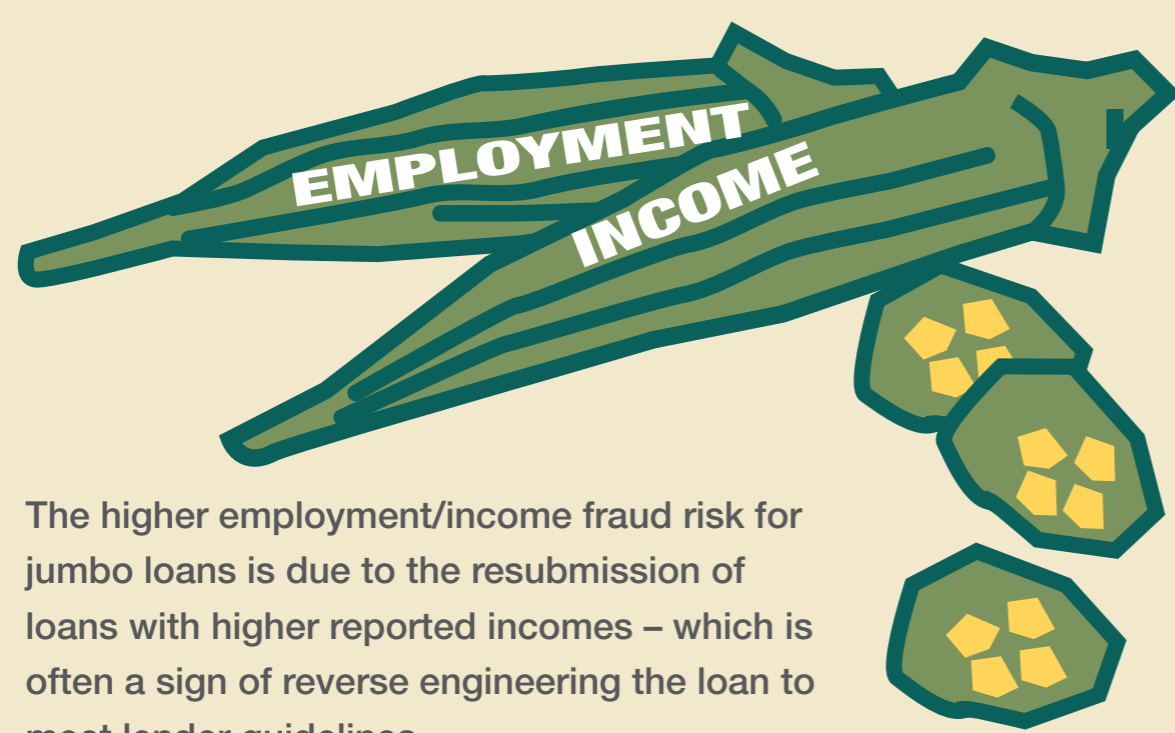
Fraud risk for jumbo loans is 61% higher than for non-jumbo loans and is higher across all type-specific risk categories. Of particular note: Employment/Income fraud risk for jumbos is more than double that of non-jumbos; Occupancy fraud risk is more than 50% higher.

Jumbo Loan Activity Increasing

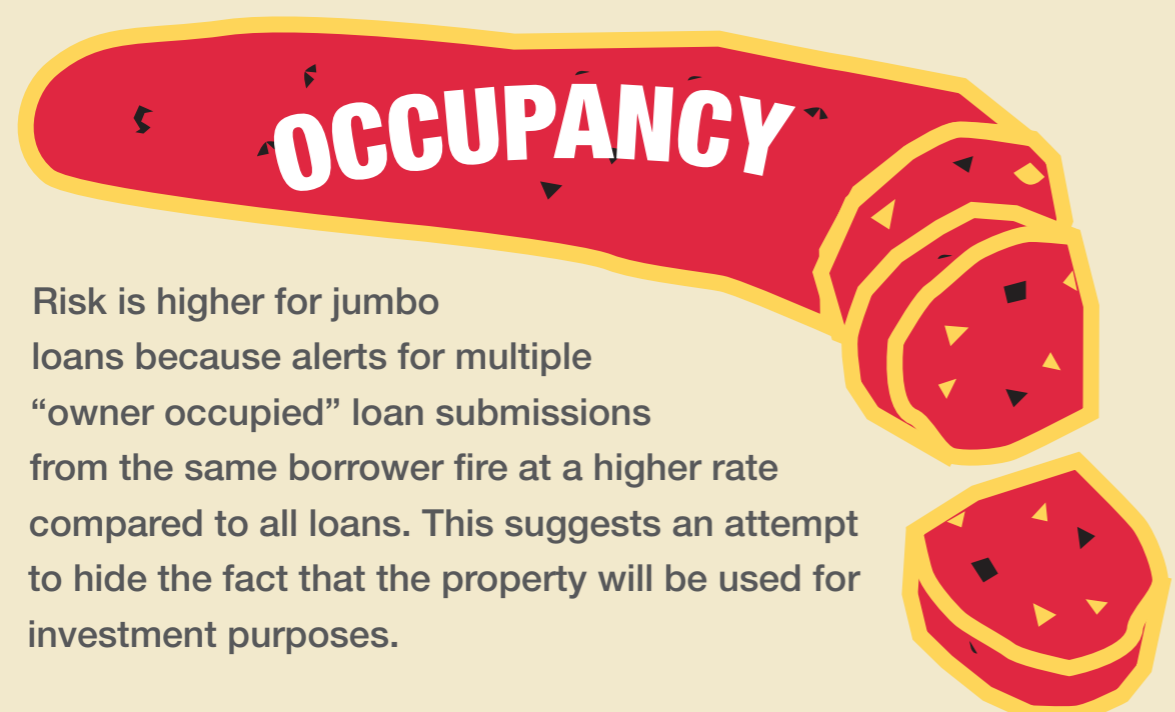


The percentage of loan applications that are jumbo increased by 27% from Q3 2012 to Q3 2013 (from 2.36% in Q3 2012 to 2.99% in Q3 2013).

ARE WE HEADED FOR MORE HEARTBURN?



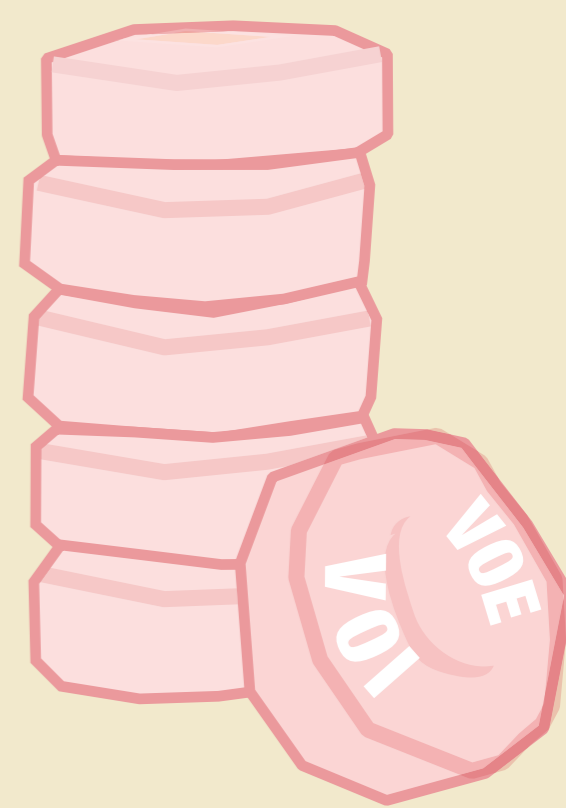
The higher employment/income fraud risk for jumbo loans is due to the resubmission of loans with higher reported incomes – which is often a sign of reverse engineering the loan to meet lender guidelines.



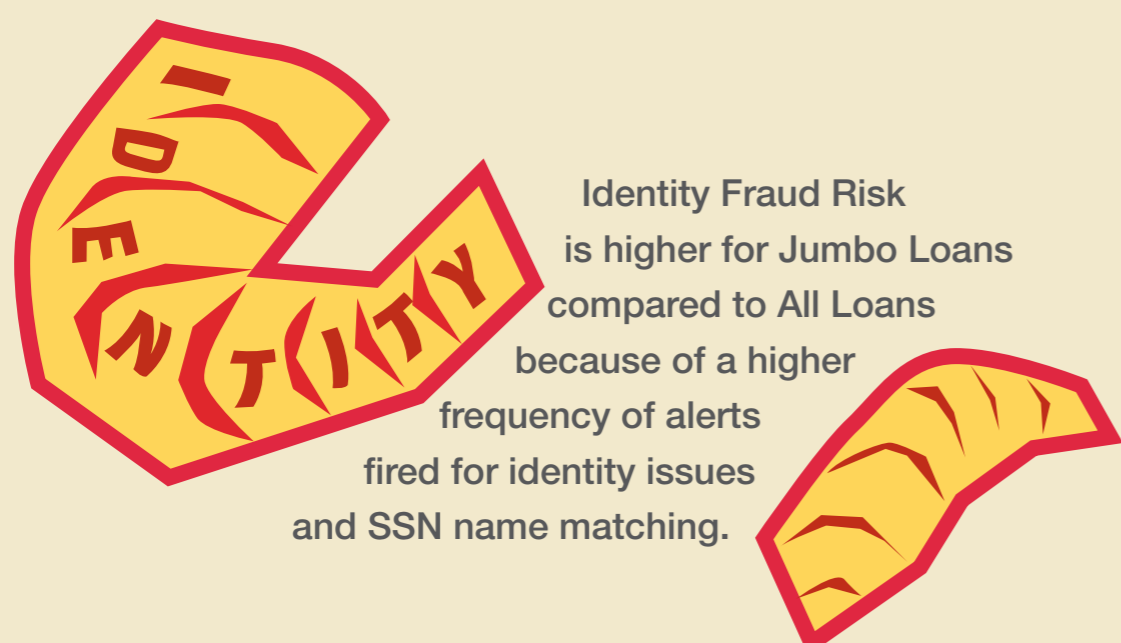
Risk is higher for jumbo loans because alerts for multiple “owner occupied” loan submissions from the same borrower fire at a higher rate compared to all loans. This suggests an attempt to hide the fact that the property will be used for investment purposes.

RECOMMENDED RELIEF ACTION

Automated and integrated employment and income verification and reverification will calm your nerves and squelch potential loss by quickly alerting you to possible misrepresentation.



Verifying a borrower’s place of employment and checking the distance to the property the borrower intends to occupy can help you spot occupancy misrepresentations. Double your relief and avoid reflux by verifying income and employment as well.



Identity Fraud Risk is higher for Jumbo Loans compared to All Loans because of a higher frequency of alerts fired for identity issues and SSN name matching.

Knowing where the high risk areas are, and verifying the identity of all loan participants during the origination process, will reduce your risk of heartburn later.

