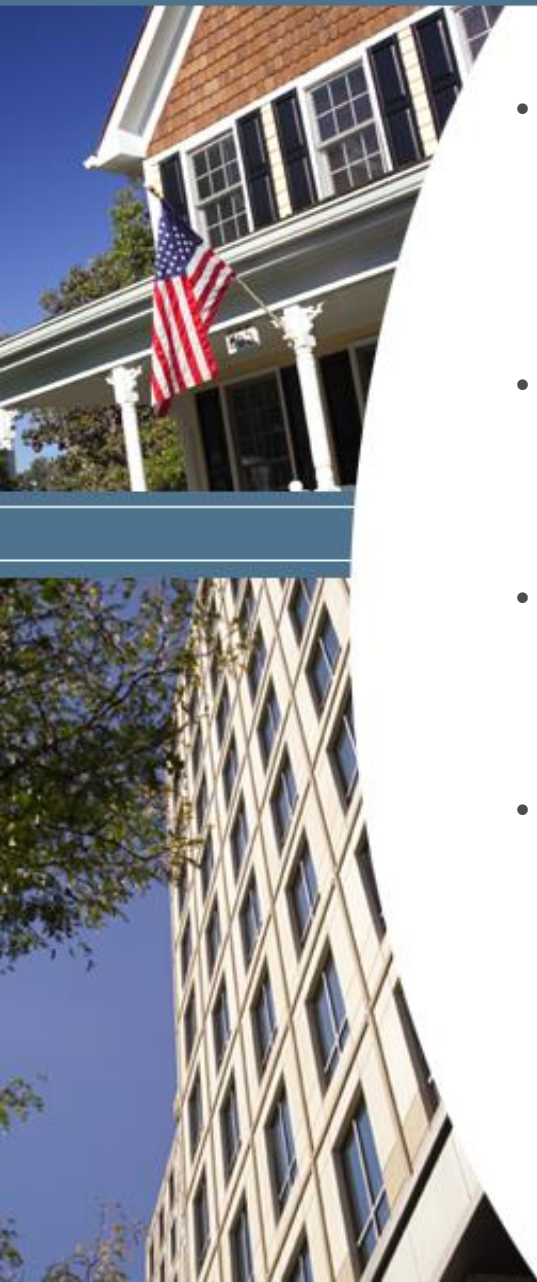




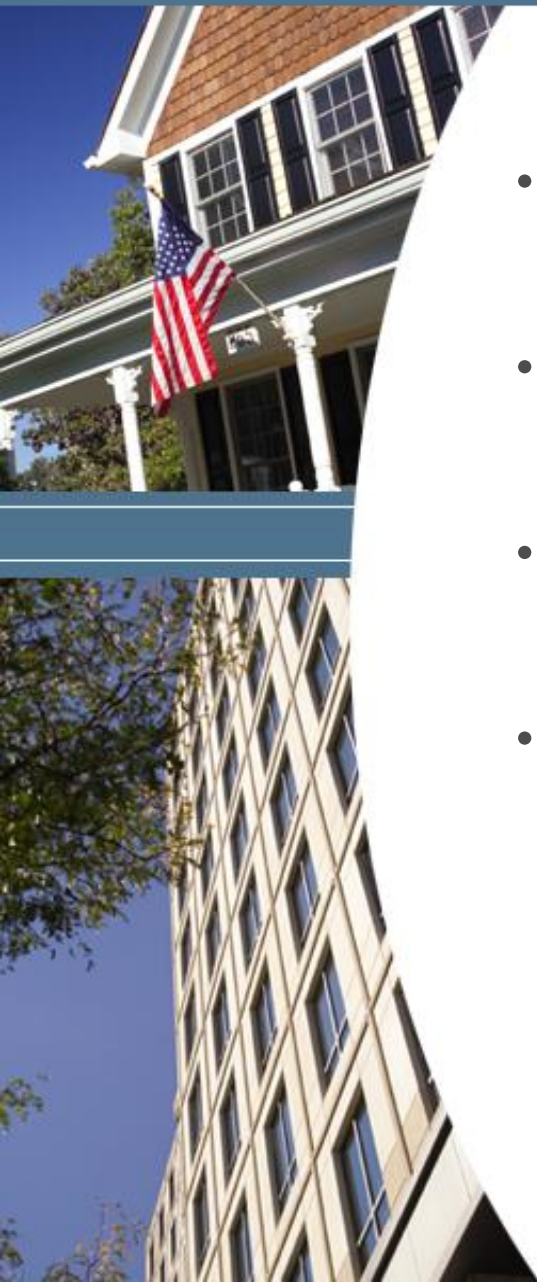
Deploying Fraud Detection Tools

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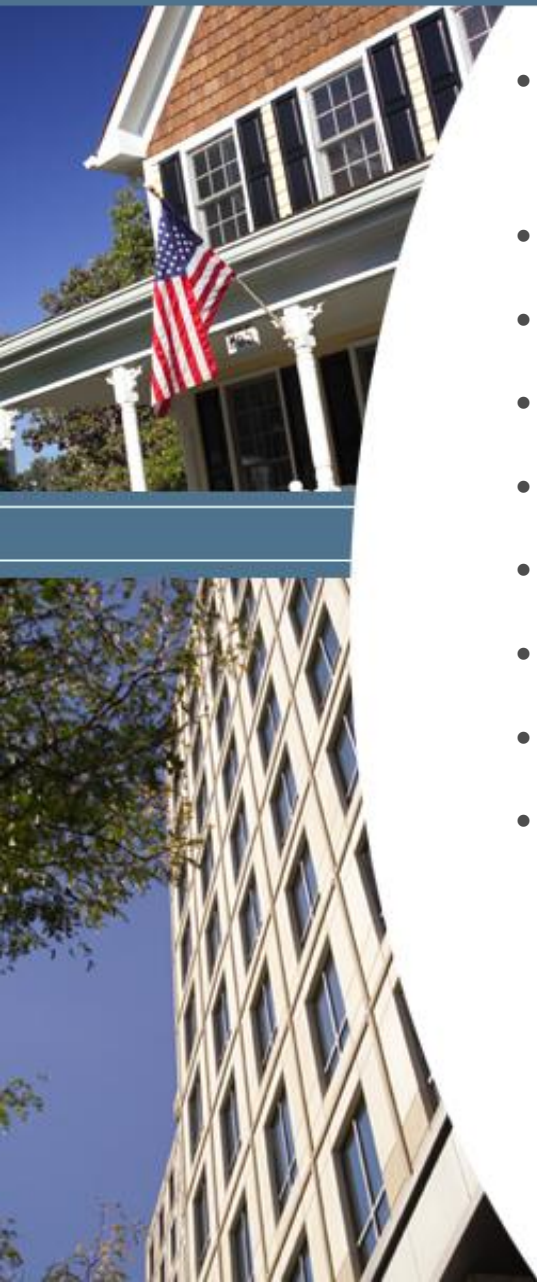


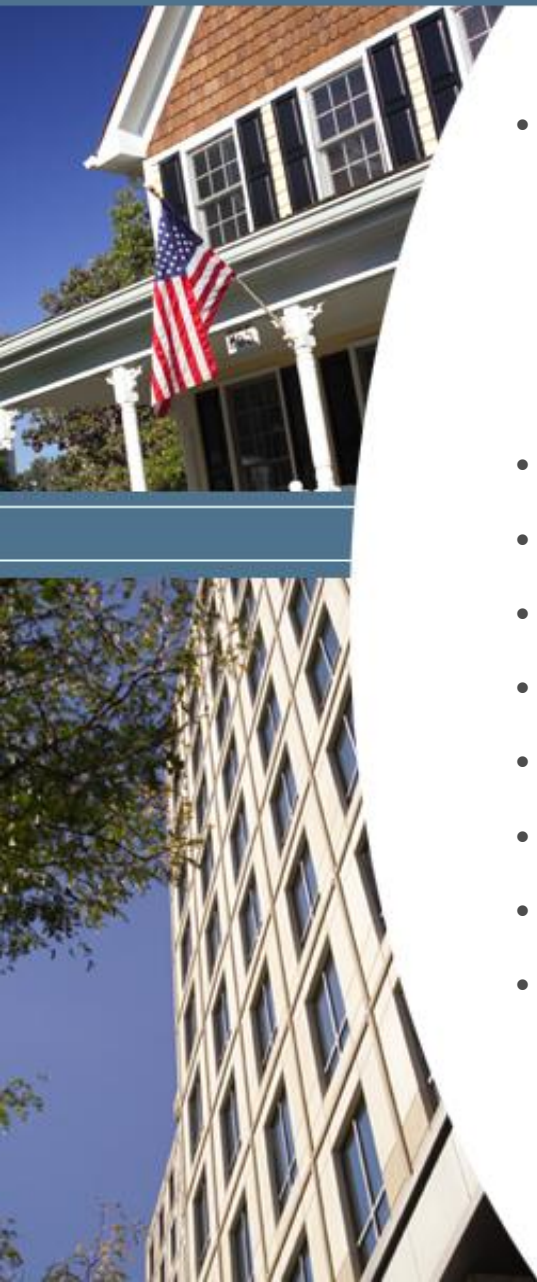
- The policies and procedures Lenders implement and the tools utilized in the prevention and detection of fraudulent loans are influenced by many factors.
- There are many excellent tools available from vendors that can be used throughout the mortgage process.
- They range from the pre-screening of applications to regular data scrubs of the lender's active pipeline and/or servicing portfolio.
- With or without the use of vendor provided tools and services, it is important that every lender have effective fraud prevention and detection policies and procedures.

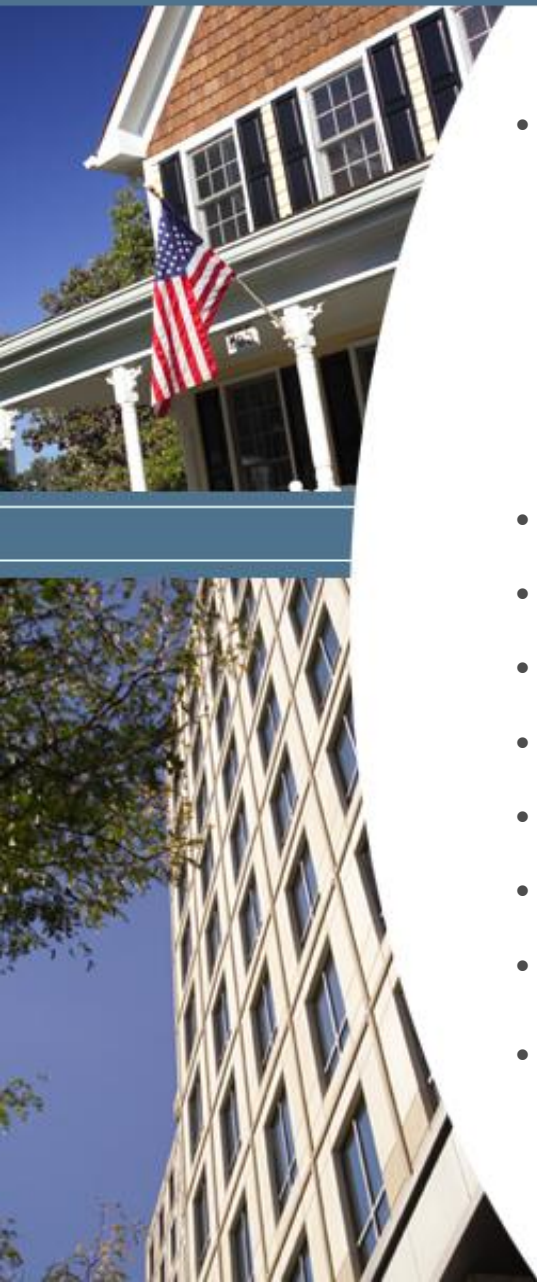
Why do We Need Fraud Tools?

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- They protect your company
 - They protect your borrowers
 - They protect your investors
 - It is our responsibility as lenders to insure the integrity of the loans we close

What Are The Benefits?

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- Prevent or reduce losses due to investor repurchase demands
 - Mitigation of recovery efforts
 - Deterrent to fraudsters
 - Industry reputation
 - Feedback and lessons learned
 - Identify susceptible products
 - Identify weak channels, departments, regions
 - System gaps or limitations
 - Identify high risk products or loan parameters

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- **Regardless of the tools a lender chooses to use, it is critical that the lender be proactive with effective policies and procedures that help detect fraudulent activity throughout the origination process and before the loan is funded.**
 - **Pre-closing tools:**
 - **-Vendor provided fraud detection tools**
 - **-Vendor provided pipeline scrubs**
 - **-Internal data bumps**
 - **-Fact Act/Fraud Alert policies & escalation process**
 - **-Database red flag indicators**
 - **-Fraud referral process**
 - **-AUS red flag indicators**

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- Targeted reviews or audits are an effective way to identify fraudulent loans in your pipeline. They may begin with one particular type of review but as trends are identified may expand to or lead the lender to review of other high-risk loans.
 - **Post-closing tools:**
 - -Repurchase demands reviews
 - -Investor audits results
 - -High-risk products reviews
 - -Loans in declining markets
 - -Products or regions with high default ratios
 - -Vendor provided tools
 - -Internal data scrubs