

xactus360

**Intelligent Verification:
Reframing How, What,
and When Lenders Verify**

xactus 

Advancing the Modern Mortgage

The mortgage industry hasn't always evolved as quickly as we'd like, especially when compared to other industries.

New, emergent technologies are expanding our horizons and opening gateways to the future of mortgage manufacturing and lending in general. It is crucial that we enter this next phase thoughtfully and effectively, yet swiftly and aggressively.

The mortgage industry is moving away from manual, static workflows towards a more dynamic lending environment. This shift takes into account market fluctuations, the need for scalability, changing consumer preferences, and the strategic timing and selection of verifications throughout the mortgage process. The result is smart, configurable workflows that deliver faster, better mortgage decisions.

Xactus is leading this change by creating a new class of technology that is built on valuable insights derived from verification data. It is called Intelligent Verification. It is a technology-driven transformation that reimagines how our industry originates and services mortgages. Intelligent Verification harnesses real-time insights to power automated actions, enabling faster and better decision-making while minimizing redundancies and reducing data waste.

What is Intelligent Verification?

Recognizing the need to advance the modern mortgage, Xactus has developed a new class of technology – Intelligent Verification – which will leapfrog yesterday's manual processes to deliver tomorrow's technology-driven landscape. With responsible Artificial Intelligence (AI) paired with open Application Programming Interfaces (APIs), our platform and decisioning logic will enable different software systems to work together without friction. This will support cleaner interactions and integrations. Intelligent Verification enables the right data to be delivered at the right time – and it empowers faster, more informed loan decisioning.

Intelligent Verification replaces rigid, cost-intensive scenarios with easy-to-configure, automated solutions, while improving risk evaluation, loss mitigation, customer retention, and helping ensure the ability to repay. It utilizes a data-driven scalable platform to reframe how, what, and when we verify.

Legacy Tools vs. Intelligent Verification

The solutions lenders have been using for decades have certainly worked – millions of homeowners are the proof. But for many, the American Dream has not yet reached its full potential. Markets change rapidly, consumers are fickle, and technology evolves at unprecedented speeds. Those three considerations have not been adequately factored into the mortgage process – though they have certainly impacted it.

The mortgage market is known for its rapid shifts, expanding and contracting in response to interest rate fluctuations. Traditionally, lenders have adjusted by quickly scaling their teams up or down. This approach not only strains resources but also creates stress and uncertainty for employees, making it both inefficient and costly for everyone involved.

Consumer demand for homes is influenced by rate changes, housing affordability, and inventory. At the same time, homebuyers’ expectations for a smooth loan process have only increased, driven by the efficiencies they’ve come to expect from technology in other areas of their lives. This growing desire for a better experience has pushed lenders to reevaluate their workflows and the inflexible legacy tools they’ve been using for years. Yet, despite this pressure, a lack of resources or available solutions has tempered innovation.

Meanwhile, technology has advanced at an incredible pace – seemingly by the minute. Automation, APIs, AI, and other innovations have truly transformed the world. And now, these technologies are making their mark on the mortgage process. Take a look at how the legacy tools the industry has relied on for decades measure up against Intelligent Verification, particularly when it comes to verifying credit, income, and employment:

- **Point-In Time Reporting vs. Dynamic Data Flows**
Traditional credit verification involved analyzing reports from all three national credit bureaus that represented a snapshot in time and included trended credit data; dynamic data flows allow more opportunity for decisioning in the workflows with real-time information.
- **Rigid Data Extraction vs. Cascaded Next Best Actions**
Previously, employment verifications were conducted utilizing a single database and if it did not yield a result, the loan officer would conduct another search in a different database. If there was still no result, a manual verification would ensue; With Intelligent Verification, a waterfall process verifies employment among multiple databases, automatically cascading from one to the next.
- **Static, Manual Processes vs. Responsive Workflows with AI & Data-Enabled Decisioning**
The previous process had loan officers pulling tri-merge reports early in the lending process and potentially wasting money on unqualified applicants; With Intelligent Verification, a loan officer can pull a 1-bureau soft pull first, and only after certain criteria are met is a tri-merge hard pull ordered.

Legacy Tools	Intelligent Verification
Point-in time reporting	► Dynamic data flows
Unstructured and rigid data extraction	► Cascaded next-best actions
Static, manual processes	► Responsive workflows with AI & data-enabled decisioning

Intelligent Verification enables the right data to be delivered at the right time – and it empowers faster, more informed loan decisioning.

Intelligent Verification PlatformSM (IVP): What It Is, What It Does, and How Lenders Benefit

An Intelligent Verification PlatformSM (IVP) is a user-centric technology platform that integrates with existing Point of Sale and Loan Origination System (POS and LOS) technologies to realize the enhanced decisioning and efficiency benefits inherent to Intelligent Verification. Essentially, an IVP delivers the data lenders and servicers need, when they need it, so they can make smarter decisions more quickly while reducing waste and friction. They can dynamically transform their workflows, replacing inflexible, costly scenarios with easy-to-configure, automated and scalable solutions. The results are faster decisions, flexible processes, and significantly reduced waste – all powered by the IVP.

Let's look at the specific benefits an IVP such as Xactus360 delivers

- **Unprecedented Reach, Domain Expertise, and Data Scale**

Lenders and servicers can leverage an extensive suite of products and solutions that span the full spectrum of the mortgage lifecycle, through a strategic partnership with Xactus or by harnessing the capabilities of our self-service model.

- **Increased Focus on More Valuable Work**

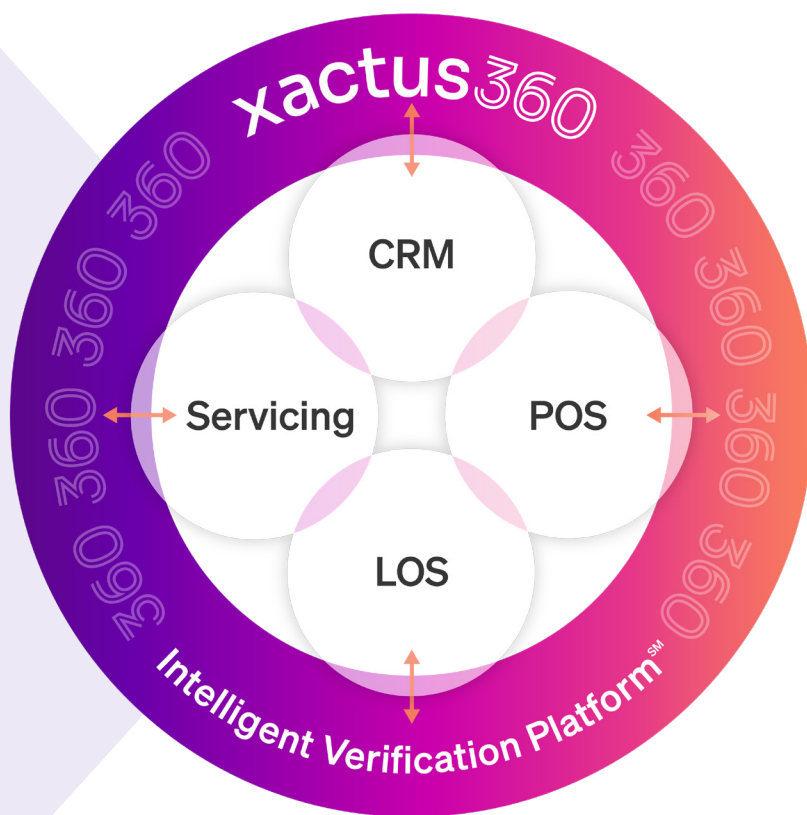
By automating manual processes that were previously managed by human capital, employees can spend time on more meaningful tasks that require human discernment, personal interaction, and critical thought.

- **The Ability to Scale Flexibly to the Needs of the Market**

Configuration options with an IVP enable lenders and servicers to pivot their operations quickly to meet the needs of the market as volumes ebb and flow – without having to increase or decrease their headcount.

- **Dynamic Workflows That Respond to Context**

An IVP allows lenders to make superior loan decisions regardless of circumstance, expertise, and experience, enabling more junior employees to operate at a more advanced level.



Introducing the First-of-its-Kind IVP:

xactus360

Xactus360 is an industry-first IVP that places the power of the nation's leading verification partner at our clients' fingertips.

Some of the many benefits Xactus360 offers include

▪ Increased Speed

Xactus360 improves turn times. For example, Xactus is the first in the industry to streamline the Letter of Explanation process. With ezLOE, Xactus360 enables lenders to contact applicants for LOEs via text, email, or both – and it allows applicants to securely submit the required explanations online. When completed, a secure, e-signed document is returned to Xactus360. A process that used to take days – even weeks – can now be accomplished in seconds.

▪ Enhanced Efficiency

Xactus360 streamlines workflows and integrations, allowing employees to focus on higher-value tasks. For tax, income, and employment verifications, it sends applicants a link to approve access to their IRS and employment data. Our technology automatically extracts the necessary records for loan applications, eliminating the need for consumers to submit paper documents. This also reduces manual validations for lenders. Originators can choose this option for applicants, and lenders can customize the process. With a seamless integration, Xactus360 keeps lenders working within their LOS with just one account.

▪ Easy Vendor Management

Because of the breadth of products supported on Xactus360, lenders can work with a single vendor. Using just one provider means consolidated invoices, a streamlined vendor management process, one compliance process, and reduced fees.

▪ Waste Reduction

By eliminating unnecessary data access through the customization and reordering of workflows, Xactus360 reduces data consumption and total verification costs.

- With Pre-App X, lenders can order one bureau to understand an applicant's credit score and reporting data to determine if they need to cascade to additional bureaus based on the score thresholds. The tri-merge credit report can then be pushed until later in the process to assist in reducing fallout once the lender has more certainty of the consumer's intent to proceed – or avoided all together.
- FHA/VA streamline refinance programs typically don't require income verification, a home appraisal, or extensive documentation. Therefore, it may not be necessary or beneficial to do a hard credit pull. Xactus360 allows the workflow to be set up for specific types of loans.
- Regarding VOE/I, lenders can use the pre-qualification capabilities of Xactus' Employment Verification X waterfall to preview employment and income data prior to ordering a full, automated product. This can save lenders money by forgoing a full verification of income until later in the underwriting process.

- **Time Savings**

Xactus360 has the capability to assist with automating the time and place in which verification data is needed. Incorporating this automation into a lender's workflow ensures that processes are standardized and allows for lender resources to be reallocated to other functions.

- **Greater Flexibility**

Xactus360 enables workflows that respond to context. In other words, a lender's workflow can be determined by what their goals are. If the objective is to save money on verifications, they can customize the order of automated providers – selecting the less expensive ones first. In addition, enhancements to Xactus360 are released every two weeks, ensuring the platform is constantly evolving and improving in concert with changing regulations and shifting client needs.

- **Improved Decisioning**

Lenders can be alerted prior to pulling a full verification if a record exists. For example, we're launching an indicator for The Work Number®(TWN) by Equifax* which will give clients some insight about whether there is an existing record before they pull a VOE/I, potentially saving clients both time and money.

- **Enhanced Security**

The Xactus360 IVP utilizes Multi-Factor Authentication (MFA) which significantly reduces the risk of unauthorized access, even if login credentials are stolen or leaked. In addition to MFA, our technology enhances security through the detection of ordering pattern changes, proactive fraud prevention, and secure data encryption and access controls. By integrating MFA with advanced monitoring, fraud detection, and automated lockouts, our technology provides comprehensive protection to keep lenders and consumers safe.

Futureproofing with IVPs

As the future of the mortgage industry unfolds in tandem with the evolution of technology, we expect Intelligent Verification to play an increasingly critical role for lenders and consumers. IVPs, in turn, will become essential to the mortgage ecosystem because they will enable technology to continually enhance the mortgage process as our industry continues to evolve.

Marketplace change and consolidation means that a one-size-fits-all approach is no longer sufficient. Vendors must leverage the data available to them to deliver more customizable solutions to meet customers varied needs. Predictive, responsible AI, and open APIs help ensure this can occur.

For example, it will soon be possible to predict which VOE data source should be utilized first, based on consumer or employer specific information. Over time, the choice of VOE platform could adapt to an individual applicant's unique circumstances. AI will drive this dynamic workflow. Additionally, AI-powered consumer portals will emerge where consumers can own and control their personal data, protecting their privacy.

There is growing interest in using a score drift analytical model. This means a lender's portfolio could be analyzed to optimize how scores drift over time across bureaus based on the number of days in between credit pulls and the consumers score band. Technology would then continuously reassess these characteristics, allowing workflows to be updated in real time. We believe this is the future of the industry, and Xactus is laying the foundation for the eventual implementation of this model.

With regard to APIs, Xactus launched an open API developer portal to allow third party integration partners to easily access integration specs allowing a faster, easier way to integrate their own tools or platforms with our system. Our open APIs will help:

- **Expand the mortgage ecosystem**
- **Improve the consumer experience**
- **Foster deeper partnerships and better collaboration**
- **Improve scalability**

Ultimately, Xactus' open APIs are designed to enhance efficiency, eliminate duplicative and redundant tasks, foster real-time connections, drive innovation, and improve flexibility. These capabilities are a key advantage for Xactus, enabling us to stay at the forefront of the modern mortgage market.

Reframing what verification means.

Given all of these anticipated developments, Xactus has adopted two strategies to ensure our technology stays ahead in the market. First, we prioritized incorporating the “Voice of the Customer” into our product development process. This ensures we stay well-positioned to tailor our solutions to meet clients’ needs and guide future development through our proprietary technology. We also conduct client tests to ensure each product or enhancement delivers the desired outcomes. Second, we established the Xactus Client Advisory Board to strengthen strategic customer engagement, enabling us to proactively address emerging operational and regulatory issues that may affect lenders and servicers.

Conclusion

Intelligent Verification encompasses much more than verifying credit, income, and employment. It includes critical attributes required to qualify for a mortgage such as verifying identities, flood plains, home valuations, etc.

We envision Xactus360 as the hub of the mortgage verification ecosystem,

serving as a vital connection to the industry and the products that lenders need and desire. We strategically partner with other providers, expanding our product capabilities by utilizing our platform to distribute their solutions. We aim to go beyond the basic needs of our customers, ensuring they have access to the solutions that best fit their unique landscapes. By strategically partnering with other providers, Xactus enhances its product offerings, leveraging our platform to deliver even more valuable solutions.

Xactus360 will offer comprehensive and flexible fulfillment that is focused not only on originations, but also on servicing systems integrations – technology that integrates across the mortgage lifecycle.

Xactus360 is reframing what verification means. It is the vehicle that enables Xactus to continuously serve this dynamic market – by adapting to industry shifts, evolving compliance and regulatory frameworks, delivering new products to the market at speed, and ensuring we’re listening and adapting to the challenges that our clients face.

For more information on how Intelligent Verification can transform your business, visit xactus.com/xactus360.

Xactus360 is a comprehensive, agnostic, and highly adaptable solution, empowering you to seamlessly leverage verification data across every stage of the loan life-cycle.

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About Xactus

Xactus – a leading fintech company specializing in verification solutions for the mortgage and financial services industries – leverages advanced technology and industry expertise to provide innovative solutions that streamline loan origination and servicing processes. Its Intelligent Verification PlatformSM, Xactus360, enables clients to make better mortgage decisions faster while increasing efficiency and reducing waste.

For more information, visit **xactus.com**
or follow Xactus on LinkedIn: **linkedin.com/company/xactus-llc/**

