



PRODUCT FACT SHEET

Fraud Alert

Mortgage Fraud Losses are Expensive Fraud Prevention is a Surprising Bargain

1 Source Data protects brokers, borrowers and lenders from attempted mortgage fraud by offering three identity verification services at surprisingly low costs:

- ▲ **FACS+** from Experian,
- ▲ **High Risk** from TransUnion, and
- ▲ **SafeScan** from Equifax.

We also offer **Fraud Alert**, a combination of all three reports for a special bundled price.

INFORMATION PROVIDED

Each of these bureau-based fraud products review the applicant's Name, Social Security Number and home address against multiple databases; analyzes the data for behavior that indicates fraudulent behavior and identity theft; and reports the results directly to a mortgage credit report.

The reports are similar but the depth of the report and specific data reports differ. The analyses typically fall into four categories:

1. Identify inconsistencies between the credit application and the credit report.
2. Compare Social Security Number against the Social Security Administration records to determine if the SSN is:
 - On-file with the Social Security Administration,
 - Recorded as deceased,
 - Not issued, or out of range for issuing area, or if the "Year-Issued" is consistent with borrowers age.
3. Compare Address Information against known fraudulent and high-risk addresses:
 - Reported fraudulent and non-existent addresses,
 - High risk addresses – delivery services, post offices, bars, etc. -- or Business Addresses.
4. Detect possible "shotgun" fraud by examining the number of times the:
 - SSN is reported used in credit inquiry in previous 120 days, and
 - Address is reported used in credit inquiry in previous 120 days.

Each bureau's comparison and analysis result in a series of warnings printed in the body of the credit report. The warnings "are indicative of the appearance" of fraudulent activity. Since these reports are generated from some of the same data used to create credit reports, they are subject to the same risk of error. That said, the bureaus work hard to prevent false positive reports.

Note also that the repository fraud reports do *not* satisfy the requirements of the Federal Government's Office of Foreign Assets Control (OFAC).

WHY ORDER ALL THREE? THESE ARE THE REPORTS YOUR BORROWER WANTS YOU ORDER.

The American public is terrified of **Identity Theft**, and for good reason. Federal regulators say identity fraud cost nearly 10 million people and businesses over \$53 Billion during 2002. So it's no surprise a recent Consumer Federation of America survey found **96%** of Americans agree we should do a better job of verifying identities on credit applications.

In other words, a fraud and identity verification report might be the only mortgage report your borrowers will be *happy* to buy.

Each of these products may be ordered individually – and the reasons for ordering are obvious – but the only way to get *all* the information is to access all three databases.

▲ **Different Data.** Since creditors often don't report to all three bureaus, each credit repository's library of data is unique. The content of a given person's file varies from bureau to bureau ... otherwise, bureaus would report identical FICO scores.

▲ **Different Outside Databases.** When it comes to high-risk names, addresses and phone numbers, one repository may build and maintain its automated listing, another may buy their list, and the third may have limited coverage. There is no consistency.

▲ **Different Update Schedules.** Most credit providers still submit data to bureaus once a month, on computer tapes. SSN and Address files are updated either monthly or quarterly, and often the schedules are staggered. Since your protection is only as good as the data in the system, you need *all* the available data.

▲ **Fiduciary Responsibility.** Getting the most information possible satisfies your fiduciary responsibilities to both the borrower and the lender. Seeking and acting on fraudulent behavior indicators is the most ethical way to protect yourself and your company.

▲ **It's Cheap!** Normally, we don't use the word "cheap". But this time, the need is so clear and the cost is so low, we can't avoid it. Fraud Alert is the highest value product available.

TYPICAL REPORT

To order SafeScan you must call the 1 Source Data Customer Service group. After ordering, SafeScan reports will be delivered on all subsequently ordered credit reports*. On the other hand, High Risk Alert and FACS+ are ordered "a la carte" using the check boxes under the "Fraud" heading on the Credit File ordering screen. When ordered, each report will be identified with a banner; when more than one report is ordered the results will be grouped together.

HIGH RISK ALERT

*** HIGH RISK ALERT ***

CONSUMER, JONATHAN

* INPUT SSN ISSUED: 1980 - 1981; STATE: VA

* FILE SSN ISSUED: 1980 - 1981; STATE: VA; (EST. AGE OBTAINED: 36 TO 38)

- INPUT SSN ISSUED 1980 - 1981; STATE: VA;

- FILE SSN ISSUED 1980 - 1981; STATE: VA; EST AGE AT DATE OF ISSUE: 36 - 38;

SAFESCAN

*** SAFESCAN ***

CONSUMER, JONATHAN

* INQUIRY ADDRESS HAS BEEN ASSOCIATED WITH MORE THAN ONE NAME OF SOCIAL SECURITY NUMBER. THROUGH VERIFICATION SUGGESTED. [Highlighting added]

FACS PLUS

*** FACS PLUS ***

CONSUMER, JONATHAN

- FROM 09/01/03 INQ COUNT FOR SSN - 0

- FROM 09/01/03 INQ COUNT FOR ADDRESS - 1

- INPUT SSN ISSUED 1980 - 1981

Occasionally, the reported comments are ambiguous, as shown in the SafeScan example above. In this case, the bureau's database confirmed the borrower is renting an apartment at address shown on the application, but another person shares the lease.

TYPICAL REPORT WITH WARNINGS

FACS PLUS

INPUT SSN RECORDED AS DECEASED

DOB: 1-10-1951 DOD: 3-30-1996

INPUT SSN ISSUED 1965-1966

INQ:PHONE ANSWERING SERVICE:

ABC ANSWER-ALL

10655 N BIRCH ST

URBANK CA 91502

18.555.1212

FROM 3-01-96 INQ COUNT FOR SSN =8

FROM 3-01-96 INQ COUNT FOR ADDRESS = 15

FILE:COMMERCIAL BUSINESS ADDRESS

J&J INVESTMENTS

2600 BOWSER ST #312

LOS ANGELES CA 90017

213.111.2222

[Highlighting added]

* Fraud analysis must be ordered with the credit file. No provider can analyze previously ordered files.

TYPICALLY REPORTED COMMENTS

Each bureau has different reporting language. Here is a list of the 17 warnings used by Equifax SAFESCAN. It is typical of the messages you can expect from each of the providers.

1. **Warning:** Possible true name fraud.
 Meaning: Criteria indicate that another person is possibly misusing a person's identity and personal information.
2. **Warning:** SSN issued is issued to person who has been reported deceased.
 Meaning: SSN is invalid because the person to whom it was assigned is on the Social Security Administration master death file.
3. **Warning:** SSN has never been issued.
 Meaning: SSN is invalid because it has never been issued.
4. **Warning:** SSN issued by in the past 5 years.
 Meaning: SSN recently issued and could belong to a minor (child).
5. **Warning:** Address has been reported misused.
 Meaning: The address has been used in known or suspected fraud cases.
6. **Warning:** SSN has been reported misused.
 Meaning: SSN has been reported used in known or suspected fraud cases.
7. **Warning:** Address has been associated with more than one name or SSN.
 Meaning: The exact address was used with different name(s) or different SSN(s) on multiple applications within a short period of time.
8. **Warning:** Address is a state/federal prison or detention facility.
 Meaning: The address is the same as a state or federal prison or adult or juvenile detention facility.
9. **Warning:** Address is a mail receiving service.
 Meaning: The address is the same as a commercial mail receiving service.
10. **Warning:** Address is a check cashing facility.
 Meaning: The address is a commercial check cashing company.
11. **Warning:** Address is a storage facility.
 Meaning: The address is a storage warehouse.
12. **Warning:** Address is a telephone answering service.
 Meaning: The address belongs to a telephone by the answering service.
13. **Warning:** Address is a campground.
 Meaning: The address is a campsite in a commercial campground.

14. **Warning:** Address is a hotel/motel.
Meaning: The address is a lodging facility.
 15. **Warning:** Address is a U.S. Post Office street address.
Meaning: The address is the street address of a U.S. Post Office.
 16. **Warning:** Telephone number has been reported misused.
Meaning: The telephone number has reportedly been used in known or suspected fraud cases.
 17. **Warning:** Telephone number is a telephone drop number.
Meaning: The telephone number is a telephone booth or non-residential telephone number (i.e., major PBX telephone number, etc.).
-

SUMMARY

Consumers and lenders are increasingly anxious about potential financial loss from Identity Theft and Mortgage Fraud. 1 Source Data is happy to offer inexpensive identity verification and fraud alert reports from each of the three national credit repositories.

The reports compare submitted social security numbers against credit files and electronic databases and report suspicious activities, social security records and high-risk addresses.

If you have additional questions, please call us at (800) 922-1301.

###