

Mortgage File Processing: Leveraging Valora's PowerHouse™ Platform

Mortgage File Processing: The Problem

Independent Foreclosure Review arose in the wake of the 2008 mortgage scandal, with several large lenders agreeing to grant consumers whose homes were foreclosed a second shot at compensation. Loan review must be provided to homeowners for free. Since that time lenders have had to manage the deluge of loan review requests coming from all over the country. They have been paying tens of thousands of dollars per mortgage file, ultimately millions of dollars per year, in an attempt to organize and analyze the data contained in mortgages that have been bought and sold numerous times.

A typical mortgage file is a compilation of anywhere between 20-30 different documents that are either archived in paper form or in electronic form. Paper documents are usually grouped together in a single, physical mortgage file. Electronic storage is often one large image file (PDF or TIFF), without any document boundaries separating the various individual documents. Additionally, the documents are often stored out of order within the mortgage file or even missing. To comply with the mortgage review, analysts are manually sorting through these files and performing the following data management tasks: unitizing (document boundaries), determining the document types present, re-ordering documents to prepare them for more substantive analysis, then extracting specific information from documents to perform further analysis. Needless to say, this effort has been slow, painful and expensive, until now...

The Solution: Valora's PowerHouse™

With Valora's PowerHouse™ Platform, lenders and their analysts can now sift through thousands of loan files in a fraction of the time, thereby decreasing their costs by more than 75%! Capitalizing on our extensive experience with pattern-matching technology¹, we designed an automated workflow specifically to handle Mortgage File Processing.

A typical project involves the following processes:

- Image conversion for paper files
- OCR Text Capture/ Enhancement
- AutoUnitization (determining document breaks)
- AutoDocument Type Determination (loan application, good faith estimate etc.)
- Re-ordering of documents automatically based upon Document Type, Date and other factors
- Rules Based Analysis, including but not limited to:
 - Determine which Mortgage Files were foreclosed
 - Locate Incomplete Mortgage Files
 - Identification of missing signatures
 - Comparisons of key data points i.e. interest rates, originators etc.

Benefits of Valora's Mortgage File Processing Solution:

Using Valora's proprietary processing platform can reduce the amount of time required to perform analysis by more than 1000% while ensuring accuracy rates of up to 98%. Further, by using a Rules-Based approach, experts can run multiple iterations to uncover inconsistencies they may have otherwise missed by performing manual analysis.

¹ For more on Probabilistic Hierarchical Context-Free Grammars, see [this link](#) on Google Scholar.

Current
Challenges:

Name Validation

SSN
Transposition

Missing
Documents

Incomplete
Documents

Robo-Signed
Failures

Multiple
Originators

Missing
Signatures

Varying Interest
Rates

Cross Check
Data Points

Signature
Mismatch