

Frontier State Bank Taps Kroll Factual Data to Provide Quality Control

CHALLENGE:

Investors are now taking more factors into consideration before they invest in loans presented to them by financial institutions. The lack of due diligence in the past, on the part of lenders and brokers to ensure the quality of loans processed has caused the industry as a whole to become more cautious. Stricter guidelines have forced many lenders to research methods to verify loan information prior to closing. During the past year, Andover, Kansas-based Frontier State Bank recognized where the industry was headed and wanted to prepare for the worst. Investors began scrutinizing loans more closely, and an increased number of loans were coming back for changes in the data contained in the loan documents. Frontier State Bank enlisted the services of Kroll Factual Data to provide data verification prior to closing loans, giving them the ability to offer investors documentation validating the information contained in loan files.

SOLUTION:

Frontier State Bank has been originating loans since 2006. The bank's wholesale division, based in Oklahoma originates most of the loan products which consist of wholesale, retail and FHA. Frontier State Bank did not participate in subprime lending, which proved to be a good strategy and deals mostly with Fannie Mae and Freddie Mac loan types. Frontier State Bank saw the problems the industry was facing and implemented a quality control system to ensure the loans they processed were verified for accuracy and thereby improved investor confidence in its loan products.

“We have seen an increase in loan production over the past year and a half, which is mainly due to a decrease in broker production and the high demand for FHA loan products,” said Kent Samples, president of mortgage lending, Frontier State Bank. “Kroll Factual Data has played an integral part in our ability to handle the increase in loan production by providing the data verification we need to ensure the loans we sell to our investors are good quality.”

“ Kroll Factual Data has played an integral part in our ability to handle the increase in loan production by providing the data verification we need to ensure the loans we sell to our investors are good quality. ”

Frontier State Bank utilized Kroll Factual Data CollateralFacts to handle the issue they were encountering with loans coming back from investors requesting changes in the appraisal or income data. Collateral Facts provided Frontier State Bank investors with the verification needed to reassure them that the loan data presented to them was accurate.

“There have been instances where everything in the loan came back good, and once we ran CollateralFacts we found discrepancies,” said Samples. “One example was a home that we ran CollateralFacts on and the appraisal came back fine, but we discovered that the home was in a hurricane zone and had been destroyed. This was a big find for us because it prevented the loan from closing, and it saved us a great deal of time and money.”

Frontier State Bank's selection of Kroll Factual Data has also proved to be beneficial to bank operations. Kroll Factual Data's dedication to providing clients with accurate data in a timely manner and offering customer support whenever needed were the main selling points for Frontier State Bank.

(Continued)



“One of the primary reasons we selected Kroll Factual Data was the quality of the data they provided and the quality of their people,” said Samples. “Customer service is a priority, and we were impressed with Kroll Factual Data’s work ethic and commitment to providing us with quality products and accommodating our needs.”

RESULTS:

According to Samples, Frontier State Bank has been spared anywhere between eight to ten million dollars in losses from bad loans since using Kroll Factual Data products. “Not only has Kroll Factual Data saved us time and money, they have solved several key issues for us and helped the bank to become more profitable and efficient,” said Samples. “We now have a quality control system in place for all of our loans; our turn time is faster; and creditability with investors has improved.”

In addition, Frontier State Bank will work with Kroll Factual Data to improve bank processes, and in the near future build a platform to streamline the integration of data directly into the Frontier State Bank system.

About Kroll Factual Data

Kroll Factual Data is a leading provider of business information to mortgage lenders, consumer lenders, property management firms and other businesses. For more than 20 years, Kroll Factual Data has helped business make prompt, accurate decisions by combining innovative services with cutting-edge technology and industry-leading customer service. Kroll Factual Data is a subsidiary of Kroll, the world’s leading risk consulting company. Kroll is a subsidiary of Marsh & McLennan Companies, Inc. (NYSE: MMC), the global professional services firm. For more information, visit www.krollfactualdata.com.

Contact Us:
800-929-3400
sales@krollfactualdata.com
www.krollfactualdata.com