

## NEWS RELEASE

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## BasePoint Releases Industry's Only Fraud Detection Solution Specifically Designed to Stop Home Equity Loan Losses

*FraudMark® statistical model identifies up to 60% of fraudulent loans by reviewing only 10% of total loan applications*

**Carlsbad, Calif. – October 20, 2008** – BasePoint Analytics™, a leading provider of scientific fraud and risk analytic scoring solutions, today announced the availability of FraudMark® for Home Equity, the industry's only fraud detection solution designed to address the home equity market, enabling lenders to fund loans with confidence. With current economic pressures and property value declines, home equity loans and lines are more vulnerable than ever before. This specific design and development based on millions of previous examples of home equity lines and loans allows this new release of FraudMark to uncover the unique patterns of fraud specific to this portfolio type. This enables the most precise selection of loans that will result in loss for the home equity portfolio. The FraudMark for Home Equity solution applies BasePoint's proven pattern recognition analytics to new loan applications, enabling lenders to focus investigation on the most risky applications before spending resources for underwriting and external verifications. FraudMark can also be used to assess current risk within a home equity portfolio in order to take proactive measures to mitigate losses.

"Lenders are suffering high losses on their home equity portfolios, often due to funding loans with undetected fraud such as income, employment, straw buyer and identity theft. FraudMark for Home Equity enables lenders to quickly discern if material misrepresentation that will lead to loss is present in a loan application, thereby cutting underwriting costs and portfolio losses," said Tim Grace, president and CEO of BasePoint Analytics. "Our focus on home equity fraud detection is critical to minimize risk in today's lending environment. Built on the industry-leading FraudMark foundation, our home equity solution takes advantage of patent-pending pattern recognition technology proven effective in other industries, such as the credit and debit card industry."

FraudMark for Home Equity produces a fraud risk score in seconds indicating the likelihood that the loan application contains misrepresentation indicative of future loss. Accompanying the score are likely fraud reasons, risk indicators, and recommended actions for lenders to focus investigative resources on the highest risk loans. Lower scoring loans can proceed through the underwriting process, enabling efficient processes and meaningful savings to lenders. FraudMark for Home Equity is based on statistical models, and is more precise than data validation tools. Lenders get a large return on investment with the proven high detection rates.

Analysis conducted on lender home equity applications shows a 50-60% detection of fraudulent loan value that would result in financial loss, by reviewing only 10% of the top scoring loans. Providing a timely, comprehensive assessment of fraud risk, FraudMark for Home Equity complements the

BasePoint EPD™ Alert solution in protecting lenders from both fraud and other early payment default losses. In the past two years, clients have prevented over \$2 billion in losses using BasePoint solutions.

**About BasePoint**

BasePoint Analytics is a leading provider of predictive analytic fraud and risk management solutions for global banks, the mortgage industry and consumers. Using proprietary pattern-recognition technology, BasePoint quickly identifies potentially fraudulent or high risk activity, minimizing losses while accelerating the processing of non-risky records. The company's fraud experts have deep, real-world domain expertise and have successfully solved fraud and risk challenges for many high profile institutions. BasePoint works with industry-leading customers in mortgage origination, investment banking, payment cards and consumer services. BasePoint clients achieve dramatic improvements in fraud and loss detection performance using a predictive analytic approach rather than traditional methods. BasePoint is headquartered in Carlsbad, California. For more information, visit [www.basepointanalytics.com](http://www.basepointanalytics.com) or call 1.760.602.4971.

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