

## NEWS RELEASE

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## BasePoint Launches New Services to Help Mortgage Lenders and Investment Banks Fight Fraud

*Enhanced Fraud Review and Organizational Framework incorporate best practices to streamline fraud detection processes and identify more fraud*

**Carlsbad, Calif. – April 24, 2007** – [BasePoint Analytics](#), a leading provider of scientific fraud analytics and consulting services, today announced the availability of two new fraud consulting services – [Enhanced Fraud Review](#) and [Fraud Organizational Framework](#). Both services will help identify and prevent the funding and purchase of fraudulent loans by incorporating proven best practices into the loan review process.

The Enhanced Fraud Review service includes both training and a dynamic, guided fraud review process to enable both originators and due diligence companies to more effectively and efficiently catch fraud. The guided review process intelligently adapts the flow of the investigation, based on fraud review best practices and the outcome of early stages of the evaluation. Enhanced Fraud Review equips lenders and due diligence companies to take advantage of analytic technology, and perform the most effective and cost efficient review on high-risk loan files to confirm fraud early. Enhanced Fraud Review clients have achieved up to 400 percent increases in productivity and have enjoyed a substantial increase in confirmed fraud savings.

“The concept of Enhanced Fraud Review is simple. BasePoint helps companies pin-point those mortgage loans where fraudulent misrepresentations are most likely to exist using our market leading FraudMark™ scoring solutions. Then, using the Enhanced Fraud Review, we guide lenders and due diligence companies through an intelligent process for investigating those high risk applications, vetting out the actual misrepresentations and thus preventing fraud from slipping through”, indicates Tim Grace, president and CEO of BasePoint. The guided process takes place in the form of an intelligent checklist that an underwriter completes, and which can dynamically adjust according to the underlying risk and information in the application itself.

The second service, Fraud Organization Framework, facilitates improved risk and fraud management systemically. Lenders and investment banks are focused now more than ever on controlling credit and fraud risk. Investment banks are implementing FraudMark™ scoring before sampling for due diligence and using Enhanced Fraud Review at their due diligence companies for each loan trade. To ensure that fraudulent loans never reach the point of purchase, lenders are implementing organizational structures that ensure higher quality loans are ultimately funded before being sold on the secondary market. Using BasePoint’s service to define new risk management organizational structures, lenders can accelerate their success in minimizing fraud and risk. For investment banks, this service recommends the structure and staffing of the due diligence fraud review process. BasePoint’s new Fraud Organizational Framework is based on best practices in fraud management from within the mortgage industry as well as other areas of

financial services including highly advanced organizational practices that have been developed in the credit card industry over the past two decades. BasePoint fraud consultants work with clients to design, introduce, and implement the right fraud management processes to achieve each organization's fraud and risk management goals.

For originators, BasePoint can spend several weeks on-site updating their fraud review processes by helping to refine the selection of loan applications to be reviewed, and then improving the speed of the review process, by as much as 400 percent. BasePoint also works with investment banks and due diligence companies identifying the correct samples for targeted fraud review, and then developing the unique guided review that includes the questions to be answered for the investment bank during the due diligence review. The service has been highly successful in finding egregious fraud misrepresentations that have occurred in the loan files.

BasePoint's new offerings round out a suite of fraud consulting services that range from assessing an organization's fraud management performance, to recommending process, technology, training, and staffing improvements to dramatically reduce losses from fraud and early payment default. In the past year, BasePoint has helped lenders, investment banks, and due diligence companies identify over \$1 billion in confirmed fraud and suspicious applications that were prevented from funding or purchase.

### **About BasePoint**

BasePoint Analytics, based in Carlsbad, California offers a unique combination of scientific fraud scoring software and expert services. Using sophisticated predictive analytics, BasePoint enables global banks and high volume mortgage lenders to quickly identify fraudulent transactions early in the process, minimizing fraud loss while accelerating the processing of non-fraudulent transactions. The company's fraud experts have deep, real-world domain expertise and have successfully solved fraud for some of the highest profile banks and lending institutions in the world. BasePoint's industry-leading customers include: Aegis Funding Corporation, MasterCard Worldwide and several top 20 global banks. In addition, the company has strategically partnered with First American Real Estate Solutions. For more information about BasePoint, visit [www.basepointanalytics.com](http://www.basepointanalytics.com) or call 760.602.4971.

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