

## NEWS RELEASE

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## BasePoint Releases PatternWatch™

*New service helps mortgage lenders detect fraud trends*

**Carlsbad, Calif. – October 18, 2006** – BasePoint Analytics, a leading provider of scientific fraud analytics and consulting services, today announced the availability of PatternWatch, a new service that uses BasePoint's advanced link analysis software and fraud detection expertise to analyze historical data and current pipeline or funded loans, identifying patterns to reveal hidden, organized fraud schemes. PatternWatch was developed in response to lender demand for products and services to help curtail the growing multi-billion dollar mortgage fraud problem.

As fraud perpetrators create new methods to escape fraud detection, or move to new locations, lenders and investment banks are vulnerable to losses given the difficulty to detect these behavior patterns. BasePoint's PatternWatch helps detect fraud schemes early, delivering actionable reports. PatternWatch is a fraud prevention service that uses pattern recognition techniques and fraud detection expertise to monitor loans, both pre and post funding, and identify subtle fraud patterns as they emerge in a portfolio. Examples of the types of fraud trends detected include: income and employment misrepresentations, falsified verification of rent, non-disclosed non-arms length, straw buyers, and occupancy fraud.

BasePoint's release of PatternWatch is part of a suite of fraud detection software and services designed to bring next generation fraud solutions to the mortgage industry. Lenders are increasingly demanding more scientific and accurate fraud solutions. PatternWatch enables clients to cost-effectively leverage BasePoint's pattern recognition software and team of experienced fraud data analysts and investigators to identify fraud schemes. Monitoring loans on an ongoing basis, patterns are identified quickly, often enabling lenders to stop suspicious loans before losses are incurred.

Tim Grace, president and CEO of BasePoint Analytics emphasized the benefit of ongoing monitoring to detect fraud patterns across a portfolio. "By leveraging BasePoint's pattern recognition software and fraud detection expertise, lenders have yet another weapon in their arsenal to protect their customers and investors from mortgage fraud," said Grace. "Some clients have achieved millions of dollars of savings within the first week of using PatternWatch. Discovery of a single fraud trend has provided payback for the service instantly."

Fraud trends can also be discovered across portfolios based on a "consortium" of data, not just a single client's own information. For example, the use of fraudulent employers, employer phone numbers, and suspect third parties can be identified and linked across loans and portfolios.

PatternWatch has already saved lenders tens of millions of dollars in loan value that was prevented from funding, by identifying suspicious loans based on fraud trend analysis that identified patterns of fraudulent behavior across loans. For example, one client identified 12 loans worth over \$3 million that shared a common fraudulent employer. In a second case, a client found 35 loans worth over \$8 million that contained straw buyers with falsified income and employment data.

PatternWatch is complementary to BasePoint's flagship product, FraudMark™, which uses patent pending neural network technology to combine two unique and highly effective approaches for finding fraud: behavior history and historical patterns of both fraudulent and non-fraudulent loan applications. FraudMark helps mortgage lenders cost-effectively score loan applications in real-time, driving down fraud losses and increasing overall production. Within the last 12 months, lenders using FraudMark have prevented the funding of more than \$600 million in suspicious loans.

### **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: New Century Mortgage, 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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