

NEWS RELEASE

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BasePoint Launches Unique Early Payment Default Solution to Reduce Losses

New analytics help mortgage lenders and investment banks identify EPD risk in real time

Carlsbad, Calif. – October 8, 2007 – BasePoint Analytics, a leading provider of predictive analytic fraud and risk management solutions, today announced the availability of BasePoint EPD™ alert. The new Early Payment Default (EPD) solution is a statistical pattern recognition score designed to assess the risk of early payment default in mortgage applications and loans. EPD alert uses advanced analytic scoring technology that enables mortgage lenders and investment banks to score and identify each loan's early payment default risk in real-time during the underwriting process before a new loan is funded, and before it is purchased on the secondary market. EPD alert was developed in response to lender and investment bank demand for more sophisticated, analytics-based solutions to help curtail the growing problem of early mortgage defaults.

BasePoint EPD alert uses patent-pending pattern recognition technology to find early payment default risk based on historical patterns of both performing and non-performing mortgage loans from the BasePoint Mortgage Consortium of over 4 million loans. These analytic models accurately predict the likelihood of a loan defaulting early, resulting in financial loss to the lender or investor. BasePoint EPD alert has been proven to provide 50% loan value EPD detection at only 10% review rate. In an initial test, BasePoint EPD alert would have saved a large lender \$45 million in EPD losses. This primarily Prime lender had a delinquency rate of 29 bps historically, which BasePoint EPD alert would have reduced to 15 bps.

EPD alert is a complementary product to fraud, credit and compliance risk tools used during the loan underwriting and loan trading due diligence processes to specifically identify early default risk. Lenders will score all new loan applications with EPD alert, and select the highest scoring 10% to 15% of applications for a further targeted review. When used by investment banks in evaluating loan pools for purchase on the secondary market, BasePoint EPD alert uses the limited bid tape data to identify high risk loans which are then selected for further due diligence review. EPD alert provides both a risk score and specific risk indicators that help guide and expedite the investigative process. BasePoint EPD alert can be used independently or in conjunction with BasePoint's market leading FraudMark™ score to identify both mortgage fraud and EPD risk prior to funding or loan purchase. BasePoint EPD alert is a new model specifically developed to detect early payment default and provides significant lift in the identification of EPD risk over traditional credit scores.

"Mortgage lenders and investment banks are actively seeking solutions that improve their ability to proactively identify mortgage applications and loans with a high risk of early payment default. They have achieved great success with BasePoint's fraud solutions and see the opportunity for predictive analytic technology to also successfully reduce early default losses," said Tim Grace, president and CEO of BasePoint Analytics. "The analytic advancements of the BasePoint EPD alert now enable

mortgage lenders and investment banks to go beyond traditional credit scores and risk management tools and processes and cost effectively score all mortgage applications and loans to understand early default risk at the individual loan and portfolio levels.”

BasePoint’s release of EPD alert is part of a suite of fraud detection and risk management software designed to bring next generation analytic solutions to all parts of the mortgage industry. BasePoint’s flagship fraud score, FraudMark, has been helping mortgage lenders and investment banks cost-effectively score mortgage applications and loans, successfully driving down fraud losses and increasing overall production since late 2005. To date, clients using FraudMark have prevented the funding or purchase of over \$2 billion in suspicious loans.

About BasePoint

BasePoint Analytics is a leading provider of predictive analytic fraud and risk management solutions for global banks and the mortgage industry. 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 lending institutions. BasePoint works with industry-leading customers in mortgage origination, investment banking and payment cards, including MasterCard Worldwide. 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, and has a strategic partnership with First American Real Estate Solutions. For more information, visit www.basepointanalytics.com or call 1-760-602-4971.

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