

**BasePoint**<sup>™</sup>

Science Solving Fraud

Mortgage Solutions



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## Mortgage Fraud Has Become Pervasive

In the past, banks were the primary target of fraud because criminals could remain hidden beneath the vast quantity of checks and credit card transactions. Today, sophisticated fraudsters have expanded their focus to the mortgage industry where complex underwriting processes and a competitive lending market enable them to steal money on a much larger scale. Fraud often involves the collusion of brokers, appraisers, closing agents, straw buyers and even internal underwriting groups. While in previous years appreciating home prices compensated for fraud losses, today operational efficiency is the name of the game and fraud losses can have a devastating impact. The pervasive mortgage fraud problem has created the need for more advanced fraud solutions, identifying the most fraudulent applications while minimizing the impact on your unique customers and organization.

Collusion is a factor in 80% of mortgage loan fraud cases





# A New Approach to Fraud Solutions

“BasePoint’s technique and approach are different from those of any other fraud solution provider. They predict fraud with amazing accuracy.”

Terry Theologides  
Executive Vice President  
New Century Financial Corporation

BasePoint has created highly effective mortgage fraud solutions by applying the best technology and practices that were developed for and are successfully protecting the credit card and retail banking industries. But solving fraud is not a one-size-fits all proposition. BasePoint offers new solutions that rigorously analyze your unique data and practices to create a tailored fraud scoring analytic solution. In fact, BasePoint is the only company to use advanced pattern recognition and anomaly detection instead of database validation to solve mortgage fraud. The result: an ability for organizations to maximize efficiency, reduce costs, and predict the likelihood of fraud with unmatched accuracy.

Developed by some of the world’s most respected fraud scientists and financial services experts, BasePoint’s solution portfolio includes FraudMark™, a software solution that pinpoints those applications and/or funded loans that are most likely to have material misrepresentation that will lead to a financial loss.

FraudMark is customized to each of the varying points in a loan lifecycle and provides fraud protection to lenders, servicers, investment banks, and due diligence firms.

“New Century is committed to setting the new standard for fraud prevention in our industry. With BasePoint’s industry leading model performance, we can maintain our production efficiency while providing a greater degree of confidence to all of our investors and stakeholders.”

Kevin Cloyd  
President  
New Century Capital Corporation

### FraudMark for Lenders

Helps mortgage lenders identify which loan applications are most likely fraudulent, and rank orders applications in terms of risk. The lenders can then determine the optimal number of loans to review depending on their fraud tolerance and resources available. The FraudMark analytics are specifically tailored to all asset classes including:

- Prime
- Non-prime
- Alt-A
- Home Equity

### FraudMark for Investment Banks

Enables investment banks to understand and consider fraud risk in loans before purchase and securitization. It enables a fraud risk score and risk indicators to be included in existing sampling algorithms in order to ensure potential fraud is included in pricing, agreements, and to enhance targeted due diligence review.

### FraudMark for Due Diligence Companies

Helps recommend targeted samples of loans for additional due diligence to customers, creates specific risk review strategies based on score and risk indicators, and provides precise fraud insight on the loan pools reviewed.

### FraudMark for Servicers

Helps pinpoint fraudulent loans earlier by utilizing payment history, payment service and other indicators.

### Fraud Experts at Your Service

BasePoint scientists and consultants have an average of 10 years of experience working on advanced fraud solutions for banks and mortgage lenders. These former fraud managers will work hand-in-hand with you to introduce best practices, integrate analytics and immediately reduce fraud losses in your mortgage institution.

Choose from these primary offerings or consult us for a custom engagement:

- **Comparative Fraud Performance Benchmarks:** This comparative analysis provides independent benchmarks of a customer’s fraud management performance relative to industry best practices.
- **Fraud Assessments:** This diagnostic assessment includes a detailed SWOT analysis, benchmark analysis and assesses current fraud prevention strategy performance. It also includes an improvement plan which outlines processes, policies, technology and other strategies to improve loss management as well as tests the FraudMark solution utilizing current loan data.
- **Fraud Reduction Partnerships:** BasePoint’s fraud consultants work in tandem with the fraud management team to design and develop a fraud reduction program and then implement the program initiatives over three to 12 months.

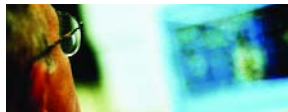
# Why BasePoint?

“The fact that BasePoint measures fraud loss is, on its own, a huge benefit. What makes FraudMark unique is that it is expertly tailored to each client's specific needs.”

Ben Graboske  
CTO  
First American Real Estate  
Solutions

BasePoint is quickly becoming the most trusted source for advanced scientific fraud solutions in the world as many leading mortgage lenders and banks are selecting BasePoint as their fraud solution provider.

Do you know exactly what your fraud loss is today? How is it trending? Is there a high level of fraud awareness within your senior management? Exactly where is fraud occurring in your organization and how can you stop it? Are there procedural flaws that can be addressed? We'll help you expertly answer those questions and more as we partner with you to solve fraud in your mortgage institution.



BasePoint is the only company to use advanced pattern recognition and anomaly detection instead of database validation to solve mortgage fraud.



## The BasePoint Difference

- Measurably reduce fraud losses
- Generate faster results/ROI
- Customize your solution
- Keep pace with fraudsters
- Ensure your fraud prevention success



## About BasePoint

BasePoint Analytics is a leading provider of scientific fraud scoring software and expert management consulting services. Using sophisticated predictive analytics, BasePoint enables financial institutions to quickly identify fraudulent transactions early in the process, minimizing fraud losses while accelerating the processing of non-fraudulent transactions. BasePoint's experts have deep, real-world domain expertise and have successfully managed fraud operations for some of the highest profile financial institutions in the world.

**BasePoint**

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703 Palomar Airport Road  
Suite 350

Carlsbad, CA 92011  
760.602.4971

[www.basepointanalytics.com](http://www.basepointanalytics.com)