



FraudMark[®] solution

FraudMark Solution Overview

Based on changing market conditions, mortgage lenders are demanding much more sophisticated analytic solutions to address the multi-faceted onslaught from fraudsters. In response to that demand, BasePoint has introduced the FraudMark[®] solution, revolutionary new fraud detection software products that enable the mortgage industry to:

- Cost-effectively score applications and loans in real-time
- Drive down fraud losses
- Increase overall production
- Improve overall quality of loan portfolios

Superior Mortgage Fraud Protection

Most fraud products in the mortgage industry today are database validation tools that use comparisons between application information and third-party data sources. While these tools may have once been sufficient, the overall rise in identify theft and data compromise enables fraudsters to use these information sources to effectively commit mortgage fraud. This produces mortgage loan applications that match up with the trusted data sources, but are in fact fraudulent.

To combat this trend, the FraudMark score uses patent-pending pattern recognition technology that combines two unique and highly effective approaches for finding fraud: behavior trends for entities involved in the transaction, such as applicants and brokers, and historical patterns of both fraudulent and non-fraudulent loan applications.

When combined with industry best practices in loan review processes and strategies, underwriters and risk management personnel now have the ability to review and verify only the highest scoring loans, allowing the majority of loans to be quickly and securely funded, sold and purchased. The FraudMark score provides a much higher degree of predictiveness, which precisely identifies which applications have the greatest risk of fraud.

Specifically Tailored for Lending Segments

The FraudMark solution is customized to the following participants in the mortgage industry value chain:

FraudMark[®] for Origination Solution

The FraudMark for Origination solution helps mortgage lenders identify which loan applications are most likely fraudulent, and out-sorts those loans for manual review and additional data verification. The FraudMark analytics are specifically tailored to the following lending segments:

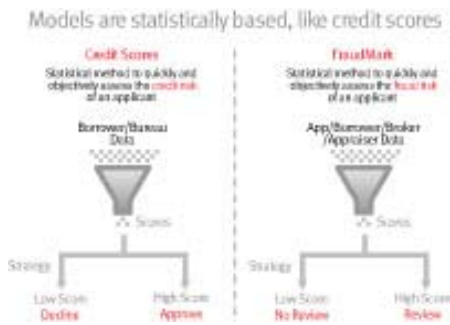
- **Prime** - Identifies fraud among loan applicants who have excellent credit history, fit the ideal lending profile and provide full application documentation
- **Alt-A** - Identifies fraud among loan applications where the applicant has a strong credit history but chooses not to provide documentation of income and/or assets
- **Non-prime** - Identifies fraud among loan applicants who do not have a strong credit rating

“FraudMark produces extremely accurate and quantifiable fraud predictiveness.”

Ben Graboske
CTO
First American CoreLogic



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FraudMark[®] for Investment Banking Solution

BasePoint has applied this analytical and technological approach to help investment banks assess overall fraud risk in a given loan pool. In addition, this solution helps investment banks identify high risk loans that should be selected for due diligence review during the purchase process. The FraudMark for Investment Banking solution accurately predicts fraud risk using only those loan characteristics typically available on a bid tape. The FraudMark for Investment Banking analytic solution provides a highly targeted, predictive approach to selecting the right fraud samples for the due diligence portion of the loan purchase process. The FraudMark solution minimizes due diligence sample sets around fraud by using accurate fraud scoring.

Dramatically Reduce Costs

By predicting fraud before it happens, mortgage lenders and investment banking firms can significantly cut their fraud losses and increase the quality of their loan pools. The FraudMark solution is the only product that leverages the analytic advancements of the credit card industry, which has driven down fraud losses by nearly 70%. In addition to helping dramatically reduce fraud losses, the FraudMark score helps control operational costs by minimizing the need to retrieve expensive third-party data to validate loan information. This mortgage-specific application will move this industry to state-of-the-art in predictive fraud analytics.

Improve Internal Processes

The FraudMark solution includes model performance reports that show levels of fraud detection, false positive ratios, and the percentages of applications/loans that need to be reviewed at each score level. This gives mortgage banking institutions the ability to set and change staffing, real-time decision criteria, and risk tolerance levels based on their individual risk management and production goals.

With BasePoint's seamless integration into loan origination, approval, and post funding review systems, fraud risk evaluation can now be integrated into real-time qualification initiatives.

BasePoint

Science Solving Fraud™

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