



LoanSafe® Fraud Manager

Reinventing Mortgage Fraud Prevention Using Predictive Analytics

CoreLogic brings together the advantages of industry leading data and predictive analytics to effectively prevent mortgage fraud. LoanSafe® Fraud Manager leverages market leading property risk, undisclosed debt, multi-lien information and patented pattern recognition models built upon a consortium of over 80 million loan applications.

LoanSafe Fraud Manager effectively detects and prevents mortgage fraud based on a deep understanding of the historical application patterns for both good mortgages and mortgages that have been confirmed to be fraudulent. Using loan application and proprietary data, LoanSafe Fraud Manager employs a sophisticated fraud model that *analyzes behavioral trends for all parties involved in the transaction*, including applicants, brokers, loan officers, appraisers, etc. and compares these relationships with historical patterns of fraudulent and non-fraudulent applications. This pattern-recognition technology enables LoanSafe Fraud Manager to pinpoint fraud with unprecedented accuracy.

LoanSafe Fraud Manager effectively screens for all of the fraud risks associated with mortgages, including:

- ▶ Income
- ▶ Employment
- ▶ Identity
- ▶ Occupancy
- ▶ Undisclosed Debts
- ▶ Straw Borrower

Powerful Features to Effectively Fight Fraud

- ▶ **Fraud Score** – Rank-ordered and empirically-derived to predict the likelihood of material misrepresentation on the loan file that will lead to financial loss

The fraud score is used to derive a target review rate based on business thresholds and policies

- ▶ **Fraud Report** – Providing more than 100 detailed alerts relating to:
 - ◆ Undisclosed debts
 - ◆ Multi-lien detection
 - ◆ Owner-occupancy assessments
 - ◆ Collateral risk information
 - ◆ Income reasonableness
 - ◆ Employment inconsistencies
 - ◆ Third-party risk
 - ◆ Identity fraud exposure
- ▶ **Fraud Alerts** – Explaining why the loan is risky, identifying policy issues, and describing particular loan data elements

The fraud alerts are used to enable the holistic review process

FRAUD

LoanSafe Fraud Manager enables originators and lenders to:

- ▶ Cost effectively score loan applications for fraud risk prior to approval
- ▶ Reduce costs by focusing fraud prevention efforts and expenses on high risk applications
- ▶ Improve productivity by using a fraud score to drive review processes
- ▶ Improve profitability by dramatically reducing fraud losses
- ▶ Reduce early payment default

Sample Scoring Thresholds

Score Cut-Off	Review Rate	Fraud Detection Rate	False Positive Ratio
975	1%	20%	1:1
950	3%	40%	3:1
900	5%	50%	5:1
825	10%	70%	7:1

Some lenders choose to review more loans to achieve a higher fraud detection rate, while others may choose to accept a somewhat higher level of fraud risk in exchange for capping the investigative resources required to meet their volume demands. This filtering approach helps lenders target high risk loans and use their limited resources to investigate only those origination files possessing the highest risk of fraud.

One of the key advantages of using a predictive fraud score is a very low false positive ratio. Typically even the best alert-based, data validation fraud review process has false positive rates of 25:1. This means that an investigator reviews 26 loans to confirm a single fraud. Analytic models to risk-rank the likelihood of fraud typically have false positives of less than 5:1 within the subset of risky applications selected for review. Lenders using this approach can focus their resources on the riskiest loans to catch more fraud with less effort and expense.

LoanSafe Fraud Manager is the only mortgage fraud solution available to leverage the analytic advancements used by the credit card industry to reduce fraud losses by nearly 90 percent.

Configurable to Suit Your Needs

LoanSafe Fraud Manager is a highly flexible solution. CoreLogic fraud experts work with lenders to determine the optimal fraud score thresholds and associated review rates to meet each lender's business environment and needs. And based on the continually updated mortgage fraud consortium, LoanSafe Fraud Manager scores are continually optimized for peak fraud prevention performance.

LoanSafe Fraud Manager clients can send loan files directly from their Loan Origination System via secure XML. Each loan will be scored in real-time for risk of fraud. A comprehensive report will be returned, including the fraud risk score (with top indicators and reasons) and a detailed report on the borrower, property, and market. Using a scale of 1 – 999, higher fraud scores indicate an increased risk of fraud. Clients that prefer to send loan applications using a file-based protocol receive the same comprehensive report delivered by secure FTP.

LoanSafe Fraud Manager is unbeaten in comparison tests – Fraud Scoring finds the most fraud with the lowest number of reviews and false positives. Alerts and data provide comprehensive loan insight for quick and efficient loan reviews.

LoanSafe Fraud Manager is a complement to credit and compliance review tools and is now available on a standalone basis or within the LoanSafe Risk Manager suite. Within the suite, lenders can combine the fraud risk assessment of LoanSafe Fraud Manager with the collateral valuation risk assessment of LoanSafe Collateral Manager.

Achieve Fraud Savings Quickly and Effectively

Forward-thinking mortgage lenders have already begun to experience the success of catching as much as 70% of mortgage fraud at the point of application. In fact, LoanSafe Fraud Manager clients typically achieve a 20:1 or better return on their investment, with profitability improvements coming from three main sources:

Cost Reduction

- ▶ Reducing the amount of fraud losses
- ▶ Controlling staffing expenses and cost of third party data by reviewing fewer applications
- ▶ Lowering the cost of underwriting due to fewer exceptions and conditions added to the loan application

Cost Avoidance

- ▶ Reducing future fraud losses
- ▶ Decreasing future legal and administrative expenses associated with foreclosure and repurchase requests
- ▶ Mitigating potential fines and penalties for excessive fraud

Revenue Increase

- ▶ Improving speed of underwriting by process
- ▶ Increasing revenue by processing more applications
- ▶ Enhancing profitability by reducing default and foreclosure related losses

Put LoanSafe Fraud Manager to work for your business today!

FOR MORE INFORMATION PLEASE CALL 1-866-774-3282

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