



MBA's NATIONAL SECONDARY MARKET CONFERENCE & EXPO 2010

MAY 23-26, 2010, NYC

Fraud Detection Advancements at CoreLogic

How fraud tools can help detect hidden fraud

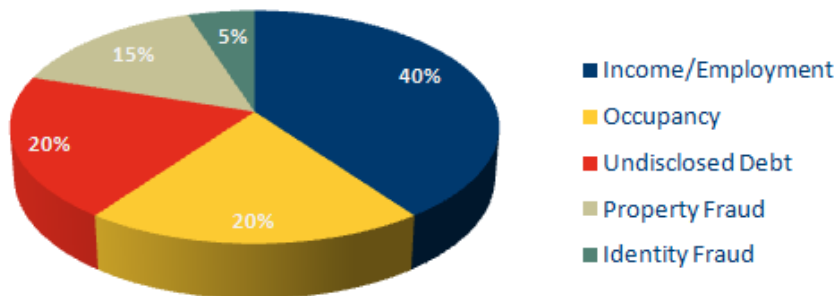


CoreLogic®



Lender studies reveal that 30 to 70% of mortgage loans that default within the first six months have evidence of serious misrepresentation in the loan file.

Fraud Type



Borrowers or brokers that misrepresented income, employment, occupancy or failed to disclose debts accounted for a majority of risk factors that led to default.



1

Our studies of lender data reveal that 25% of the loans that went into foreclosure had evidence of some type of fraud in the loan file.

2

When those loans went into foreclosure, the loss severity (net loss on the loan) was up to 50% higher than it was when there was no fraud in the loan file.



Potentially one in four foreclosures has some fraud on the original loan file, and each of those foreclosures cost the lender much more in net losses.

3

Fraud on both FHA and Conforming still an issue



FHA Fraud Related Defaults

FHA Originations 2009 - \$615 Billion

Fraud Related Default Rate 1.22%

Total Fraud Origination \$7.5Billion

GSE Conforming Fraud Related Defaults

GSE Originations 2009 - \$1.19 Trillion

Fraud Related Default Rate .53%

Total Fraud Origination \$6.3 Billion

Note: Even though volumes are less on FHA, the fraud related default rate is over twice as high as conforming products which makes the overall fraud origination higher.



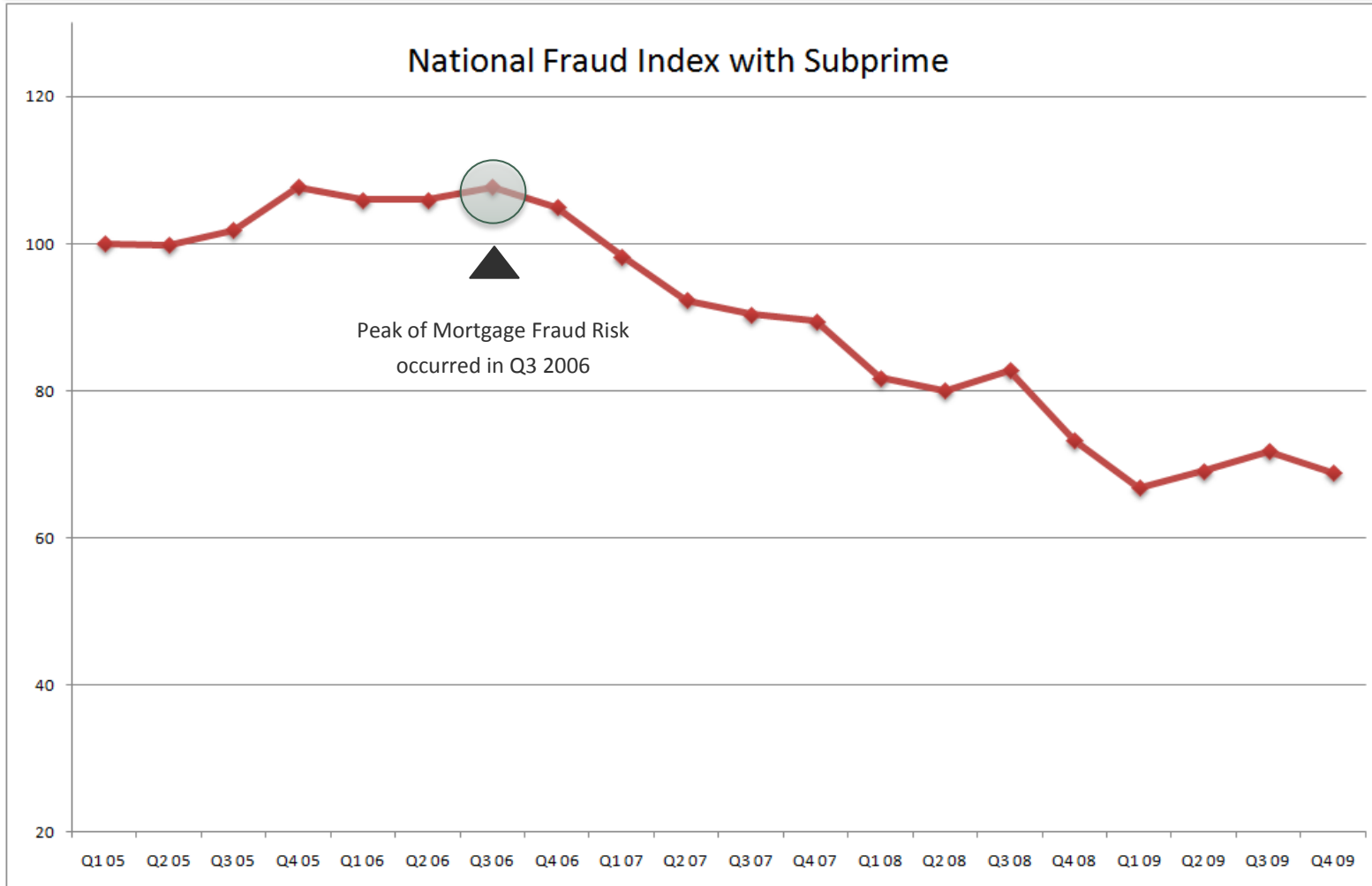
Yes, about one out of every 200 conforming loans (.55%) that are funded will have some misrepresentation that will lead to default.

2009

Last year, we believe about \$14 billion in loans were funded that contained misrepresentation in the loan file.*



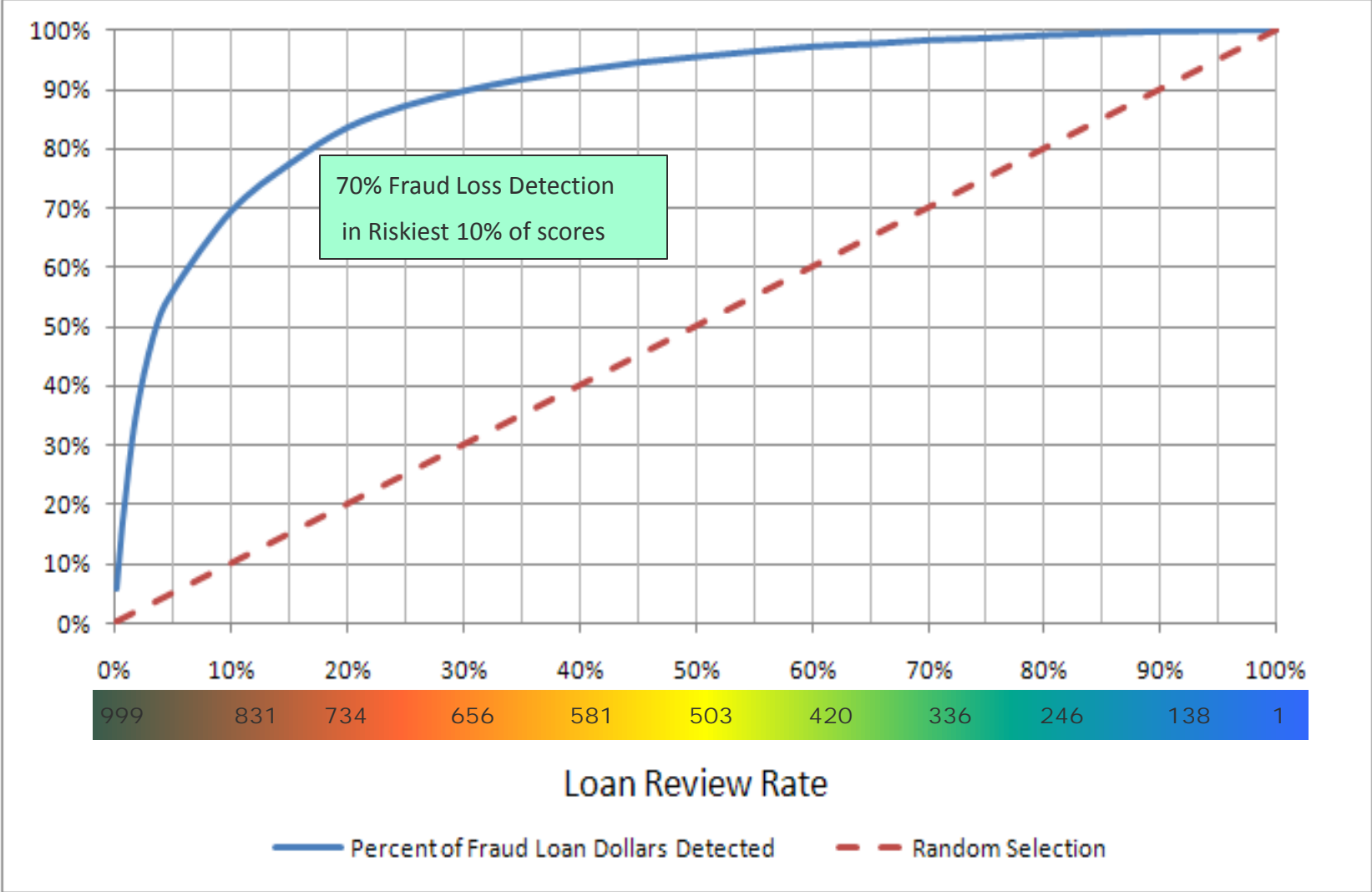
Lender have reduced fraud rate substantially since 2006



CoreLogic has created models to solve the problem.



Mortgage Fraud Consortium Performance Results





A Fraud Management Solution

Fraud Analytics

First America

LoanSafe Fraud Manager screens loans instantly and exposes risk level of that loan and reason codes. The score provides the lender with a statistical understanding of the probability of the loan to default.

+

Best Practices

Prieston Group

Qualification processes in fraud best practices ensures that Lenders are able to review those loans that are riskiest of fraud so that they find and prevent it from funding.

+

Insurance

Lloyds London

Loans that are funded after the review are then ensured with a policy that in the event of loss will cover them for any exposure that they have on that loan.

The insurance policy wrapper insures fraud is mitigated, then provides protection in the event of loss



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