fraudGUARD

powered by interthinx

a **SMARTER** approach to risk™

About Interthinx®

Interthinx®, a subsidiary of First American Financial Corporation, is a leading national provider of essential products and services to mitigate risk in the mortgage lending marketplace.

With more than 20 years of experience in customizable risk evaluation technology, pioneered through an intelligent combination of Sysdome and Appintelligence®, Interthinx provides a suite of tools and services, such as FraudGUARD featuring FLEX® (FraudNet Loan Exchange), that form the core of the industry's premier automated risk mitigation product set today. Appintelligence provides the technology to assist with fraud detection and data integrity verification services related to third party loan processing. Interthinx offers solutions in mortgage fraud prevention and verification, property valuation, compliance, quality control, loss mitigation, retail loan loss forecasting, and capital planning that are used by the nation's top financial institutions.

Interthinx helps its clients minimize risk, increase operational efficiencies, satisfy regulator demands, manage data verification, and remain compliant by providing proven insights and analytics to the residential mortgage industry through its experience with millions of loan applications and fraud incident data from thousands of monthly loan reviews.

"FraudGUARD's proven risk analytics are re-igniting investor and market confidence." - top ten lender

Unmatched Fraud Detection

fraudGUARD

FraudGUARD® is a comprehensive and customizable loan–level fraud and data integrity detection solution for lenders and investors.

Risk Mitigation

FraudGUARD helps lenders detect fraud and errors in mortgage applications, comply with regulations, and improve the application review process through greater speed, efficiency and increased loan quality.

Regulatory Compliance

FraudGUARD leverages public, private and proprietary data sources to quickly identify risk. FraudGUARD is powered by FLEX® (FraudNet Loan Exchange Review), a network of unparalleled data, pattern matching analytics and vast industry experience. With the information provided by FraudGUARD, you can be confident that you are using the most reliable and comprehensive mortgage fraud detection tool available.

Greater Efficiency

FraudGUARD helps you mitigate risk, comply with regulations and achieve greater efficiency in mortgage origination and servicing.

A First American Company
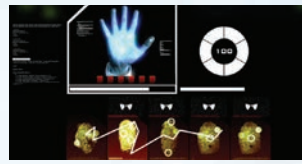
FraudGUARD data plays an important role in the Interthinx Mortgage Fraud Risk report. The Fraud Risk Indices are calculated based on the frequency with which indicators of fraudulent activity are detected in mortgage applications processed by the Interthinx FraudGUARD® system, a leading loan-level fraud detection tool available to lenders and investors.

Evolving Risk

As the real estate market has changed and fraud detection practices have been strengthened, fraudsters have responded with new schemes and more sophisticated counterfeit documents.

marketChallenges

Now, more than ever, you need to know whether the information behind the documents is authentic. Validating the hundreds of data points in a loan application against the various sources of reliable data, such as IRS, HUD, social security trace data, property records, and other sources, is imperative to catch inaccuracies in an application.

New Regulations & Strong Penalties

In today's highly regulated environment, it's essential to have the best data integrity and mortgage fraud detection tools in place.

Regulations from FHA, Fannie Mae (including LQI), Freddie Mac, the Financial Industry Regulatory Authority (FINRA), the Consumer Finance Protection Bureau (CFPB), FACT Act, SAFE Act, Dodd-Frank Act and others have placed a heavy regulatory burden on lenders and mortgage investors. The penalties for failing to achieve the standards set by these regulations are substantial.
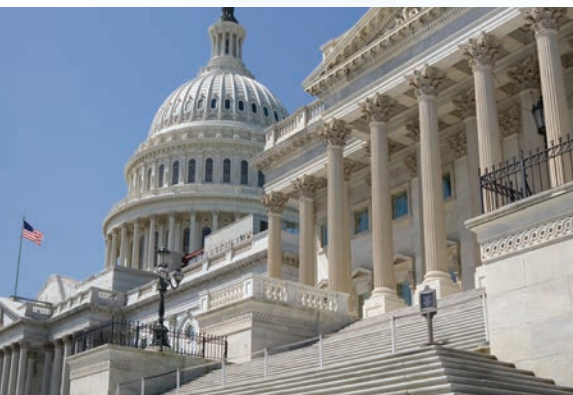
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Doing More with Less

The constant demand to increase production with fewer resources is a reality that isn't going away. Evaluating more loans and loan applications more quickly with fewer personnel requires more efficient business practices and tools.

Deploying tools that aggregate needed fact checking data and integrate with systems and business processes already in place helps to achieve efficiency targets without sacrificing data integrity and the confidence of constituencies.

A summarized Borrower/Participant Score on the left and a Property Score on the right, provide an at-a-glance look with composited information hyperlinked to background data creating more streamlined access for analysis.

FraudGUARD provides indicators of potential fraudulent activity that can uncover property misvaluation; identity, occupancy and employment/income misrepresentation.

Enhance loan data integrity

Loan risk mitigation begins with strong insights on the risk of the borrower, property and involved third parties. Those insights are only accurate when the data upon which those insights are established is comprehensive and accurate. FraudGUARD provides verification of hundreds of data points from dozens of trusted data sources.

Catch fraud and errors that might otherwise go undetected

Since FraudGUARD provides information on hundreds of data points, it can help you to catch inconsistencies that loan origination systems (LOS) alone may miss.

Keep up with sophisticated counterfeiters

The quality of counterfeit documents has improved. The key to detecting counterfeits is to know when the information they contain is inaccurate. Checking those documents against the information in FraudGUARD helps you distinguish between the authentic and the counterfeit.

riskMitigation

Catch more types of fraud

FraudGUARD provides indicators of potential fraudulent activity that can uncover property misvaluation; identity, occupancy and employment/income misrepresentation; non arms-length transactions; property flipping; "shotgunning"; straw-buyers; "silent seconds"; short sale fraud; foreclosure rescues; concurrent closing schemes and other types of fraud.

regulatory Compliance

Navigate today's complex regulatory environment

As regulation evolves, FraudGUARD evolves too, enabling you to keep up with the latest industry guidelines.

Interthinx experts continually work with the scientifically proven analytics within FraudGUARD to update and include variances that address current regulations from FHA, Fannie Mae (including LQI), Freddie Mac, Financial Industry Regulatory Authority (FINRA), Consumer Finance Protection Bureau (CFPB), FACT Act, SAFE Act, and Dodd-Frank.

This continuous evolution enables FraudGUARD to respond to new regulation as it arises, keeping your risk management practice up-to-date.

Satisfy regulatory auditors with increased data integrity

Keeping up with the maze of new regulations and guidelines can be a daunting task.

Under Dodd-Frank, the integrity of your loan data is under intense scrutiny. Poor data integrity can be expensive, resulting in poor business decisions, financial losses and regulatory penalties.

FraudGUARD protects you from penalties by validating the information in loan application packages against dozens of reliable data sources, improving the integrity of the information upon which you make business decisions.

greater *Efficiency*

Leverage one tool to perform many risk investigations

FraudGUARD brings multiple risk tools together into one report, providing a single tool to evaluate loan risk. Instead of reviewing multiple reports, your staff can get the information they need in one place, saving significant time during the review process. Additional savings can be realized as FraudGUARD reduces or eliminates the need for other origination, verification or property value estimation tools.

Quickly focus review efforts on the main risk areas

The dashboard Loan Summary in FraudGUARD speeds the review process by giving an early perspective of the risks detailed in the report. Two scores, a Borrower/Participant Score and a Property Score, provide a quick indicator of overall risk that can be further investigated as needed. A graphical Variance Summary identifies the main issues upon which investigation should be focused.

## Speed up your team's loan review process

Workflow features within FraudGUARD enable your team to work together to process reviews more efficiently. Customizable recommended actions with indicators showing which actions have been taken along with user-driven comment sections enable your team to collaborate on a review. Categorization of variances and indication of which variances have been cleared as the review is conducted help the team reach the right decision in less time.

Increase net revenue without additional resource allocation

By accessing hundreds of data points from dozens of sources in one product, your team will be able to process more loans in less time. Pull through rates will improve because inconsistencies are quickly identified and addressed. The comprehensive loan risk insights provided by FraudGUARD at origination or acquisition will increase loan quality and loan portfolio performance.

Get started quickly

Integration into your existing LOS along with customized training and support from Interthinx helps you effectively add FraudGUARD to your loan review process in a minimal amount of time.
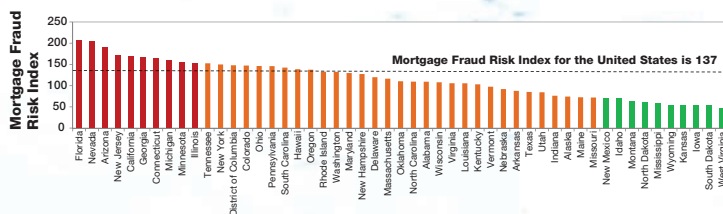
Understanding where your vulnerabilities are helps you implement safeguards before they become critical losses.

FraudGUARD® is continuously updated with the latest

technology to snare emerging fraudulent tactics…

FraudGUARD's

FLEX® FraudNET Loan Exchange Data

FraudNET technology combines data, analytics and industry experience for one powerful solution

Over the years, Interthinx has amassed an unmatched volume of mortgage fraud related information in the National Fraud Protection Database. Data from millions of loan applications has been systematically captured in this database.

Data from all other Interthinx clients is captured in FLEX, the FraudNET Loan Exchange, providing FraudGUARD users insights in loan applications added to the Interthinx proprietary database from over 1,100 lenders over the last seven years.

Each year, the Interthinx Loan Review Solutions Team investigates thousands of files and applies quality control updates to keep the FLEX® data in FraudGUARD current.

Interthinx is able to detect billions of dollars of potential loan fraud due to FLEX technology.

Major Features

FraudGUARD Scoring System

Pattern matching analytics continuously learn to keep up with the latest fraud tactics

The two scores within FraudGUARD, the Borrower/Participant Score and the Property Score, identify patterns and commonalities across extensive and disparate data sets to provide a quick summation of the myriad of data points within the FraudGUARD report. These analytics are constantly updated with the latest information and input from mortgage fraud experts with over 350 years combined experience.

The scores also predict future delinquency and default because mortgage performance data from the credit reporting agencies has been leveraged to measure against actual loan outcomes. Statistical validation has confirmed that the scores within FraudGUARD are predictive in identifying the likelihood of delinquency, default or other types of problems within the first year.

Statistical analysis has demonstrated that the combination of data used by Interthinx, which includes unique data sources and statistically proven predictive technology, can provide lenders and investors with comprehensive loan-level risk assessment that is not available anywhere else.

Loan Summary

The easy-to-read Loan Summary speeds the review process

The Loan Summary of the FraudGUARD report enables the user to quickly evaluate the overall risk of a loan and target the key risk areas for primary investigation. Included in the Loan Summary are the two scores, the Borrower/Participant Score and the Property Score; a Variance Summary, a graphical view of the issues upon which focus should be concentrated; and the Subject Property Value Estimate.

Key Differentiators

Variances

Variances highlight a loan's potential misrepresentations, errors and risks

Key building blocks of a FraudGUARD report are a series of variances on the Borrower/Participant and Property. These variances carry different degrees of severity, depending on how strongly the variance is associated with elevated risk and how much it will impact the Borrower/Participant Score and Property Score. Supporting data collected from different data sources are available within the variance itself.

Borrower and Participant variances are grouped in these categories:

- Assets/Liabilities
- Conflict of Interest
- Employment
- Financing
- History/Exposure
- Identity
- Income
- Licensing
- Occupancy
- Ownership
- Watch List

Property variances are grouped in these categories:

- Market Conditions
- Subject Property
- Property Valuation

Variances can be prioritized and recommended actions can be customized to support underwriting guidelines or workflow requirements.

Variances can be cleared following investigation or correction. The FraudGUARD report enables the user to interact with a category of variances, multiple variances within a category or a single variance.

Comments and documentation can be captured on each variance, facilitating workflow of the review process. These comments are saved in the management reports to help improve the loan review process.

Ownership and Occupancy Module

Ownership and occupancy data verifies occupancy and uncovers undisclosed property ownership

FraudGUARD shows a comprehensive property ownership timeline for the borrower, enabling identification of any undisclosed property ownership that may skew debt-to-income ratios. Confirming occupancy verifies a borrower's qualification for resident-owner programs.

Risk Profiler

An automated, consistent look at appraisal risk that's UAD compliant, reduces cycle time, lowers FTE expenses

Available through FraudGUARD®, Risk Profiler adds valuation science to the validation of appraisals and BPO's to assist in determining the probable valuation risk. Not only is Risk Profiler used as an underwriting tool prior to making a lending decision, it can address the need for collateral assessment in the QA function as it pertains to Dodd-Frank (both pre and post funding).

Undisclosed Debt Monitoring™, powered by Equifax®

Ongoing monitoring in FraudGUARD provides up-to-date monitoring of borrower activity

Undisclosed debt represents a large percentage of all lender repurchase demands. Equifax's Undisclosed Debt Monitoring™, available in FraudGUARD, helps satisfy Fannie Mae's LQI requirements. This monitoring provides updates on new tradelines, inquiries and secondary reissues associated with any of the borrowers on the loan.

Employment and Income Verification

Integrated employment and income verification efficiently provides insights into borrowers' ability to pay

This available option in FraudGUARD is powered by The Work Number® from Equifax. When this module is included, FraudGUARD provides the ability to request employment and income verification, including Instant, Manual (Researched) and Reverify order types. The results can be viewed directly in FraudGUARD and the analysis of the results is included in the overall borrower risk score.

MLS-based Property Information

Property details provide up-to-date market insight on the subject property

MLS data is an optional module within FraudGUARD. It provides current key features and metrics of the subject property, along with broker comments and remarks to easily identify updated information on the subject property. Nearby listing information provides insights to the valuation and sales activity of the surrounding neighborhood.
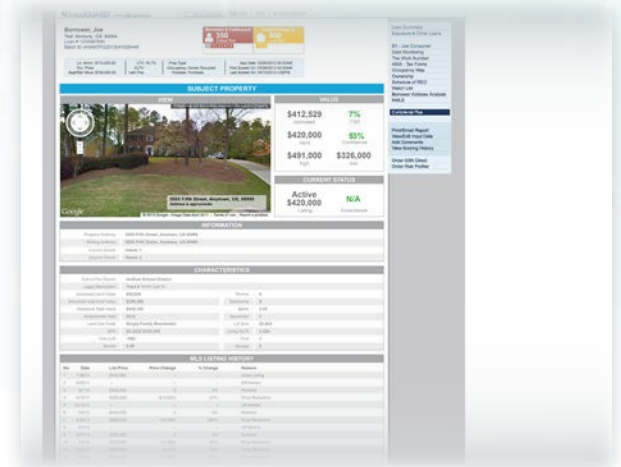
Customization

FraudGUARD can be customized to fit your business needs

The customizable, printable FraudGUARD reports can be made as concise or detailed as your company desires.

In addition to over a dozen standard modules, nine additional modules can be added to FraudGUARD, including:

- Undisclosed Debt Monitoring
- Verification of Employment & Income
- Income Assessment
- 4506-T Integration
- Occupancy & Ownership
- NMLS
- Associated Business Search
- Bankruptcy Search
- MLS Data

Quality Control

Interthinx quality control measures provide confidence

Each month, the Interthinx Loan Review Solutions Team completes thousands of file reviews and quality control measures. Results of these investigations feed the continuous evolution of FraudGUARD, assuring its potency remains strong as the lending environment evolves.

Delivery &
Integration

FraudGUARD is available as a web-delivered PDF report, XML and batch delivery.

Implementing FraudGUARD with your existing systems is easy. FraudGUARD integrates with over 30 LOS providers, including:

- Ellie Mae® Network (ePASS®)
- Empower® from Fidelity National
- Mortgage Builder®
- Unifi® from Fiserv

Whether for review of a single loan application, batches of loans or loan pools, FraudGUARD provides lenders and investors the most advanced and proven decision support tool available to mitigate risk and maintain regulatory compliance.

FraudGUARD can consistently predict the likelihood that

a loan will suffer from delinquency, foreclosure or other types

of loan problems in the first year.

Unparalleled Service and Support

In addition to its deep and broad data mortgage risk data assets and analytical experience, Interthinx is recognized for a level of service unmatched in the industry.

Interthinx offers outstanding training programs designed for maximum learning retention. Whether on-site or remote, whether for a thousand people or just one, Interthinx has appropriate training for your business.

Interthinx service professionals provide ongoing support, providing answers to product or data-related questions, recommendations on workflow and product use and guidance on complying with regulatory standards.

Interthinx End-to-End Risk Mitigation

As the largest aggregator of mortgage application data and the most comprehensive proprietary database, Interthinx provides proven end-to-end risk mitigation tools and a leading team of experts in mortgage fraud, collateral risk, regulatory compliance, loss mitigation and audit services.

MORTGAGE FRAUD & VERIFICATION SERVICES

- FraudGUARD®
- SafeCheck®
- SSN Direct
- 4506-T
- Watchlist Review Module

COLLATERAL RISK & VALUATION SOLUTIONS

- ValueGUARD®
- Interthinx Review Appraisal Services
- Clear Value® AVM
- Condition Assessment Report
- AVMs

REGULATORY COMPLIANCE

- PredProtect®
- TPR
- Regs DATA
- Civil / Criminal Background Checks
- Independent CCAR Model Validation and Documentation Services

LOAN REVIEW SOLUTIONS

- Quality Control
- Servicing QC
- MERS Compliance Audits
- Fraud Investigation
- Customized Solutions