

FICO MORTGAGE SOLUTIONS

# Restore Mortgage Confidence

Rebuild the industry with information, insight and communication



**FICO**<sup>™</sup>

Make every decision count.<sup>™</sup>

*"In this business climate, the banks that most effectively mitigate risk in across their portfolios will be the winners. Blaze Advisor is a key to our ability to do this."*

*—Chief Technology Officer  
EverBank*

# Observers outside the industry would say, mistakenly, that the latest trend in the mortgage industry is severe defaults—

the result of a perfect financial storm of job losses, ARMs that fixed outside of consumers' reach, and far too many loan modifications to handle. But FICO sees a more recent trend, led by the most innovative and optimistic parties: industry remediation.

We see parties working together to develop mutually satisfying solutions, and to restore strength in the mortgage industry and value in home ownership. What's our part in this trend? We're delivering the best analytic solutions to bridge these interests, and help parties reach decisions that make sense for all involved.

FICO is participating in the mortgage industry's remediation with support for all its parties: lenders, servicers and borrowers. Our FICO Mortgage Recovery Initiative provides a bridge for these entities. It gives them the analytic technology they need to connect and reconstruct loans. You could say it's where Main Street and Wall Street share a common interest.

We're also pushing industry remediation along. We have solutions to support new growth. And we help lenders and servicers take corrective action on accounts that reduces losses and cuts operational costs.



# FICO Mortgage Solutions



## Mortgage Risk Analyzer

Uncover homeowners in need of help

No one can say exactly how much risk of default still exists in today's mortgage portfolios. But now you can take a closer look and help out troubled borrowers. The FICO Mortgage Risk Analyzer helps lenders and servicers proactively identify "at-risk" accounts to work out remediations and mitigate defaults.

With FICO Mortgage Risk Analyzer, you can:

- Identify "at-risk" customers before they become delinquent using highly tuned risk assessment scores and economic impact evaluators.
- Improve customer service and build loyalty by proactively reaching out to customers who qualify for assistance, but otherwise would have never learned their options.
- Reduce servicing costs with analytic modeling that helps you focus resources on the customers in most need of help.
- Improve portfolio value with fewer overall defaults.



## Pricing and Product Optimization

Grow volume while managing risk

As new loan opportunities gradually materialize during the mortgage market's resurgence, lenders will want to act quickly, but cautiously. FICO can help lenders in this transition period with a more thorough review of borrowers' qualifications. Our optimization decision technology can help lenders manage risk according to today's marketplace with appropriate product selection and pricing.

With FICO's pricing and product optimization solution, you can:

- Structure policies to focus on short- or long-term growth, geographical expansion or profitability

based on optimized strategies—all taking into consideration business constraints that limit capital exposure.

- Design strategies focused on growing types of products, while segmenting the appropriate candidates for those offerings.
- Quickly react to a constantly changing regulatory and economic environment with the solutions capability to easily adjust decision inputs.
- Set profitable loan policies, within regulatory guidelines, by deploying and enforcing portfolio-level constraints using methodologies for building powerful, interpretable optimization models.



## Mortgage Portfolio Optimization

Reduce defaults and maximize Net Present Value (NPV)

Mortgage remediation is usually better than no remediation. But you also don't want to sell yourself short. How do you determine the trade-off between offers that minimize defaults and offers that build greater portfolio value? With FICO optimization technology, you can analyze the trade-off before you make the offer and strike the perfect balance.

With FICO's mortgage portfolio optimization solution, you can:

- Minimize re-defaults and maintain portfolio value in remediation programs by offering each customer the most appropriate terms based on outputs from optimization technology.
- Improve your regulatory review and reporting with consistent and operationally tracked remediation strategies derived from interpretable methodologies and modeling.
- Lessen reserve requirements by optimizing portfolio value.
- Improve the overall position of the portfolio.



## Mortgage Response Analyzer

Reach out and connect with at-risk customers

You have a remediation program, and with FICO technology you've identified the "at-risk" borrowers who could benefit from it. But if you don't successfully connect and communicate with them, they still may default. FICO can help with that as well. We have technology to help identify a customer's preferred communication channel so you maximize customer contacts. And we can help with just the right message.

With the FICO Mortgage Response Analyzer, you can:

- Identify the best communications channels to make contact with customers in need of assistance to expedite and improve your remediation programs.
- Significantly improve portfolio value and investor relationships by lowering default rates.
- Improve customer service, and build longer-term loyalty, by communicating with the borrowers with the correct message and medium that they prefer.
- Measure actions and responses in a closed-loop marketing environment using accessible analytic models and data analysis.



## Collections Optimization

Control expenses with optimized collection strategies

The industry's increase in delinquencies is not only causing greater losses, it's also driving up servicing costs. As delinquencies go up, more staff is added to collections, and costs keep rising. It's a vicious circle, one that FICO can help stop. Our analytic optimization technology helps cut costs—and prevent losses—with intelligent collections prioritization based on analysis of borrowers' propensity to default.

With FICO's collections optimization solution, you can:

- Improve collections performance and results by determining the best early-stage collection treatment with analytic predictive models based on multiple variables.
- More effectively and efficiently leverage resources to best treat delinquent accounts based on optimized strategies that balance business constraints and objectives.
- Rapidly refresh strategies with new insights or regulatory demands using award-winning rules technology.
- Reduce loan loss reserves with optimized strategies that are interpretable for reporting and regulation review.



## Grow Customer Relationships

Capture opportunities for mortgage revenues

Eventually, with economic recovery and a larger market of home buyers, real mortgage growth will come. But with recovery uncertain, lenders must concentrate on today's available opportunities for new revenue. FICO can help lenders grow their portfolios today—and offset the financial stress of defaults—with technology designed to tap safely into the HELOC market.

With FICO's mortgage HELOC growth solution, you can:

- Identify customers appropriate for HELOC promotions with sophisticated analytics and scores.

- Carefully evaluate HELOC prospects' qualifications, based both on technology to measure risk and ability to pay.
- Evaluate the potential impact of economic conditions on a HELOC loan that might affect the lending decision using advanced scenario methodologies.
- Find the most profitable HELOC customers and grow mortgage portfolios responsibly, using advanced risk analytics and other customer measures.
- Reduce default rates by deepening the relationship with the customer.



Make every decision count.™

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