

ADAPA™ AU Turbo-Charging Automated Underwriting

If you have exhausted your current rule-based Automated Underwriting system, it is time to turbo-charge it by using data-driven predictive analytics.

In order to remain competitive, lenders of all sizes are being forced to leverage technology to minimize their cost of origination and to maximize the number of loan applications coming through the front door.

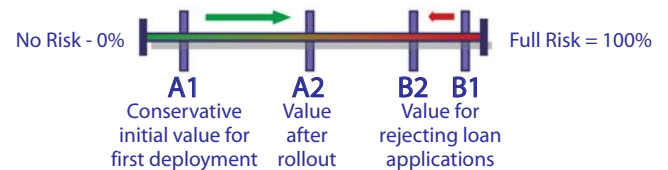
The ADAPA™ Automated Underwriting (ADAPA™ AU) solution employs state of the art predictive analytics to accept or reject a loan. ADAPA™ AU expands the functionalities of your existing AU system by taking automated rule-based underwriting to a brand new level.

Intelligent Decisioning

In a traditional AU System, product guidelines are represented as rules which divide the pool of loan applications into three different categories: Approved, Rejected, and Referred. In the non-prime mortgage arena, when a loan application that does not conform to the guidelines is submitted to such a system, it may be automatically rejected (e.g., if it has incurred many guideline exceptions) or, as it is often the case, referred for manual processing. In traditional rule-based systems, around 50% of all loans incur one or more guideline exceptions, which must be manually reviewed.

ADAPA™ AU goes beyond rules: Our predictive models extend your rule base system to expedite the final decision on referred loans. Once a loan is submitted, ADAPA™ AU uses its knowledge of how loans (with similar characteristics to the current one) have performed in the past to assign a risk score to the current application. Such a score is used to automatically approve loans outside the guidelines which are considered low risk. The score can also be used to reject loans for which the risk is too high. As shown in the chart below, an initial set of cut-off scores A1 and B1 may be used to automatically approve or reject loans. With time, the same cut-off scores can be adjusted to A2 and B2 so that more loans can be decisioned auto-

matically. In fact, if A2 and B2 are assigned the same cut-off point, ADAPA™ AU can make automatic decisions on all rule referred loans. Besides being able to significantly reduce processing costs by minimizing the number of applications destined to manual processing, ADAPA™ AU improves the consistency of your decisions and shortens processing time. Instant feedback for your customers directly translates to a higher conversion rate in the existing deal flow.



Instant Results through Cost-effective Deployment

ADAPA™ AU allows for instant (real-time) multi-product decisioning. It can work together with your rules and analyze loans on a case by case basis, making blazing fast decisions tailored to automatically approve the majority of low risk loans that would normally be referred for manual processing. As is, ADAPA™ AU can easily be integrated with most rule-based AU systems without any noticeable impact to decisioning time. In this respect, our technology is transparent. Processing time is measured in milliseconds.

ADAPA™ AU provides its users the capability to generate customized reports which can be designed to address the reporting needs of IT as well as business personnel. In addition, ADAPA™ AU is designed and implemented on Service Oriented Architecture (SOA) principles for quick, easy, and non-disruptive deployment in most IT environments. As its API (Application Program Interface), it uses Web Services and Open Standards, which facilitate the interfacing with other systems and lowers the total cost of ownership (TCO).