



Cost, speed and accuracy are critical to evaluating potential mortgage defaults and deciding between forbearance and foreclosure. Recognizing that a significant percentage of delinquent loans may ultimately cure, expenses tied to valuations are seldom recovered, resulting in lost profits for lenders. Traditional valuation methods either don't take into account deteriorating property conditions, or they are time consuming, expensive and prone to overvaluation. ValuePoint 4 Default is an advanced and affordable analytical tool that instantly delivers solid disposition value and decision making information to your desk.

Traditional Approaches Fall Short

Industry-standard methodologies for valuing foreclosures simply fall short during periods of economic instability when default volumes increase. Classic approaches suffer from being too costly, time consuming, or inaccurate. Traditional automated valuation models (AVMs) tend to overvalue distressed properties because they assume the home is in average condition, which is often untrue. Broker price opinions (BPOs), valuations compiled by real estate professionals, have been a core resource for pricing defaults. Problems are inherent, however, because BPOs are expensive and time consuming to produce. Professional appraisals are most likely to be accurate, yet they are the most costly and time consuming to complete.

Accounting for Intangibles

First American CoreLogic's new valuation tool, ValuePoint 4 Default, is a hybrid model that compensates for traditional model valuation limitations, delivering fast, affordable and consistently high reliability on properties with delinquent or defaulted mortgages. It is especially suited for servicers seeking more accurate loan-to-value ratios within the critical first three months of delinquency.

ValuePoint 4 Default assumes probable and predictable deficiencies normally associated with distressed properties—both property specific and key neighborhood dynamics—that conventional approaches often miss. Homes may be in less than average condition, purported improvements may not exist and there may be external, negative factors contributing to the delinquency or default.

Logic built into ValuePoint 4 Default tempers distressed property analysis, consistently delivering more conservative, realistic and reliable valuations. Its performance is enabled through index, assessment and neural-net methodologies, as well as proprietary reconciliation procedures.

Additional Benefits

- › Affordable, fast disposition valuation tool to add to workflow
- › Proven accuracy over traditional AVMs and many BPOs
- › More thorough property evaluation through detailed data report
- › Capability to evaluate more loans sooner without increasing current budgets
- › Foundation to validate and compare accuracy of BPO providers

Valuation Accuracy Is Paramount

The key objective of any valuation model is accuracy. In a study comparing ValuePoint 4 Default to a conventional AVM, ValuePoint 4 Default delivered vastly superior results on more than 20,000 real estate owned (REO) properties. ValuePoint 4 Default overestimated REO sale prices by just 3.6 percent, compared to 32.4 for the AVM, and ValuePoint 4 Default came within 10 percent of the actual REO sales price 41.4 percent of the time, compared to 31.1 percent for the traditional AVM.

When tested against a BPO using a sample of more than 800 REO property sales, BPOs overvalued REO sales values on 14.7 percent of the sample properties, while ValuePoint 4 Default did so on just 7.5 percent. ValuePoint 4 Default also came within 10 percent of the actual REO sale price on 41.2 percent of the properties tested, compared to the BPO figure of 31.8 percent.

Accuracy, low cost and quick turnaround times make ValuePoint 4 Default an essential workflow tool for early-stage delinquency valuations, and provide a foundation for ensuring accuracy of BPOs.

Data-Rich Reports Guide Workflow Decisions

ValuePoint 4 Default results are delivered as an easy-to-use report available via Web-based HTML, XML or bulk processing. Reports offer more than a disposition value and value range; they provide a lender with key data about the surrounding neighborhood and likelihood of continuous delinquencies in the zip code. Drawing from the best of First American CoreLogic and LoanPerformance information and analytics, reports guide workflow decisions and enhance valuation determination. ValuePoint 4 Default reports provide recent sales data, comparable distressed and foreclosed subject and nearby property details, street and aerial maps and trends on 12-month prices changes and sales activity.

An optional on-site Property Inspection and Verification Report provides key visual and condition confirmation, including five property and nearby influence photos.

First American CoreLogic, a member of The First American Corporation (NYSE: FAF) family of companies, was formed through the merger of First American Real Estate Solutions, America's largest provider of advanced property and ownership information, analytics and services, with CoreLogic Systems, the leading provider of residential mortgage risk management and fraud protection technology and services.

First American CoreLogic's technology enables mortgage originators and investors to increase profitability and loan quality by making more informed lending and investment decisions. Financial institutions throughout the United States utilize the First American CoreLogic suite of tools to streamline their workflow and to mitigate losses.

To learn more about ValuePoint 4 Default, call 866.774.3282 or visit facorelogic.com today.

www.facorelogic.com

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