

LoanPerformance Pitches Fraud Score

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LoanPerformance, a San Francisco analytics and mortgage data unit of First American Corp. of Santa Ana, Calif., is touting a product designed to help industry players detect mortgage fraud.

Ben Graboske, the chief technology officer for First American Real Estate Solutions, a First American unit in Anaheim, said in an interview last week that the product, LoanIQ, generates a pair of risk propensity scores patterned after the FICO score.

LoanIQ, which LoanPerformance started offering in March, costs \$ 7.50, but discounts are available for large-scale users, he said.

Mr. Graboske would not say which companies are using LoanIQ, but a spokeswoman said First American Real Estate Solutions' customers include 18 of the top 20 lenders.

Users of LoanIQ can also get insurance that covers fraud losses of up to \$ 250,000 on loans that were rated "satisfactory" or "marginal" by LoanIQ, the spokeswoman said. The policy costs \$ 15.

LoanIQ includes a fraud score for the property itself and a Market Risk score, which indicates the fraud risk of the neighborhood surrounding the property.

LoanPerformance uses its nationwide database of loans and First American's database of home sales records to study a borrower's collateral instead of the mortgage application itself. The unit looks at things like foreclosures and price growth in the property's neighborhood, Mr. Graboske said.

"We look at those properties that have sold twice in the last year, then look at a different set of properties nearby that have sold once," he said. "By segregating sales into these different buckets, you can see if there's comp flipping."

Rachel Dollar, a Santa Rosa, Calif., lawyer who specializes in defending lenders against mortgage fraud, wrote in an e-mail Wednesday, "Automated fraud products are useful in fighting mortgage fraud. They automate some of the manual cross-checking necessary to identify red flags present in loan files."

The main value of such products is "their ability to assist lenders in focusing quality control dollars on high-risk files," Ms. Dollar wrote.

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