

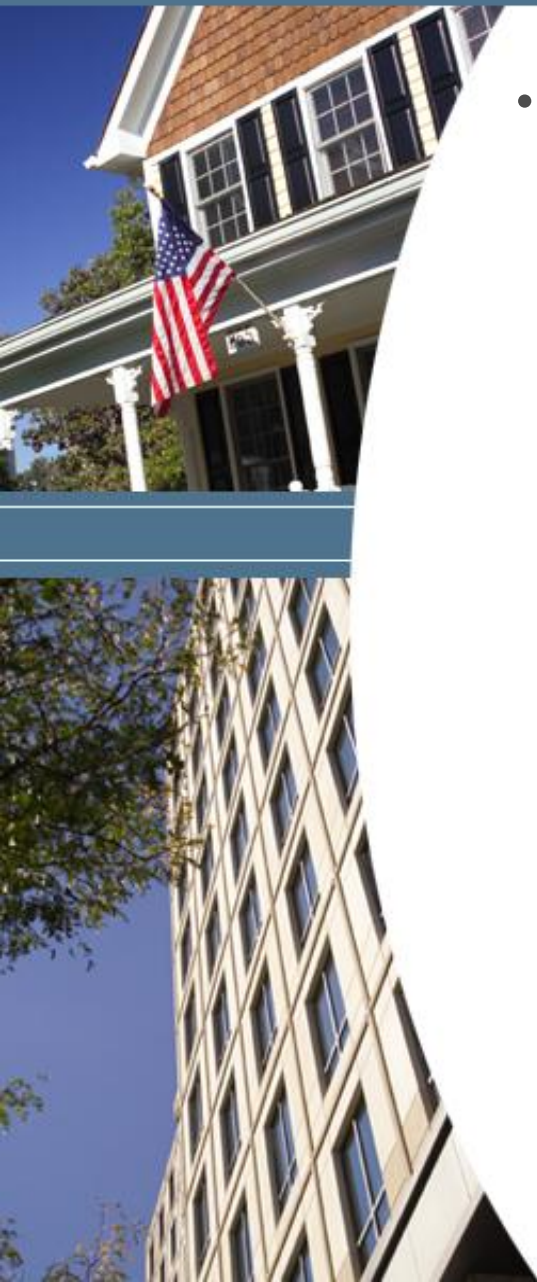


Risk Management Strategies for 2009 and Beyond

Marni Scott

Flagstar Bank, FSB

November 6, 2008

- 
- Systematic Analysis of Submissions to Underwriting
 - QC Trends / ETDs / FPDs
 - FHA Insuring trends
 - Repurchase/Indemn trends(five signatures)
 - MI Rescission trends
 - Gaps in AUS logic
 - General Credit Overlays
 - New schemes to get around guidelines
 - Specific Credit Overlays
 - New fraud trends



Tools

- FraudGUARD as “umbrella tool” for all issues
- 4506T for income and identity
- LexisNexis for property, employer, identity, occ
- Discover Source for SSN ID

Processes

- Verbal verification for all employment
- Verbal on all VODs
- Second signatures on high risk parameters

Originator Management

- Track all trends in one database
- Audit and terminate if necessary



Collateral Risk Management

- Appraisal can be root of all evil
- Appraisal Management Companies
 - Mandatory on 25% of business

Appraisal Analysis

- AVM value and comps as a guide
- Loan IQ as flipping prevention tool in 10 states
- Certain zip codes reviewed solely by Mgmt



Appraisal Expertise

- Appraisers on staff to assist
- Relationships with appraisers in key markets
- Review products that are reliable

Training

- Face to face fraud case study training quarterly
- New tools presented via webex with case studies
- Leverage MI company trainers
- Biweekly emails highlighting appraisal/fraud issues
- New hire training program/checklist

Reinforcement

- Quarterly recognition program
- Quarterly bonus tied to QC metrics

Mgmt reviewing certain files every day

Adapt to Emerging Risks CONTINUOUSLY

