FNC.

Value to Lend On

CMS®
Collateral Management System®

In today's financial markets, mortgage industry professionals need real estate collateral transparency: access to clear, comprehensive, and accurate property details throughout the life of the loan.

Fortunately, no one understands real estate collateral better than FNC®, **delivering deep expertise in appraisal compliance, workflow best practices, and process efficiency.** FNC's revolutionary technology also provides an enterprise system of **decisioning tools for compliance, risk, and quality control.**

Compliance Security, Workflow Efficiency, Cost Savings

The foundation of our flagship product, the Collateral Management System® (CMS®), is a compliance and appraisal workflow platform that automates vendor management, appraisal ordering, tracking, documentation, and review for lender compliance with OCC, OTS, Federal Reserve, FDIC, FHFA, and other regulations. By processing more than 350,000 appraisals per month — representing 1.2 to 1.6 million property records — CMS has allowed the industry's top mortgage lenders to realize compliance security, reduced costs, and more efficient loan production.
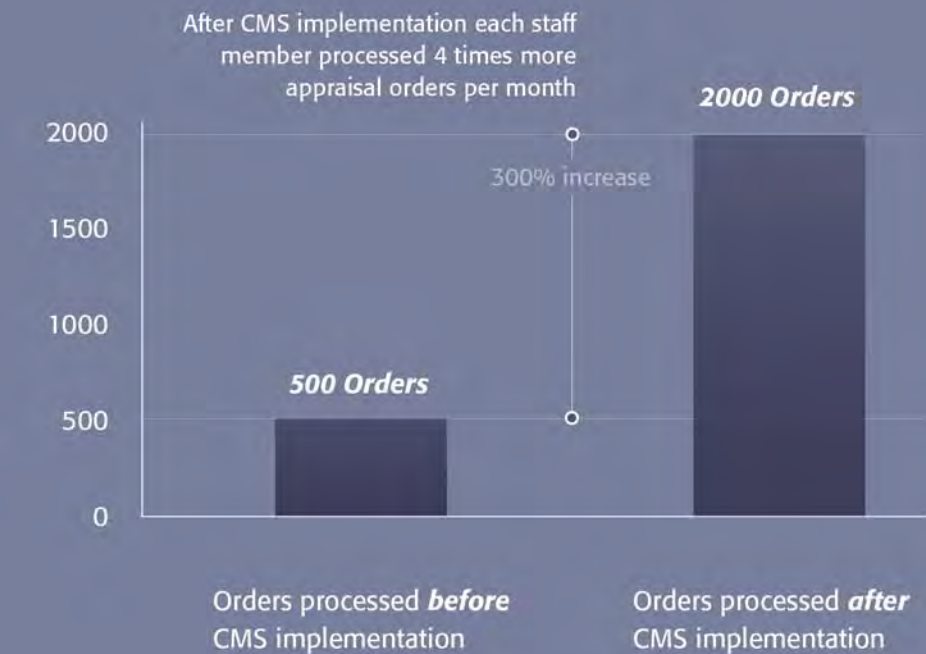
Combined with FNC's collateral-focused data and analytics, CMS is an enterprise system that provides transparency into the property backing a loan from origination and servicing to capital markets—a solution unmatched in the industry.

"Documentation of the entire loan process is critical, as is evidence of appraiser independence, compliance to USPAP standards, and indications of appraisal or appraiser violations. Our CMS provides clients with solutions for all of these issues."

~ Bill Rayburn, FNC CEO

◂ *Client A*
Appraisal Turn Times

After CMS implementation, turn times improved

Over 10 Days

5 1/2 Days

dropped by 50%

15

10

5

0

Average turn time on all appraisal orders **before** CMS implementation

Average turn time on all appraisal orders **after** CMS implementation

Client B ▸
Individual Productivity

After CMS implementation each staff member processed 4 times more appraisal orders per month

2000 Orders

300% increase

500 Orders

2000

1500

1000

500

0

Orders processed **before** CMS implementation

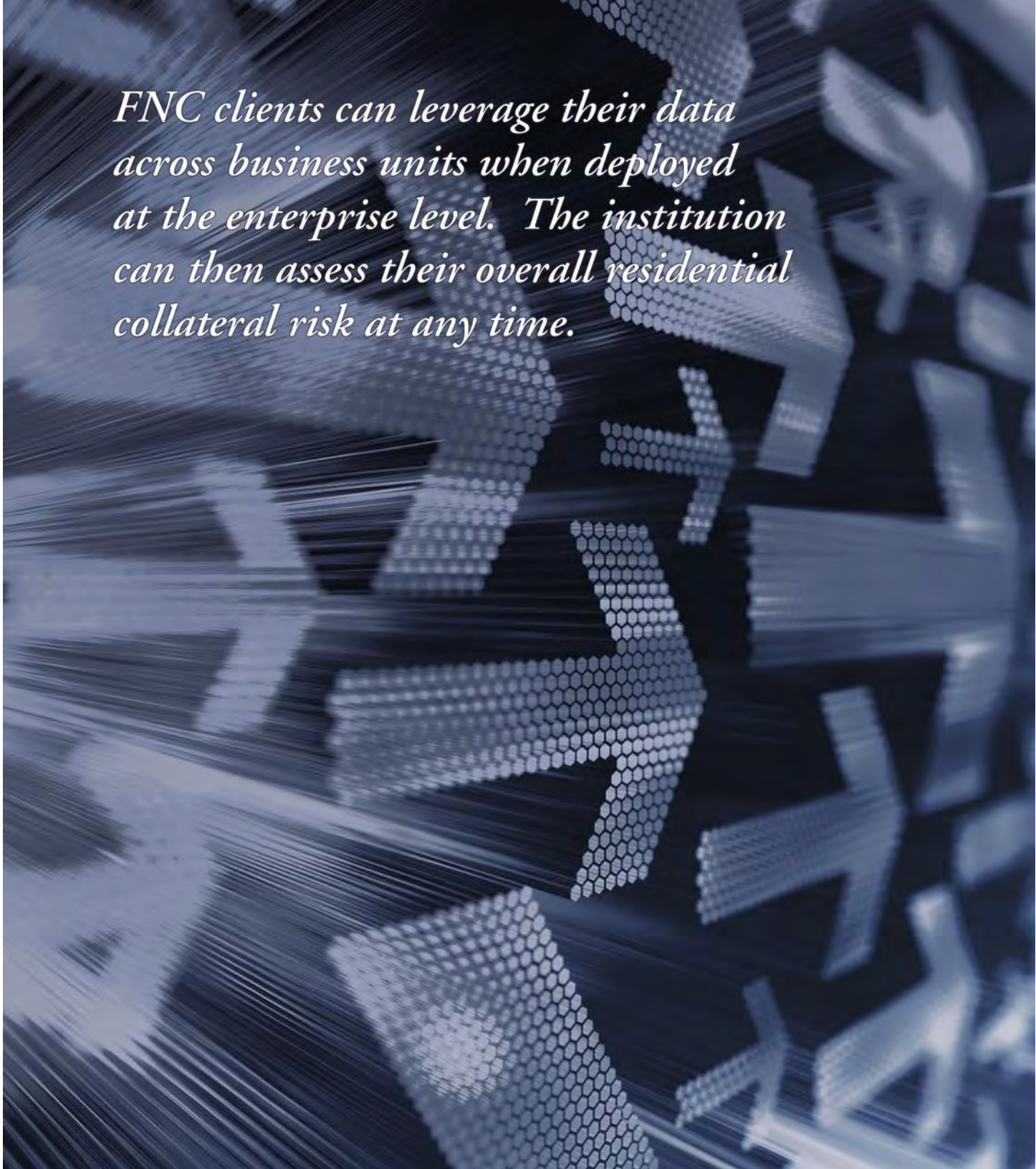Orders processed **after** CMS implementation

Automated Appraisal Compliance

Now, more than ever, professionals in the mortgage lending arena are concerned about regulatory compliance. FNC's CMS, with its rules engine powered by GAAR*, checks for conformity to the regulatory guidelines that impact lenders, government agencies, and vendor management companies:

- CMS can reduce the USPAP compliance issue by reviewing all appraisals through its rules engine and flagging compliance issues for manual review.

- Regarding OCC issues, CMS helps ensure vendor independence between loan officers and appraisers by automatically assigning and re-assigning orders round-robin style from your approved vendor list. This eliminates the possibility of favoritism.

- The CMS rules engine can automatically review the appraisal to ensure that compliance guidelines set by Fannie Mae, Freddie Mac, FHA, and VA have been followed.

The ability of CMS to help value properties is paramount to lenders, government-sponsored enterprises (GSEs), mortgage servicing companies, and secondary market organizations. CMS assists lenders by automatically ordering services that address a property's value, such as appraisals, AVMs, and BPOs. The resulting reports and lender-vendor communications are transmitted safely and securely within the system's framework; CMS even keeps a record of messages for future reference, which eliminates confusion and supports compliance. CMS also has the capability to review the values returned and raise red flags to draw your attention to critical issues.

* Used by the nation's top lenders since 2005, FNC's Generally Accepted Appraisal Rules™ (GAAR®), provide an automated first-level comprehensive review of each appraisal. While other industry tools may check for completeness, GAAR checks for both compliance and risk. CMS and GAAR eliminate virtually every human touch point, allowing only exceptions to be handled by knowledgeable appraisers and underwriters.

FNC clients can leverage their data across business units when deployed at the enterprise level. The institution can then assess their overall residential collateral risk at any time.

Data-Based Benchmarking

The buzz words abound. You hear them every day: six sigma, business process reengineering, total quality management — all different terms with essentially the same meaning: documented proof of improvements made to your overall business processes. Such documentation is increasingly important to FNC clients as they seek to gain a competitive edge.

Your CMS database gives you the leverage you need to compare your operations to your peer group. As you work, your CMS compiles and stores all your pertinent property information — BPOs, AVMs, appraisal data, tax-assessed values, inspections, reviews, and more — for easy future reference. Over time, you'll build a comprehensive database, featuring:

- Operating & performance data
- Market aggregated data
- Property-specific data

Use this wealth of knowledge to cross-sell, detect fraud, and provide more thorough, more accurate information across the enterprise. Or, you may choose to share your data with other lenders, the collective result being greater coverage and completeness.

Standard and ad hoc reports generated from this information allow you to review your own results and benchmark against aggregated data on appraisal turn times and geographic and/or work coverage areas.

Standard reports available include:

- Pipeline Activity
- Turn-Time
- Compliance
- Vendor Performance
- Value Variance

Streamlined Collateral Management

FNC's CMS is completely scalable.
As your business grows, so does your CMS.

When you use CMS, the entire process — procurement, delivery, review, and billing — is seamlessly managed throughout the mortgage enterprise from origination to capital markets.

CMS converts appraisal information to easily managed data, which is then screened for compliance and risk. Only appraisals with potential problems are flagged for manual review, significantly improving the efficiency of your human resources.

With FNC's CMS, you can:

• Produce accurate loan approvals faster than your non-CMS competitors. For users in the capital market arena, knowing the current loan-to-value on each loan and having confidence in that value is critical. Whether you're buying, selling, or re-tranching a pool of distressed mortgages, CMS gives you the sense of security you need.

• Quickly judge the quality of each appraiser among thousands, place an order, and reassign the order if it's rejected.

• Receive the completed appraisal within the secure CMS platform and then review it to determine if additional services are needed.

• Produce more accurate loss mitigation analysis than your non-CMS competitors.

CMS is your virtual vendor manager, controlling the whole process while helping to ensure vendor independence: CMS determines the proper service type based on your policies and assigns orders from your approved appraiser pools nationwide — perfect for vendor managers who need to control expenses and speed the loan process.

Additionally, CMS monitors quality control and appraisal review. Instantly assess the quality and value of appraisals submitted for pre-funding approval. CMS gives underwriters the timely turnarounds you need without sacrificing a detailed, in-depth review. It's the most efficient pre-funding review process possible, allowing you to fulfill more orders in less time.

After funding, CMS stores your collateral data for easy access and future analysis. It can also track the performance of your vendors. Appraisal reports and lender-vendor communications are transmitted safely and securely within the system's framework; CMS even keeps a record of messages for future reference, which eliminates confusion and misunderstandings. Concise reports provide performance metrics on both internal processes and external vendors, helping you manage your business more efficiently.

Efficient Workflow Solutions

FNC clients benefit from industry "best practices" in workflow automation.

FNC's CMS communicates with your loan origination, automated underwriting, risk management, and servicing systems to help you more effectively manage the many, minute details associated with the collateral supporting a loan.

CMS also gives you fully automated ordering, tracking, receipt, analysis, and reporting on all settlement services, including appraisal, title, flood, and mortgage insurance. With CMS, efficiently manage a large number of vendors, including individual appraisers, appraisal companies, and vendor management companies; track vendors by coverage area, service type, fee, capacity, and vacation schedule; and communicate confidentially, keeping secure, organized records of dialogue to reduce confusion and misunderstandings.

FNC clients have access to a servicing platform (in addition to the origination platform) that automates collateral processes throughout the life of the loan.
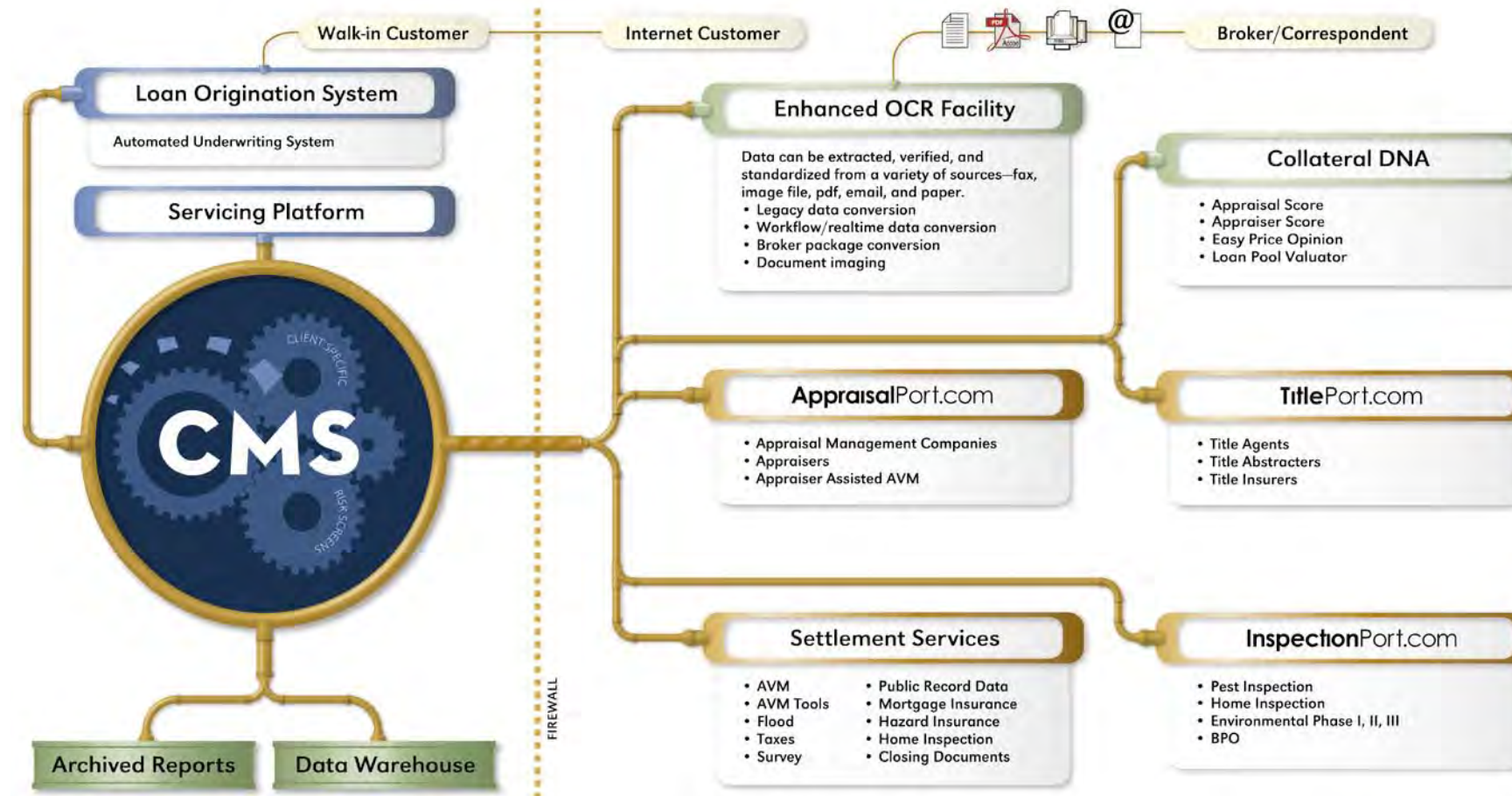
Enjoy these other benefits too:

- Decreased decision and fulfillment times

- Improved ability to manage appraiser panels, ensuring appraiser independence, as well as automated vendor-neutral ordering of support services such as additional appraisal services, AVMs, public records, fraud products, flood, and title

- Automated review utilizing FNC's GAAR® risk and compliance rules, which evaluates more than 600 appraisal factors and ensures compliance with USPAP, Fannie Mae, Freddie Mac, FHA, and VA rules

- Significant reductions in paper usage and costs

- Improved loss mitigation results

FNC's CMS is customizable. The system is easily configurable to meet your individual needs and support your brand.

Predictive and Descriptive Analytics

FNC clients benefit from cutting-edge development of data-supported analytic tools.

Make your Collateral Management System even more robust with the addition of FNC's Appraisal Review Suite of analytic tools:

- **GAAR®** — a comprehensive automated review of appraisals that helps you detect fraud and mitigate risk faster and more consistently than a manual review. Its compliance rule set reviews appraisals for regulatory and GSE compliance, while its risk set reviews according to industry best practices.

- **Property Scan™** — a streamlined analytical report from multiple data sources for the subject and comparables. This comprehensive package provides real property characteristics, legal description, sales history, county tax information, and recent and historical comparable sales all in a reader-friendly format.

- **QC Vigilance** — a Web-based quality control tool that helps reviewers quickly gauge the quality of the appraisal by thoroughly analyzing comparables. QC Vigilance also offers a value range, an interactive map plotting the subject and comps, and a thorough, reader-friendly report.
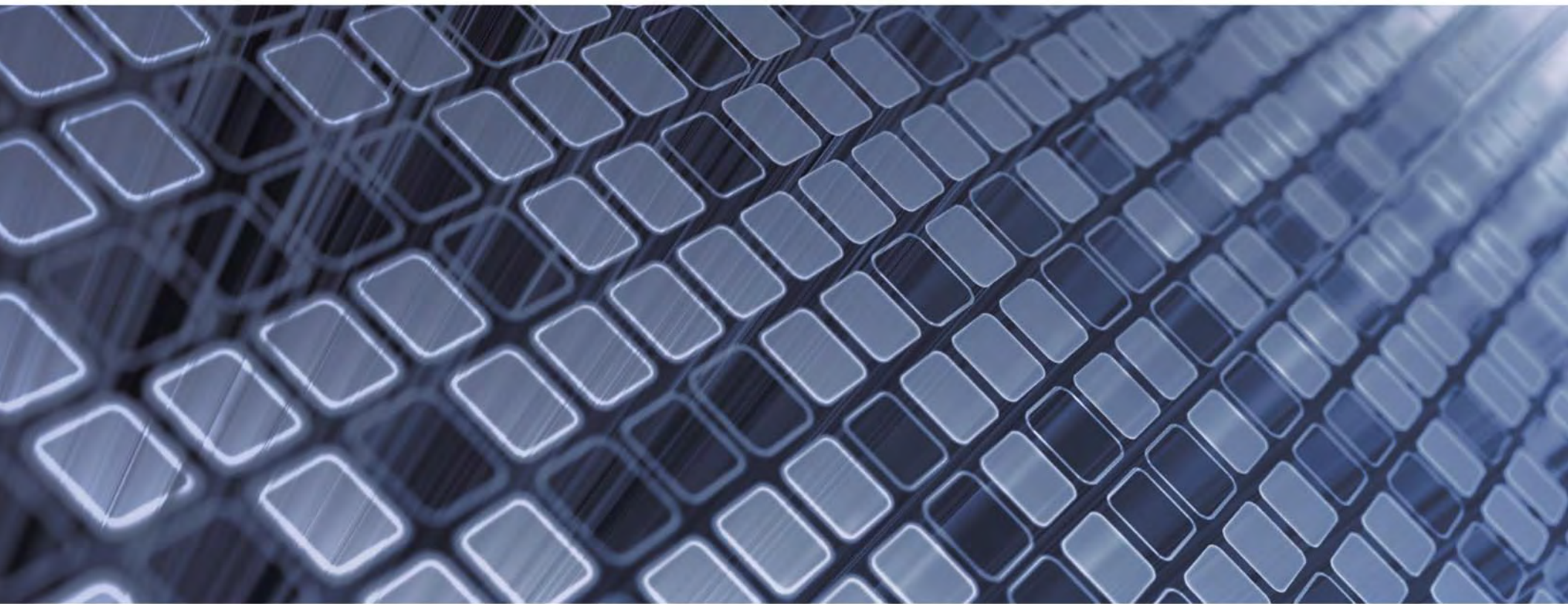
CMS users can also benefit from FNC's other state-of-the-art analytics tools, such as the **Appraisal Score**, which verifies the appraisal thoroughness, and **Appraiser Score**, which reveals an appraiser's license information, disciplinary actions, and past performance quality. Other available analytics products, such as **Market Report, Market Statistics Monitor, and Market Trend Monitor**, give you the latest data on the market down to the zip code level, helping you to make the most informed lending or loss mitigation decisions.

National Collateral Database™
FNC's Collateral Management System is supported by the company's National Collateral Database via FNC's analytic products. By combining public record data and non-confidential appraisal data, FNC has built the most robust collateral database in the world.

What's in it for you? With FNC's CMS, you'll be able to tap into the National Collateral Database to quickly access the most current and comprehensive property information available, meaning you'll close loans, process delinquencies and foreclosures, and value portfolios faster than ever before. Just imagine — unrestricted access to the data you need when you need it. Only with CMS.

FNC provides collateral transparency throughout the institution or to any investor downstream.

More than ever, FNC's Collateral Management System®, GAAR® Compliance and Risk series, and Collateral DNA™ Appraisal Review Suite are critical to anyone interested in access to accurate, up-to-date property valuations at every phase of the loan cycle throughout the entire life of the loan.

Now's the time. Try CMS® today.