

COLLATERAL ASSESSMENT REVIEW

Powerful, comprehensive collateral risk mitigation solution

The RPS Collateral Assessment Review (CAR) is a fully automated, comprehensive, and sophisticated collateral assessment solution for financial institutions, like lenders, servicers, and mortgage insurers. RPS applies a powerful rules engine to assess the underlying collateral used to secure mortgages, based on the appraisal report, to highlight and triage files in which the underlying collateral may be at risk. A summary CAR report is generated, which provides a summary review of the collateral and details about any potential collateral risks, enabling staff to make better, more informed decisions on potential risky files.

- Most comprehensive, sophisticated, and flexible solution in the industry
- Increased accuracy and better risk management
- Objective, consistent, fast, and efficient
- Improved end-customer and staff satisfaction

Why RPS?

- **Real Efficiencies:** Removes the need for your staff to read each appraisal report carefully and in detail to find potential collateral risks, and automatically triages files with possible collateral risk for staff review
- **Better Decisioning:** Delivers meaningful information to your review staff, to enable them to make better and more educated decisions when handling files with possible collateral risk (such as placing added conditions on the deal, or walking away from it) and preventing losses
- **Reduced Lending Risk:** Uses an objective, comprehensive and consistent process for assessing and finding potential collateral risks, across all files
- **Empowered Staff:** Empowers your staff and executives with information for better supported and more informed discussions with consumers, regulators and other internal stakeholders

Our Flexible Approach

Rules	Evolving Environment	Criticality
Over the past decade, we have refined and perfected our rules based on industry best practices and client experience. Clients can now select from over 350 rules. You can use our rules 'out-of-the-box', your own set, or a combination of the two.	You can easily and quickly add, remove or modify the rules and the criticality of each rule, in order to address changes in regulatory requirements, internal policy adjustments as well as evolving market risks and opportunities.	The criticality of rules can also be customized. Each rule contains a 'High', 'Medium' or 'Low' rating based on its level of criticality. A score out of 100 can be provided, based on the number of failed rules and their corresponding criticality, as set by you.

The Rules and Rules Engine

Our collateral rules engine, appraisal report writing software and assessment are interconnected, providing seamless consistency between them, and then reported to you. All of our appraisers use the same forms and report writing software. Our latest software version is built-in, ensuring consistency and that your most up-to-date rules are followed at all times.

The rules are applied interactively, while the appraiser is completing the appraisal report. As a result, the risks associated with the collateral are clarified and explained by the appraiser immediately. For example, our rules engine will search for terms such as 'environment', 'environmental', 'environmentally' and 'hazard' as well as mis-spellings of these words. If they are discovered within the appraisal report by RPS's rules engine, we will ask the appraiser follow-up questions such as 'Is there a concern of an environmental hazard on the property?', etc.

The box to the right shows examples of high criticality issues you can select from, that RPS has built in to its collateral assessment rules engine and can be presented in the report.

Examples of High Criticality Rules

- Rooming house properties
- Properties with a commercial component and percentage used for commercial activities
- Properties with structural damage, evidence of leaks
- Mobile homes, modular homes or mini homes
- Has a hotel component
- Present use does not conform to the zoning

For a comprehensive rule set, contact your RPS representative.

The Report

We generate an easy-to-read, 1-page summary report for your staff that summarizes the results:

- **Quick rules results summary** based on the rules run (either our standard rules, or as customized by you – including which rules and the criticality)
- **Key appraisal and deal details** such as your customer's number(s) and name as well as the property's address, lot size and appraised value
- **Details on the rules failed** provides a list of any rules that failed, including added information regarding them

The screenshot shows the RPS Collateral Assessment Review interface. It includes a property photo, a list of property details (e.g., Property Type: Detached, Living Area: 2,048 SqFt), a Property Valuation section (Appraisal Type: Full Appraisal, As Is Value: \$402,000), a Business Rules Compliance section (The following items are not compliant with pre-determined business rules: 1, 2, 3), and a Sales Comparables Used section with a table of comparables.

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Sale Price			
Date of Sale	April 24, 2017	March 28, 2017	March 15, 2017
Gross Adjusted Value	2.5%	0.0%	0.0%
Net Adjusted Value	2.5%	0.0%	0.0%
Adjusted Value			