

REO MARKET ANALYSIS

When confronted with non-performing loans, REO Market Analysis gives you the information you need to make the most profitable decisions.

REO Market Analysis, delivered by Lender Processing Services' (LPS) Applied Analytics division, is a robust automated valuation model (AVM) and market analysis report that helps mortgage servicers and investors identify the risks they are facing in the servicing, purchasing or sale of defaulted notes that may become real estate owned (REO) properties. This tool provides an analysis of the effects of local REO and foreclosure trends on the subject property's value in a specific geographic area.

Aggregating Data and Analytics to Deliver Value

By combining several types of valuations with detailed local foreclosure, REO and retail sales data, LPS Applied Analytics identifies and calculates the effects of local foreclosure and REO trends on subject property values. This information is then compiled into the REO Market Analysis report, which provides several valuation estimates, including fair market AVM value, current REO value, and net forecasted REO value, in an easy-to-read format.

Unlike standard AVMs, REO Market Analysis includes local market historical value trends and home price appreciation forecasts, subject property five-year transaction history, recent area sales, and estimated foreclosure and REO costs and timelines, making it a valuable tool when evaluating potential foreclosure loss risk and helping to formulate loss mitigation strategies.

The data provided in the REO Market Analysis is compiled from extensive property listing, foreclosure, REO and public record databases, to deliver the most accurate forecast of final REO sale value available.

Leveraging REO Market Analysis for Your Decision Making Needs

With REO Market Analysis, the servicing industry has a powerful screening and portfolio monitoring tool to pinpoint declining markets and foreclosure risk areas. By identifying the high-risk properties in their portfolios, servicers can efficiently focus their collections and loss mitigation efforts where they are most needed. Specifically, with REO Market Analysis, servicers can:

- Determine the effect of local foreclosure and REO trends on the subject property.
- Identify which delinquent properties pose the greatest potential loss risk.
- Assess the value of loan modifications or short-sale opportunities versus estimated foreclosure and REO costs and timelines.
- Leverage the current REO value to determine their pricing strategy to sell the property on the REO market.

In addition, originators and capital markets professionals can leverage REO Market Analysis in their decision making. Originators can use it to determine a front-end valuation and market risk indicator for new loans and home equity lines of credit. Capital markets professionals can use it to place a value on the loans in their portfolio or pools of loans they are looking to acquire, and adequately monitor their risk on specific loans.



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