

F·R·A·U·D· REPORT

Fraud Related Activity/Useful Data

INTERTHINX® TOP 10 "HOT SPOTS" FOR FIRST QUARTER 2009
 States With Over 2,000 Total Submissions for the Quarter

State	Loans with Variances	Employment Income	Identity	Occupancy	Straw Buyer*	Property Valuation	Property Flipping
NV	47.60%	3.60%	25.98%	5.52%	0.50%	25.68%	0.20%
MI	34.26%	5.24%	12.40%	5.10%	0.92%	19.84%	0.06%
AZ	32.94%	3.69%	12.59%	3.35%	0.28%	20.05%	0.22%
CA	30.87%	4.25%	13.58%	3.46%	0.46%	16.13%	0.13%
FL	30.55%	4.48%	11.11%	3.64%	0.40%	17.45%	0.40%
CO	29.60%	3.42%	14.00%	3.28%	1.55%	15.53%	0.12%
OH	28.31%	4.96%	10.08%	2.24%	0.05%	16.39%	0.16%
NY	26.24%	4.19%	11.54%	2.86%	0.26%	13.65%	0.22%
PA	24.79%	3.51%	10.94%	1.68%	0.08%	13.58%	0.28%
NJ	24.23%	4.41%	11.37%	2.28%	0.18%	11.37%	0.04%

* The Interthinx straw buyer flag identifies a subject property that has been input into our system multiple times by different individuals.

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- ▶ **24.06% of all applications** analyzed by Interthinx® in the first quarter of 2009 scored as “critical risk”, a 0.21% decrease from the fourth quarter 2008 and a 2.23% decrease from the first quarter 2008.*
 - ▷ The states with the highest overall incidence of critical risk applications were (in descending order): **Nevada, Michigan, Arizona, California, Florida, Colorado, Ohio, New York, Pennsylvania and New Jersey.****
 - ▶ The top fraud indicators identified for these states are: Inflated Property Value and Identity.

INFLATED PROPERTY VALUE		IDENTITY		EMPLOYMENT / INCOME		OCCUPANCY	
At 49.04% of all critical risk applications, inflated Property Value was the most common fraud indicator, representing a 3.17% increase from the fourth quarter 2008 and a 10.18% increase from the first quarter 2008.**		Identity was the second most common fraud indicator, representing 45.01% of all critical risk applications, a 0.13% decrease from the fourth quarter 2008 and a 9.48% decrease from the first quarter 2008.		Employment/income fraud indicators represent 15.64% of all critical risk applications, a 2.60% decrease from the fourth quarter 2008 and a 0.98% decrease from the first quarter 2008.		Occupancy fraud indicators represent 10.09% of all critical risk applications, a 0.37% increase from the fourth quarter 2008 and a 0.38% decrease from the first quarter 2008.	
LISTED IN DESCENDING ORDER:	AZ, MD, MI, OH, FL, SC, MN, TN, PA and MA**	LISTED IN DESCENDING ORDER:	ME, KS, AR, ID, NM, TX, IN, HI, AL and KY**	LISTED IN DESCENDING ORDER:	ME, IN, NM, AL, NH, ID, CT, LA, UT and OK**	LISTED IN DESCENDING ORDER:	KY, MI, ID, KS, CT, FL, NV, IA, CA and NH**

None of these results reflect either civil or criminal cases of fraud proven in a court of law. The results are derived from analysis of the data provided by Interthinx clients, internal and external Interthinx data sources, Interthinx product scoring results, and human decision-making logic. Interthinx alerts are generated when there is a significant variance between borrower provided data and the data from the sources set forth above, and indicate an increased risk that borrower data was misrepresented.

The Interthinx Top Ten Hot Spots are derived from an analysis of all loan application data submitted to our fraud detection tools in 2008, and highlights the rate of potential misrepresentation in one of the following categories: Employment / Income, Identity, Occupancy, Straw Buyer, Property Valuation and Property Flipping. Interthinx data differs from FBI statistics because it includes data from loan files originated only in 2008 during pre-funding reviews. FBI statistics are derived primarily from Suspicious Activity Reports (SARs), which may include closed loans and loans originated in prior years.

NOTES: Interthinx fraud indicator data is derived from the analysis of all mortgage loan application data submitted during the identified time period in the categories of Employment/Income, Identity, Occupancy, Straw Buyer, Property Valuation and Property Flipping.

* An application is scored “critical risk” when it contains at least one high-impact indicator of possible fraudulent activity for Employment/Income, Identity, Occupancy, Straw Buyer, Inflated Property Value or Property Flipping.

** Only states with at least 2,000 submitted applications are included in this analysis.

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