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**AnswerMine Launches Analytics-Based Solutions
for Targeted Mortgage Restructuring and Portfolio Valuation**

*Predictive model mines granular credit data
to target problem loans, optimize restructuring process*

Evanston, Ill., October 23 – [AnswerMine Group \(www.answerminegroup.com\)](http://www.answerminegroup.com) today introduced analytics-based solutions for targeted mortgage restructuring, and mortgage portfolio valuation and risk management.

AnswerMine's Mortgage Analytics Service helps lenders and mortgage servicers target loans that are likely to default for restructuring or modification, based on the predictive value of granular credit data instead of generic credit scores. This service also optimizes the restructuring process, using AnswerMine's models that adapt to the evolving economic scenario and that improve as more modification data becomes available.

AnswerMine's Valuation and Hedge Analytics Service takes into account the new key factors that drive portfolio risk in today's lending environment, including the impact of restructuring strategies.

AnswerMine can evaluate all or any part of a lender's residential mortgage portfolio, in support of strategies to improve loan-modification programs, reduce delinquencies, offer alternatives to foreclosure and enhance the overall value of the portfolio.

"With asset values at historic lows, the ability and willingness of borrowers to pay is a critical factor in portfolio performance," said Stuart Cornew, AnswerMine co-founder and managing director. "Lenders need more than just FICO scores to understand risk. By analyzing a borrower's credit behavior, AnswerMine provides the basis for a targeted portfolio management strategy to maximize the net present value to lenders and investors."

AnswerMine's service recognizes that, during a period of declining real estate values, the creditworthiness of borrowers is increasingly the critical indicator of mortgage portfolio quality. By analyzing credit data using a proprietary approach AnswerMine helps lenders find problem loans before they become problems.

"If you can get to those loans and modify or restructure them before they default, you vastly improve the likelihood of avoiding foreclosure," Cornew explained.

Cornew said AnswerMine's solution is positioned "at the convergence of data, analytics and technology," and noted that the current economic crisis provides a historic first opportunity to apply these three factors in solving a problem with such wide-reaching effects.

He also pointed out that AnswerMine is the first commercially and technologically feasible targeting approach of its kind, and responds to the government's challenge to apply targeted restructuring to the mortgage crisis.

"AnswerMine takes targeting out of the realm of theory and into the realm of practice," Cornew asserted.

Cornew explained that banks would find value in AnswerMine's targeting analytics, even if they choose not to offer early loan modifications. "Our approach gives lenders advance knowledge of non-performing loans. They can apply that knowledge in a variety of scenarios and strategies, any of which may improve their portfolios' performance."

AnswerMine combines banking and mortgage expertise, proprietary data mining and mortgage analytics, and affiliated operations and program-fulfillment resources to measure, manage and monitor the success of lenders' strategies. The service can be made available on a turn-key basis, including outsourced call center operations to proactively contact borrowers, execute a client's specific modification strategy and determine the optimum modification or restructuring solution.

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Valuation and Hedge Analytics recognize economic realities

AnswerMine built its Valuation and Hedge Analytics Service on the understanding that borrower credit and home prices will continue to be the key risk factors affecting mortgage and servicing portfolio composition during the coming years. By recognizing the changing relative importance of these underlying factors, AnswerMine's innovative use of credit data to determine mortgage performance and re-value mortgage portfolios provides a competitive advantage in the new and evolving market for mortgage based assets.

The Valuation and Hedge Analytics solution monitors and analyzes a portfolio of whole loans or mortgage servicing rights, advising on valuation and forecasting expected losses and cash flows. The service includes reviewing all associated risks and recommended loss mitigation strategies inherent to portfolio management. As a result AnswerMine can advise firms on the appropriate levels of loan loss reserves and economic capital, as well as the pricing of mortgage credit risk. Lastly, during times like these of market disruption, AnswerMine's Valuation and Hedge Analytics can provide a critical independent review of bank valuation models and assumptions.

Analytics approach uses entire data sets, not data samples

AnswerMine's data mining incorporates Information Gain Theory to support a targeted portfolio management strategy. The approach uses an entire data set – in this case, information on all borrowers within a portfolio – to eliminate traditional sampling biases that plague other approaches. It also enables the discovery of higher-order interactions in large datasets, based on the ability to examine multiple combinations and types of variables (e.g., categoric and full-range numeric). And it examines so-called “non-parametric distributions” to discover anomalous variable relationships.

By working with entire data sets, rather than samples, AnswerMine finds relatively rare events and combinations of variables that often go undetected using other methodologies. This delivers the level of transparency that AnswerMine clients require for effective execution and regulatory reporting.

About AnswerMine Group

AnswerMine Group builds forecasting and segmentation models for successful application across many industry segments. Using propriety analytic software, AnswerMine has refined and perfected the theory and method of data analysis into an accurate, fast and flexible practice.

AnswerMine Group employs a philosophy to “let the data speak.” Its technology analyzes large datasets for profiles that link outcomes of interest with combinations of characteristics that can be used in predictive and segmentation models.

In addition to methodological expertise, AnswerMine’s professionals have extensive experience in and knowledge of the industries the company serves. Its staff pioneered the use of Information Gain Theory and decision trees in many areas of business.

For more information, please visit www.AnswerMineGroup.com.

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