

# AUTOMATED VALUATION MODELS FROM LPS APPLIED ANALYTICS

**More than a valuation solution, LPS is your valuation partner.**

Collateral valuation has become increasingly difficult due to changing economic factors and varying local market conditions that impact real estate values, in different ways, across the nation. Selecting the right valuation strategy for these distinct situations, including AVMs and more in-depth desktop and field valuations, is vital to managing your risk and growing your profits.

While the need for AVMs is growing, the testing, selection and integration process has become a complex and time-consuming effort, diverting resources from your core business. Using the most accurate – but also most cost-effective valuation – is a challenging balancing act. Successful mortgage participants have found the secret to employing the right valuation solution at the right point in their business processes to manage risk and achieve growth while maintaining costs. As the industry's valuation authority, LPS stands ready to partner with you to simplify and vastly improve your collateral valuation process.

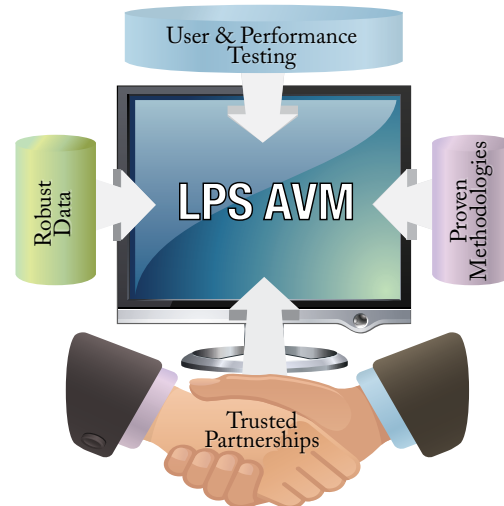
## The Authority in Valuations

LPS is a leading provider of integrated technology and services to the mortgage industry. Established and trusted relationships with leading lenders, capital markets professionals, servicers and government agencies, gives LPS an acute understanding of their business needs and goals. This knowledge enables LPS to provide proactive solutions to improve efficiencies and success. With a unique understanding of the data, methodologies, integration challenges, testing and business process integration needed for a successful valuation strategy, LPS has become the industry's valuation authority.

## LPS AVM

LPS' AVM strategy is driven by four key factors:

- Robust data
- Proven methodologies
- User and performance testing
- Trusted partnerships



## Robust Data

Robust, accurate data drives the success of an AVM. LPS collects and compiles real estate public record data directly from county assessor and recorder offices in jurisdictions that cover 89 percent of U.S. residential market activity, including property characteristics, ownership changes, sales and financing data. In doing so, LPS ensures that the data elements key to the valuation process, such as property characteristic data, delineation of arm's length and non-arm's length sales, and property location data are accurately defined and represented.



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Because LPS analysts are collecting, managing, refining and applying this data, they have an unmatched “closeness to the data.” This enables LPS to enhance its modeling capacity in order to deliver a greater level of detail. By standardizing and organizing data specific for property valuations, LPS ensures the AVM delivers an accurate value that reflects current market condition.

### Proven Methodologies

LPS uses a cascading AVM strategy that employs up to four methodologies and provides you with the following important benefits:

- Increased likelihood of an accurate market value estimate, even in markets where minimal data is available.
- Improved performance in calculating market value because certain methodologies yield more accurate values depending on the subject property, the composition of the market and the quality and consistency of the data.
- Additional information on the subject property and its neighborhood by examining the relationship between values when LPS’ AVM produces multiple estimates of value.

The AVM selects the appropriate methodology, based on predefined business rules, that delivers the most accurate value for given circumstances.

### User and Performance Testing

Ongoing user and internal performance testing ensures the highest level of quality control. LPS continually updates and refines its AVMs based on testing performance, client feedback and changing market conditions, which continually improves AVM performance over time.

### Trusted Partnership

LPS’ reliable project management team supports the AVM technology and the business process integration. LPS does not just deliver an AVM; LPS combines its knowledge of valuation practices, competency at valuation modeling and understanding of your operations to create a valuation solution tailored to your business. LPS then provides ongoing service and works with you to continuously improve AVM performance and meet your collateral risk management objectives.

### Your Optimal Valuation Strategy

LPS offers multiple AVMs to meet your varying needs. Complementing them is a cascade solution, LPS AVMConnect, which offers access to each of LPS’ AVMs as well as the nation’s other leading AVM products quickly and conveniently. The cascade includes geopreference options to make sure you are using the most reliable AVMs for your selected areas. Easily determine a single valuation using

your choice of AVMs, or run an AVM cascade to verify a qualifying value or compare the results. If the first AVM result does not meet your internal requirements, you can transition to the next AVM within your cascade or upgrade to an LPS desktop or field valuation.

In some cases, an AVM is not the right tool to determine a property valuation. As a leading provider of automated, desktop and field valuations, LPS will partner with you to design a balanced valuation solution that delivers the most effective products for each phase of your collateral valuation process.

### **Features of LPS Applied Analytics' AVM Suite**

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With the following features available in its AVMs, LPS delivers the most thorough AVM reports:

- Value estimate and a range from low to high
- Consistency score (ranging from 0 to 100), which measures the extent to which the various valuation modules agree with each other and the depth of data available for the subject property
- Detailed subject property information
- Up to 15 comparable sales and location map
- REO activity and trends
- Variety of delivery methods, including online, e-mail, batch processing, XML or integration through direct LOS connection

### **A Solution for Every Need**

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The LPS Applied Analytics AVM Suite is designed specifically for the unique needs of originators, capital markets and servicers.

LPS offers **originators** quick and accurate AVMs for collateral valuations in pre- and post-underwriting and loan quality control.

LPS provides **capital markets professionals** with a suite of due diligence solutions for automated screening to protect against collateral overvaluation in existing portfolios and in potential new acquisitions.

LPS assists **servicers** throughout the servicing lifecycle with a combination of robust data and analytics that offer valuable market insight for portfolio monitoring, quality control and initial collections efforts.

LPS delivers the essentials in automated collateral valuation to the mortgage industry. Call **866.964.8343** or e-mail **lpsAAsales@lpsvcs.com** to partner with LPS and move your automated valuation strategy forward.

**Move your automated valuation strategy forward.**



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