

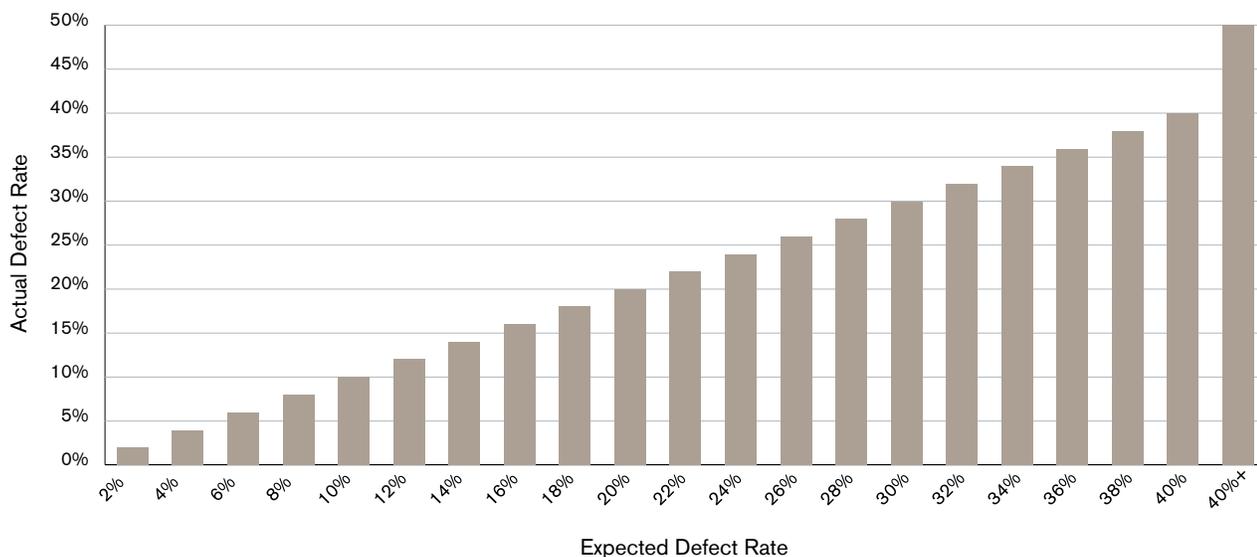
Milliman Loan Quality Score

Milliman's Loan Quality Score is a dynamic predictive model that can be used by management to analyze and monitor the credit quality of new production from various sources of business lines. The score can be developed using industry data or can be tailored to reflect your particular business.

Our clients use the Milliman Loan Quality Score to:

- Identify loans that require immediate quality control reviews pre-closing
- Identify loans for review post-closing discretionary quality control reviews
- Assist in loan loss and repurchase reserving
- Benchmark the quality of loan production by branch, channel, loan type, or other characteristics

FIGURE 1: MILLIMAN DEFECT SCORE - ACTUAL DEFECT RATE BY EXPECTED DEFECT RATE



QUALITY CONTROL REVIEWS

The Milliman Loan Quality Score can help sellers identify problem loans before they are sold to government-sponsored entities (GSEs). The sooner a problem can be identified, the sooner the risk of repurchase can be mitigated. By ranking loans by their risk of repurchase, the Milliman Loan Quality Score can optimize your pre-funding review resources to cure defects on loans before they are sold.

LOAN LOSS AND REPURCHASE RESERVING

The Milliman Loan Quality Score produces an estimate of the repurchase risk of a loan at origination. This information can be used by your finance department to set lifetime loan loss reserves that reflect the type of business you are originating. The reserve estimate includes a timing aspect that reduces the reserve requirement as the loans age.

BENCHMARKING

The Milliman Loan Quality Score is based on the attributes of the loans being originated. Sellers can use the score to benchmark the quality of loan production from various sources to identify branches, regions, or channels that are producing the most risk for the seller.

IMPLEMENTATION

Milliman consultants have diverse backgrounds ranging from economists to actuaries and programmers. Our staff are well trained and fluent in many programming languages and platforms, and we can work with your staff to seamlessly integrate our scores into your origination and finance systems.

ABOUT MILLIMAN

Milliman is one of the largest independent consulting firms in the world, and has pioneered strategies, tools, and solutions for more than 60 years. We are recognized leaders in the markets we serve. Milliman insight reaches across global boundaries, offering specialized consulting services in mortgage banking, employee benefits, healthcare, life insurance and financial services, and property and casualty insurance. Within these, Milliman consultants serve a wide range of current and emerging markets. Clients know they can depend on us as industry experts, trusted advisors, and creative problem-solvers.

Milliman's Mortgage Banking Practice in Milwaukee is dedicated to providing strategic, quantitative, and other consulting services to leading organizations in the mortgage banking industry. Past and current clients include many of the nation's largest banks, private mortgage guaranty insurers, financial guaranty insurers, institutional investors, and governmental organizations.

**Contact us to learn about how the
Milliman Loan Quality Score can be
tailored to fit your needs.**

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