



Adverse Selection Detector™ Product Overview

Until now the most costly component of pipeline hedging has also been the most difficult to understand and manage. Adverse selection, the renegeing of lock commitments due to market improvement, is not only expensive in terms of hedge costs, but it is difficult to detect and even more difficult to measure. Today however, lenders in various business channels are able to accurately detect and measure adverse selection using the **Adverse Selection Detector (ASD)** from Precision Risk Management Systems. (www.PRMSonline.com)

What Does ASD Give Me?

ASD performs a day-by-day loan level analysis of all loans in a lender's fallout history. This detailed analysis is tied to three different market indicators. The results of the analysis provide valuable information for the risk manager that indicates pull through performance and adverse selection data for loan officers, branches, brokers, correspondents.

What Can I Do With the Results?

The results of the **ASD** analysis can be used in a variety of ways, depending on the objectives of the risk manager.

- *Broker/Correspondent Scorecards* - The **ASD** measurements are perfectly suited for use as an overall indicator of the value of a broker/correspondent relationship.
- *Tiered Pricing* - Most companies offer some sort of tiered pricing for its broker and correspondent business channels. The **ASD** measurements provide objective, factual criteria for placing loan sources into respective price tiers.
- *Risk Management* - The most obvious use for the **ASD** measurements is hedging activities. Using **ASD**, the risk manager has the ability to export analysis results in order to use the results in other risk management systems.

How Can I Use ASD?

- *Standalone Application* - Install and run **ASD** at your location.
- *Service Basis* - Send your data to Precision Risk Management for processing and the results are returned in electronic format.
- *FAST Risk Management System* - **ASD** is included as a standard component in Risk Management System.

Where Can I Find Out More?

For more information on this and other products, contact **Precision Risk Management Systems, Inc.** by calling (501) 758-2482, email us at support@PRMSonline.com or visit our website, www.PRMSonline.com.