

## BANK GOVERNANCE & REGULATION

# Fair Lending Analytics Services

### Attributes of FTI Consulting's Fair Lending Analytics Suite

#### LEADr - Loan Evaluation/Analytics Data Repository

- Provides ability to rebut alleged fair lending violations and claims of borrowers brought by plaintiffs including the CFPB, HUD and prudential federal and/or state bank regulators; LEADr interacts with regression analysis models and processes comparable to those used by regulators to rebut allegations.
- Runs a complete array of forensic HMDA and/or CRA data analytics, including geocoding and mapping technologies.
- Applies federal bank regulatory agency equivalent proxy processes for non-HMDA data analytics for equivalent fair lending analyses.
- LEADr is customizable and scalable, able to facilitate the re-underwriting of a large volume of loans using an accordingly sized underwriting team.
- Used in matters with our largest bank and law firm clients and to support various loan underwriting testifying experts.
- Used as a Loan File and Loan Guideline document management tool to house, organize, code and manage all relevant case files, and allowing loan underwriters easy access through an interactive document viewer.

**F**TI Consulting provides a suite of software tools and consulting services that enable clients to satisfy compliance requirements for Fair Lending, Anti-Money Laundering (“AML”), fair debt collection practices, unfair and deceptive and abusive acts or practices (“UDAAP”), elder financial abuse and more.

Banks and non-bank financial institutions have been under increasing pressure to demonstrate to federal and state government authorities that they are “on top of their compliance game.” Law firms are increasingly being asked to help clients defend potential regulatory actions and lawsuits on purported violations of law and regulations across relevant regulatory regimes. In addition, the CFPB, DOJ, HUD and federal prudential bank regulators have issued various guidance and taken numerous actions indicating that financial institutions must be proactive, not reactive, in monitoring for patterns of potentially discriminatory lending activity

#### Meeting the Challenges

FTI Consulting's Fair Lending Analytics Services include three technology capabilities that rebut fair lending allegations and proactively analyze lending practices: LEADr (Loan Evaluation/Analytics Data Repository), ART (Allegation Response Tool) and LID (Loan Information Database). Although we specialize in mortgage fair lending analysis, we perform fair lending analyses on any structured lending data within an institution, including automobile, credit card and student loans.

Our subject matter experts and statisticians assess the potential for disparate impact and disparate treatment on one or more prohibited ECOA/Regulation B and the Fair Housing Act bases such as race, color, national origin, age, sex and/or marital status using any or a number of parameters such as pricing, disparity ratios and/or denial percentages, loan officer compensation and more. We utilize HMDA data for mortgage-related assessments and proxy data analysis for non-mortgage related assessments to respond to and rebut alleged violations. Furthermore, we conduct mock examinations; help implement or enhance fair-lending risk assessment programs; analyze existing pricing models or propose new models; set up or review fair lending allegation response programs; review and enhance lending policies and procedures; and provide fair lending training, including assisting clients perform their own statistical analyses to meet and/or exceed regulatory expectations for effective compliance management.

#### FTI Consulting's Fair Lending Analytics Suite

**LEADr** is an exemplary forensic mortgage loan re-underwriting and fair lending analytic tool that can capture more than 400 data points and evaluate a wide range of alleged underwriting and/or fair lending deficiencies. The geocoding capability of LEADr is used to analyze geographic lending patterns and import demographic data from a financial institution's Loan/Application Register or other data sources to assess a bank's performance with the Equal Credit Opportunity Act (ECOA/Regulation B), Fair Housing Act (“FHA”), Home Mortgage Disclosure Act (“HMDA”) and the Community Reinvestment Act (“CRA”). LEADr has also been used extensively to perform MBS underwriting assessments on behalf of multiple major international banks.

### ART - Allegation Response Tool

- Proprietary tool designed to efficiently develop rebuttals to plaintiff's loan-level allegations using data captured in LEADr.
- Provides consistent responses to plaintiff's loan-level allegations by enabling the matching of allegations to template responses authored by counsel, testifying experts and mortgage experts.
- Ability to compose free form responses, integrate data from multiple sources and enable the underwriter to craft an automated compensating factor paragraph and make an overall loan decision.
- Manages the work flow with LEADr through all levels of review.
- Categorizes every loan level response for reporting and expert report purposes.

### LID - Loan Information Database

LID is a centralized data warehouse that holds data from all loan system sources: Loan Closing Tape, Loan Origination Underwriting system, Loan Re-underwriting Exercise (LEADr), Loan defect allegations (ART) and Loan performance and servicing information.

**ART** interfaces with the loan data captured and analyzed in LEADr to facilitate rebuttal of alleged underwriting defects and/or fair lending violations. **LID** is a centralized data warehouse that holds all loan and guideline data from a client's various loan systems.

Our Bank Governance & Regulation practice has extensive regulatory compliance experience in applying these capabilities to perform full-scope fair lending reviews, analyses of loan applications and rebuttal of allegations; loan data and lending process reviews; and reviews of marketing and debt collection practices. Our Financial & Enterprise Data Analytics ("FEDA") practice has extensive mortgage underwriting and systems experience and applies these capabilities to perform full-scope mortgage re-underwriting assessments to analyze and rebut alleged violations. Together, these practices collaborate to provide clients with comprehensive fair lending consulting services.

### Additional Relevant FTI Consulting Technology Platforms

#### Ringtail® E-Discovery Software

The FTI Consulting e-discovery platform, Ringtail® has been recognized by Gartner's "Magic Quadrant" as a "Leader" (the highest rating) among competitors in e-discovery for three consecutive years. Ringtail® e-discovery software delivers a unique, visual approach to analytics that combines the best of advanced search, concept clustering, pivot tables and data mining in a single, easy to use workflow. Used in tandem, these powerful data analytic tools rapidly narrow the data universe to help clients quickly identify important data patterns. In addition, legal teams can visualize trends, summarize data, see multiple decision points and focus in and out of data quickly and dynamically to identify the key facts in the matter.

#### Radiance

Radiance is a highly scalable, visual analytics platform that brings clarity and meaning to the massive amounts of electronically stored information inside today's corporations. Perfect for data analysis, early case assessments and investigation, Radiance helps organizations rapidly protect, control and understand their vast information ecosystem. Radiance delivers industry leading scale and performance across hundreds of millions of documents, providing intuitive navigation, colorful visuals and clear decision points.

Please contact an FTI representative for a demonstration or additional information about FTI's suite of fair lending related data analytic software and tools.

### Bank Governance and Regulation- Service Capability Brochures

Specialized service capabilities are described in the following brochures.

- Anti-Money Laundering & Bank Secrecy Act
- Bank Board Training
- CFPB Consulting
- Credit Risk
- Due Diligence
- Expert Witness & Litigation Support
- Fair Lending and CRA
- Financial Risk
- Governance
- Regulation and Compliance
- Accounting & Financial Reporting
- Information Security Risk Management

Visit the FTI Consulting Bank Governance and Regulation website to download our brochures, articles and white papers:  
<http://www.fticonsulting.com/industries/financial-institutions.aspx>



Thomas Rees  
 +1 610 254 4042  
 Thomas.Rees@fticonsulting.com

Stella Mendes  
 +1 212 841 9363  
 Stella.Mendes@fticonsulting.com

Peter Kay  
 +1 617 747 1723  
 Peter.Kay@fticonsulting.com

CRITICAL THINKING  
 AT THE CRITICAL TIME™

#### About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

[www.fticonsulting.com](http://www.fticonsulting.com)

©2016 FTI Consulting, Inc. All rights reserved.