

Home Equity Revenue-Producing Opportunities

ALS Servicing Manager's feature functions provide a variety of opportunities for generating additional revenue:

Prepayment Penalties – The system can charge an early payoff penalty to recoup origination expenses on accounts that pay off within a defined period after contract date.

Penalty Interest – Automatically increases interest income based on an individual's account payment habits.

Automated Line-of-Credit Fees – Line-of-credit processing includes automatic fee generation based on specific advance, unused balance and overline scenarios. These fees can vary by product, state or line-access type.

Setting New Standards with ALS

The Fidelity ALS suite is cut from the quality mold of Fidelity's market-driven products for the financial services industry. The depth and breadth of the integrated ALS package is unmatched by any vendor and extends beyond lending automation to include training, consulting, application support, customer relationship management and professional business services. After 40 years of developing, updating and customizing lending software, Fidelity continues to vigorously meet the challenge of managing technology in a volatile, increasingly competitive business environment. Fidelity ALS sets the standard for next-generation lending solutions for the financial services industry.



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HOME EQUITY LENDING

The origination and servicing components of Fidelity's Advanced Lending Solutions (ALS) suite were designed to fully support and facilitate the specific needs of the home equity lending business. Fidelity's ALS Comprehensive Origination Manager software supports home equity closed-end products (both fixed and variable rate) and home equity lines of credit (fixed and variable rate). The system easily accommodates the heavier documentation requirements of the home equity origination process. It verifies regulatory compliance, enforces exception action and evaluates each policy for policy and terms compliance. The software also analyzes applications to determine which documents are needed for each loan.

For servicing, Fidelity's ALS Servicing Manager software supports variable-rate processing and both open-ended and closed-ended home equity lines of credit. The software also supports home equity products that have varying periods for the borrower to take draws against the line, followed by a repayment period specified by the lender. These structures are very flexible in their support for home equity loans and lines of credit. ALS Servicing Manager also provides full Financial Accounting Standards Board (FASB) support.

Home Equity Origination

ALS Comprehensive Origination Manager is a fully integrated credit-processing solution that automates a paperless flow of information from data entry through loan decisioning, pricing, documentation and closing. The system supports a variety of loan marketing channels – sales offices, call centers and mobile sales representatives – and information

providers – credit bureaus, appraisers, and mortgage and title insurers.

Web-Enabled – Integrates with an organization's Web site to fully support Internet loan processing.

Open Architecture – Allows real-time access to reporting tools and an industry-standard pathway for data exchange with legacy platforms and intranets or Internet systems used by call centers, data warehouses or other supporting enterprises.

Image-Enabled – Houses the features and functions to process a complete, paperless package of home equity products delivered from a host of retail sites.

Automated Workflow – Enhances home equity loan processing productivity, expedites customer and vendor inquiries, reduces paper usage and speeds document access.

Advanced Credit and Risk Manager – Facilitates decisioning by customizing market-driven loan products, increasing speed to market with new products, improving loan decisions by gauging more predictable results, and improving loan quality by guaranteeing compliance with lending and credit policies.

Credit Scoring – Evaluates applicant risk for use in automated decisions or as an advisory tool.

Document Packaging – Analyzes applications to determine which documents are needed for each loan.

User Configurable – Allows for updating of product offerings with new parameters (rates, terms, credit policies, decline regions, override regions, etc.).

Benefits of ALS Comprehensive Origination Manager

- Integrated with other enterprise systems (call center, branch, servicing)
- Image-enabled (paperless processing)
- Faster turnaround
- Secure information integrity and organization
- Reliable, automated decisioning with risk management tools
- Reduced operating costs
- Open database access for reporting and management control
- Effective workflow control for productivity and efficiency
- Support for credit bureau or third-party score card scoring, as well as credit policy rules
- Consistency in funding of loans – status is based on user-controlled parameters

Key Capabilities for Home Equity Lending

Paperless Processing

- Posts key documents to the appropriate queue for processing
- Retrieves documents for viewing at any point in the processing flow
- Speeds turnaround to increase probability of winning business when other lenders are involved
- Reduces the time and effort required to decision, validate and fund

Enhanced Work Queue Management

- Routes, tracks and controls each processing step of the application
- Redirects work to compensate for absences or overloads
- Minimizes backlogs and delays during peak volume

Automated Alerts and Messaging

- Routes application to appropriate staff for review and action
- Alerts recipient and, when recipient responds, displays exact screen and field requiring attention
- Automatically routes response back to sender

Home Equity Loan Servicing Flexibility

Fidelity's ALS Servicing Manager is a highly sophisticated, scalable retail lending software package that is particularly well-suited for the home equity business. The system provides automated account management and proactive customer care for the life of a loan. ALS Servicing Manager's modular construction supports a wholly integrated accounting system that streamlines billing, interest accruals, fee calculations and assessment, payment processing, delinquency management and myriad customer service functions. Because all attributes of a loan product are assigned to independent but interconnected modules, lenders can change selected product parameters (e.g. interest rate or insurance premium) without having to reprogram the software.

Plastic card access for lines of credit is fully supported in ALS Servicing Manager, including card cross referencing, card reordering, full card information availability, and card pre-authorization – allowing vendors to check available credit amounts online. ALS Servicing Manager offers full stop-hold processing to support home equity lines of credit and card access. Check access is also available, as well as restricting access to automated teller machines (ATMs) or over the counter.

ALS Servicing Manager offers a credit line with an installment option, which allows the lender to set up a credit line amount based on the equity in the home. The borrower can use this for a variety of purposes, with repayment terms dependent upon the use of the funds. For example, if a

borrower purchases an automobile with part of the proceeds from a home equity line of credit, the repayment terms for the automobile can resemble those of an installment plan, while the entire loan amount still retains the convenience of a single account.

Home Equity Benefits

Other features of ALS Servicing Manager that add value:

Extensive Back Dating – Improves customer service and ensures data integrity by automatically reconstructing a loan and generating appropriate adjustments with no need for time-consuming, error-prone manual changes.

Revenue Drivers – Optimizes fee revenue through unlimited fee definitions for any specific service linked to a loan product and supports multiple insurance offerings.

Customer Relationship Management – Provides a customer view of all loans associated with a customer (directly and indirectly liable) and includes built-in reporting features to analyze loan products.

Home Equity Operational Efficiencies

The account management capabilities of ALS Servicing Manager provide the following operational efficiencies that streamline home equity operations and improve profitability:

Reduced Customer Service Research Time – Effective-dated inquiry capabilities facilitate rapid researching of transactions on accounts and viewing of transaction effects. Inquiries can be effective-dated back to loan funding, and accounts can be viewed online, at any point in time, for improved customer service and online, real-time research.

Improved Back-Office Adjustment Efficiency – Robust online processing includes unlimited back dating over any transaction and updating of all online fields. Back-office staff can easily reverse transactions online and the system automatically reconstructs the account with recalculations from the point of reversal forward. This feature eliminates multiple transactions and manual calculations during the adjustment process, eliminates overnight adjustment delays and reduces data-entry errors.

Automated Variable Rate Process – Processing is centrally controlled and variable-rate changes can be future- or back-dated. The system automatically adjusts each account tied to the changed index. Manual intervention and human error is eliminated as accounts are reconstructed online, accruals are adjusted, payment splits recalculated, transactions performed after rate changes are reversed, and adjustments are sent to the general ledger on a current-day basis.

Improved Customer Relationship Management – Key customer information is tracked and provides a complete customer view of all direct and indirect liabilities. It also presents combined statements without hard-coded programming or manual intervention.

Increased Insurance Processing Accuracy and Efficiency – Insurance data is stored and tracked online for billing insurance. Multiple insurance types can be tracked or billed separately from note amounts. Online payoff quotes automatically identify insurance portions and calculate rebate amounts. Back-dating and effective-dating features facilitate force-placed insurance and insurance cancellation with automatic financial adjustments.

