

# VEROS CONFIDENCE SCORES: VCS

Today's Business Decisions Demand  
the Confidence Veros Delivers



## Powerful Analytics for a Powerful Confidence Score

The Veros Confidence Score (VCS) is specifically designed to consistently indicate the accuracy of the underlying valuations provided by VeroVALUE™. Veros employs proprietary techniques to examine numerous relevant factors and their effect on valuation accuracy. These factors include patterns and relationships reflective of accuracy identified in Veros' multiple valuation methods, property fitness analytics, and a host of collateral analytics across a variety of valuation-centric constraints, such as property types, price levels and geographic/regional influences.

Each VCS is focused on and measured by median absolute error rates, the best single indicator of central tendency. Further, understanding errors are not normally distributed, Veros can identify expected errors for specific valuations based on empirical distributions (e.g. the 95th percentile error) for a variety of fully customizable risk scores.

## Veros Exceeds Expectations: High Correlation & Usability

Veros delivers confidence scores using a scale of 1–100 which meaningfully correlate to the accuracy of the valuations. The scale's simplicity enables any organization to easily build highly effective rules for optimal collateral decisions. Veros consistently delivers the highest percentage of values at the highest levels of confidence – resulting in the highest possible number of accurate values.



### Confidence Scoring in Decision-Making

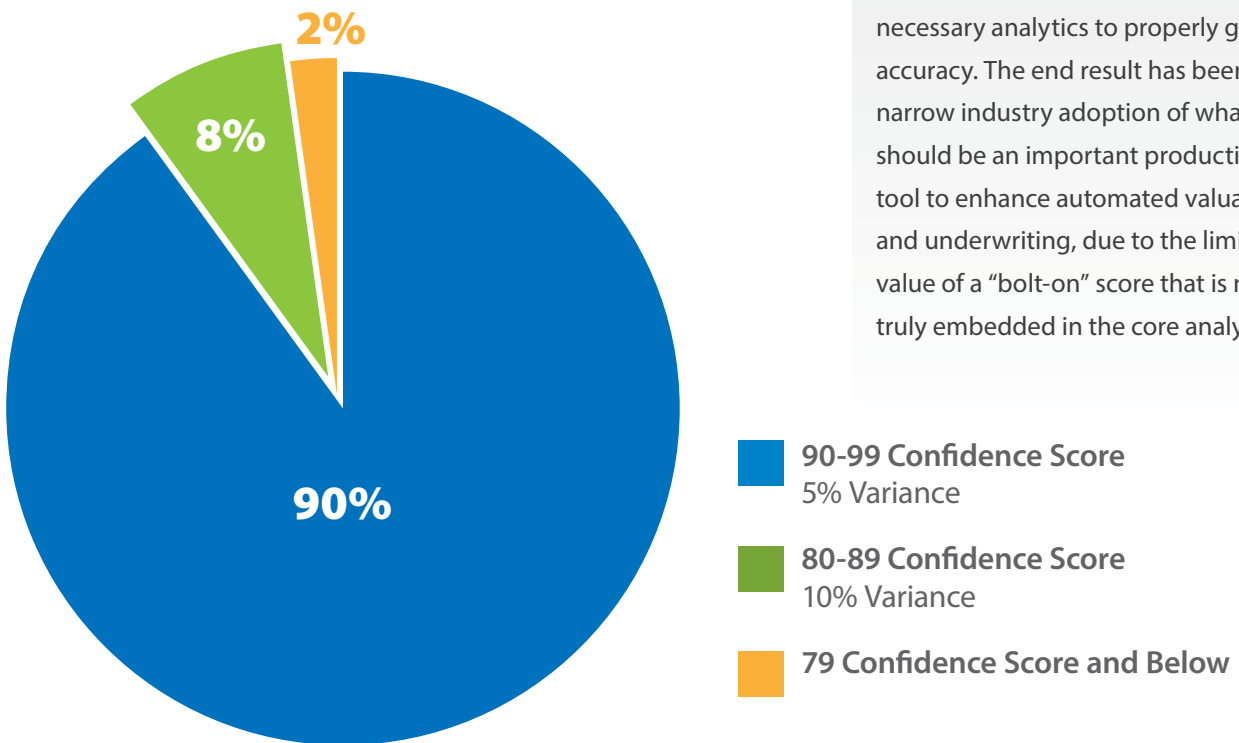
By definition the term "confidence score" is a numeric value used to rate the accuracy, or confidence, of an AVM valuation. Any AVM user should expect a confidence score to be a consistent measure of accuracy and useful for service level determination or any other business decision where confidence in valuation precision is paramount.

# Valuation Distribution by Confidence

A VCS is specifically designed to be an indicator of the subject's valuation accuracy. Each major confidence range in Veros' system generally corresponds to a 5% variance. Thus, values with confidence scores of 90-100 generally correspond with +/-5% of variance and values with confidence scores of 80-89 generally correspond with +/- 10% variance, and so on.

Models	Veros Confidence Score Thresholds
VeroVALUE Preferred	85
VeroVALUE	78

In third party testing, Veros' VeroVALUE AVM outperformed all other industry models for both hit rate and accuracy. Additionally, the AVMs for which the values were deemed to be highly accurate also received the highest Veros Confidence Scores (VCS).



## Better Analytics Make for Better Confidence Scoring

Few AVM confidence scores actually correlate to the model's valuation accuracy. The reason is simple: early AVMs were not built with the necessary analytics to properly gauge accuracy. The end result has been narrow industry adoption of what should be an important productivity tool to enhance automated valuation and underwriting, due to the limited value of a "bolt-on" score that is not truly embedded in the core analytics.

## Veros Offers A Better Approach For True Confidence

VCS was conceived and designed with the core analytics engineered in as an integral part of the confidence scoring methodology. Veros understands that better analytics make for better, more accurate confidence scoring results that enable better, more accurate decisions.

For more information about **Veros Confidence Scores** or **VeroVALUE**, contact us at:

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