FHA Connection

Welcome to Neighborhood Watch

Monday Mar 03, 2003

Sponsored by the Office of Lender Activities and Program Compliance
Neighborhood Watch was added to the FHA Connection in May 1998 to provide a powerful analytical tool and an Early Warning System to aid

- HUD Federal Housing Administration staff in monitoring lenders and their programs
- Lenders and the public in self-policing the industry
Early Warning System

- Information base is default data required to be reported to HUD by lenders
- Focus is on first report of defaults that occur early in the loan amortization period, including loss mitigation and claims activity
- Identifies and analyzes patterns of loans becoming 90 days delinquent during their first two years
Early Warning System

Information Provided

- Default statistics, including loans that were defaulted but have subsequently cured

- First-default options offered are the percentage of originations with first defaults reported by servicing lender
  - Within the first year of the loan
  - Within the second year of the loan
  - Currently in default
Reports may be designed, refined, and viewed online and/or printed

Reports present statistical profiles via

- Varied selection criteria, including lenders/lender types and geographic areas
- A number of sophisticated data filters, such as examining low- or high-volume lender activity by lenders that exceed or fall beneath certain parameters
Information Provided

Early Warning System

- Drill down capabilities, for example
  - Users may click on a column head to link directly to an explanation of what the data is showing
  - Users may click on a geographic area to drill down to a list of lenders that originated loans in that particular area.
Early Warning System

<table>
<thead>
<tr>
<th>Early Warnings – Single Lender</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Originator:</strong> AMS FINANCIAL INC - 76424</td>
</tr>
<tr>
<td><strong>Area:</strong> UNITED STATES</td>
</tr>
</tbody>
</table>

**Mortgage Selections:**
- Originated by Institution
- Originated by Branch
- Brokers/Sponsors
- Defaults within the first year
- Defaults within the first two years

**Performance Period:**
- Data as of 12/31/2013

**Output Options:**
- Show only records between 0 and 999999 total origination
- Show only records between 0 and 999999 total defaults and claims
- Show only records between 0 and 999999 compare ratio

**Report Options:**
- Detail and Totals
- Detail Only
- Totals Only

**Sort By:**
- Percent of Defaults and Claims
- Descending

Area Drill Down to Lender Option
Capabilities

Early Warning System

- Highlights exceptions so that potential problems are readily identifiable
- Identifies loan programs, geographic areas, and lenders that are performing well or poorly
- Allows view of early warning historical data by quarters
Early Warning System

- Identifies patterns by a specific area or across the nation

- Compares
  - Lender versus a particular area
  - Area versus area
Capabilities

Early Warning System

- Navigation aids show data retrieval stages via page headers with focus area and selection criteria
- Clear presentation of options to choose and step-by-step prompting
- Detailed, function-by-function Help
- Context-sensitive field description Help (click on term and definition appears)
## Usage

Early Warning System

### Overall Usage Statistics

<table>
<thead>
<tr>
<th></th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Lenders Using</td>
<td>Approximately 4800 to date (since May 1998)</td>
</tr>
<tr>
<td>Average Number of Daily Users</td>
<td>424</td>
</tr>
<tr>
<td>Average Number of Hits per Day</td>
<td>3500</td>
</tr>
</tbody>
</table>
Usage

Early Warning System

<table>
<thead>
<tr>
<th>Number of Originations Performed by Lender 5/98 to 7/02</th>
<th>Percent Using Neighborhood Watch</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 or greater</td>
<td>51.62</td>
</tr>
<tr>
<td>500 to 999</td>
<td>26.25</td>
</tr>
<tr>
<td>100 to 499</td>
<td>8.94</td>
</tr>
<tr>
<td>50 to 99</td>
<td>1.51</td>
</tr>
<tr>
<td>10 to 49</td>
<td>.81</td>
</tr>
</tbody>
</table>
Main Menu

☐ Main Menu includes

- Five primary Neighborhood Watch functions
- Operational Assistance functions
Main Menu

Early Warning System

- Neighborhood Watch functions
  - Early Warnings
  - Servicing
  - Analysis
  - Details
  - Queries
Main Menu

Early Warning System

 Neighborhood Watch User Assistance

- Help
- Descriptions of System and Function Operations
- Feedback
Early Warning Menu

Four categories of search

- All Lenders/Areas
- Single Lender
- All Appraisers/Areas
- Single Appraiser
Servicing Menu

Early Warning System

☐ Two categories of search

- All Servicers
- Single Servicer
Early Warning System

Analysis Menu

☑ Provides Origination Default/Claim data rolled up to the institutional level

☑ Baseline comparisons of:
  ☐ lender, appraiser, or area, e.g.,
  ☐ City to State Comparison
  ☐ within an MSA or to MSA as whole
Lender Details offers rapid access to detailed data on lenders originating loans that defaulted in the past five years, including:

- Key dates, Lender ID, type of lender, location, and branches
- View of lists of Sponsors, Correspondents, Principals and Authorized Agent affiliations
Early Warning System

- **Program Profiles** makes single family loan data more meaningful in a business sense by translating it in terms of HUD program(s)

- **Default Cases** lets authorized users view, print, or export to Excel case-level data
  - Selection criteria include lender, area, and date parameters
  - Provides case default histories
Queries

Early Warning System

☐ Late UFMIP

- Displays case-level detail by lender, closing date, beginning amortization date or endorsement date for loans where the Upfront Mortgage Insurance Premium was received by HUD more than 15 days from the closing date
 Queries

☐ Case Status

- Provides insured and pipeline FHA Case information throughout its life cycle based on data extracted from HUD's Single Family Data Warehouse and refreshed on a monthly basis
Queries

Early Warning System

☐ Late Endorsement

- Provides detail on cases for which HUD received the endorsement package more than 60 days after the closing date.
Queries

Early Warning System

- **HUD Pipeline/Uninsured**
  - Provides information regarding uninsured FHA loans for which HUD has received the upfront mortgage insurance premium payment.
Queries

Default Reporting

Provides delinquent loan case details and counts for lenders that report to the Single Family Default Monitoring System (SFDMS).
As users build a report:

- Displays current focus area at top of page
- Displays selection criteria used to build the report
- Provides background information on the data retrieved
Users may choose multiple selection criteria and modify their choices as they build a report.
Second-level selection criteria chosen for Early Warnings/All Lenders for Originators in the Focus Area HOC– Atlanta.
## Early Warning System

### Building a Report

**Originating Lenders in ATLANTA HOC**

**Default Choice - Current Defaults**

**Active - Originating Lenders**

**Sort Order by Percent of Defaults and Claims in Descending Order**

Data shown includes all insured single family loans with a beginning amortization date between February 01, 2001 and January 31, 2002.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Lender Status</th>
<th>Lender Type</th>
<th>Total Orig.</th>
<th>Total Current Defaults</th>
<th>Total Claims</th>
<th>% Current Defaults and Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MORTGAGE CAPITAL AMERICA INC -- 73329</td>
<td>A</td>
<td>N/S</td>
<td>233</td>
<td>32</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>EXECUTIVE FUNDING CORPORATION -- 68017</td>
<td>A</td>
<td>N/S</td>
<td>401</td>
<td>79</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>MORTGAGE FINANCIAL CORP -- 14822</td>
<td>A</td>
<td>L/C</td>
<td>122</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>CENTURY FUNDING LTD -- 10539</td>
<td>A</td>
<td>L/C</td>
<td>117</td>
<td>21</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>PRODIGY MORTGAGE CORPORATION -- 14627</td>
<td>A</td>
<td>L/C</td>
<td>210</td>
<td>37</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>CITIZENS FIRST MORTGAGE SOLUTIONS INC -- 16775</td>
<td>A</td>
<td>L/C</td>
<td>218</td>
<td>34</td>
<td>3</td>
</tr>
</tbody>
</table>

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Sample report data for Early Warnings/All Lenders for Originators in the Focus Area HOC-- Atlanta
Multiple User Aids

Early Warning System

Help includes “Getting Started” overview and detailed

- Illustration of how to use each function
- Function-by-function explanation of capabilities
- Latest Data Refresh Date
- Instructions on data download to Excel
- E-mail feedback contact for questions
Enhancements

Early Warning System

☐ All system changes and updates described in release notes archive (online) maintained from inception of Neighborhood Watch

☐ Refer to “What’s New” for latest changes and enhancements
The “What’s New” section covers key changes in releases from present to May 11, 1998, the inception of Neighborhood Watch on the FHA Connection.

- Site-wide changes noted in “What’s New” include:
  - On October 31, 2002, a new design was released with a “look” to fit the advanced information capabilities Neighborhood Watch provides.
  - On November 1, 2001, the public version of Neighborhood Watch was launched.
  - See the February 2004 “What’s New” (following) to see an example of the detail and information offered about each release.
What’s New

With February, 2004, release:

- Direct Endorsement Lender was added to the Mortgagee Type window under Early Warnings All Lenders/Areas and Single Lender. Both summary and loan level detail are available.
- Lenders were given access to All Appraisers/Areas and Single Appraiser in the Early Warnings Menu option.
- FHA Approved Status upgraded to identify voluntary/involuntary termination indicator's along with involuntary termination definitions; this is restricted to HUD staff.
- Case Status was enhanced to include the Gift Letter Source and the Gift Letter Amount. Case Status now identifies if a loan is a HECM, along with its Mortgage Insurance Premium amount, and the Maximum Claim Amount.