FHA Connection
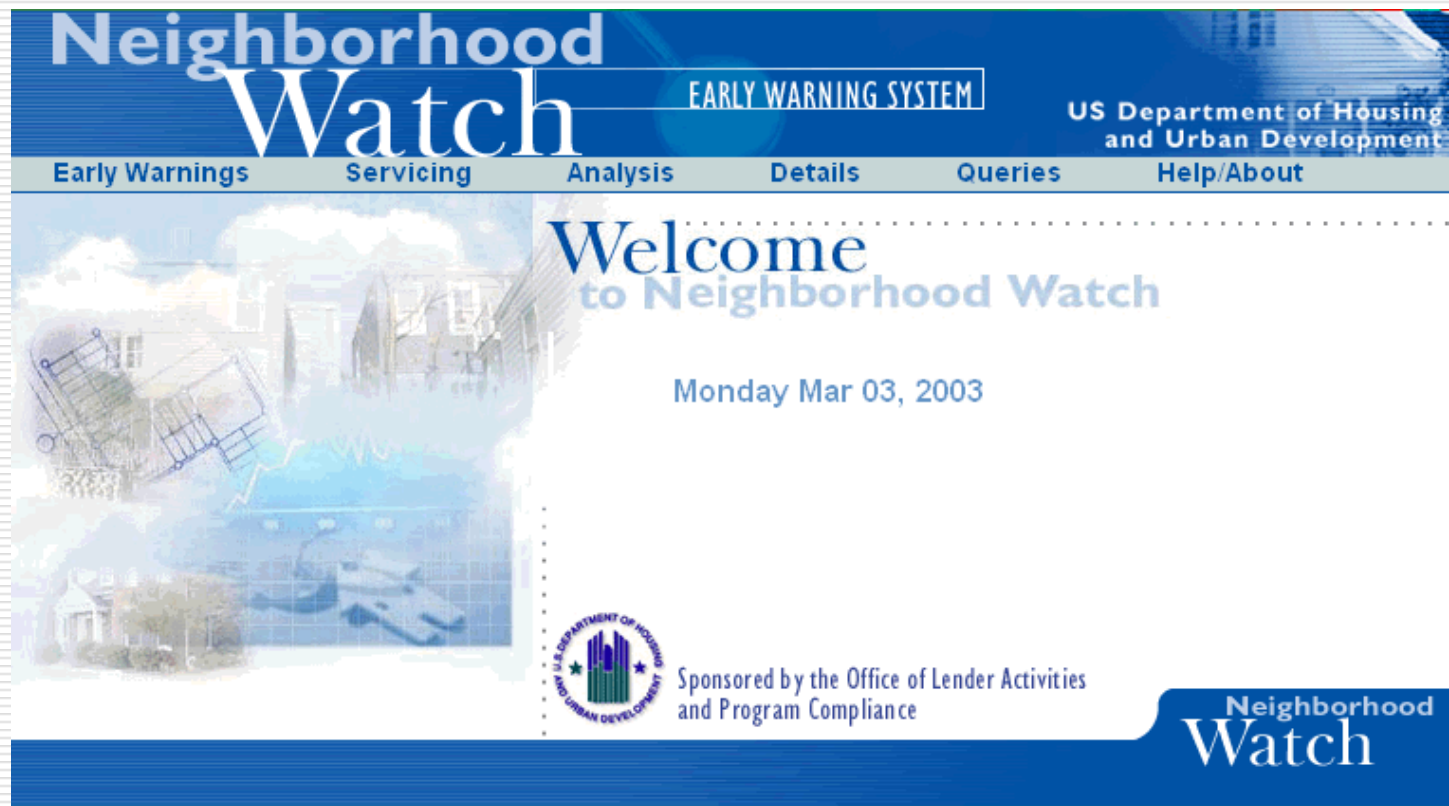
Purpose

☐ **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**

Background

☐ **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**

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**

Information Provided

☐ **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

☐ **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.**

Information Provided

Early Warning System

Area Drill Down to Lender Option

Capabilities

Neighborhood Watch

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**

Capabilities

☐ **Identifies patterns by a specific area or across the nation**

☐ **Compares**

■ **Lender versus a particular area**

■ **Area versus area**

Capabilities

☐ **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

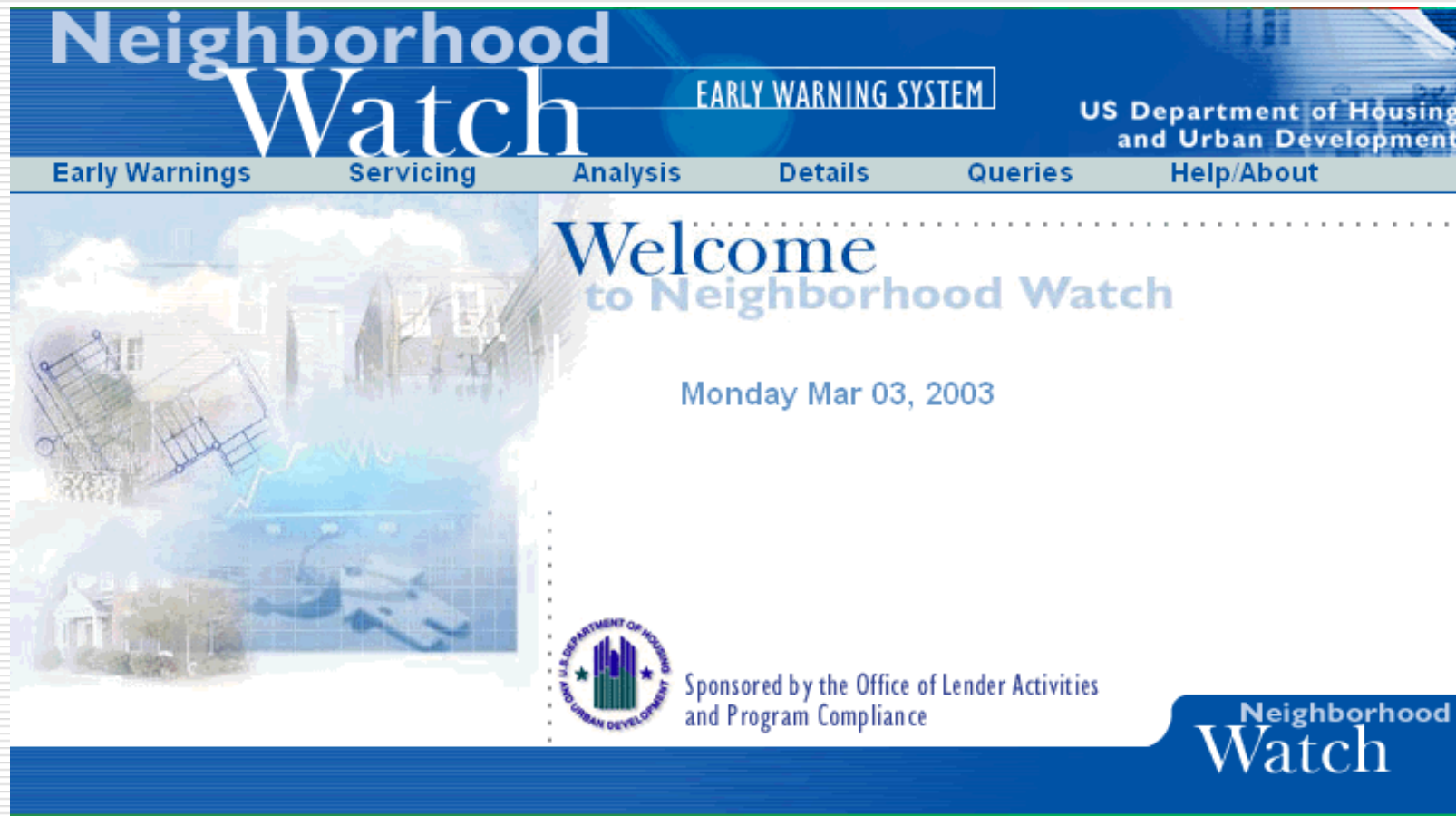| Overall Usage Statistics	
Total Number of Lenders Using	Approximately 4800 to date (since May 1998)
Average Number of Daily Users	424
Average Number of Hits per Day	3500

Usage

Neighborhood Watch

Early Warning System

Number of Originations Performed by Lender 5/98 to 7/02	Percent Using Neighborhood Watch
1000 or greater	51.62
500 to 999	26.25
100 to 499	8.94
50 to 99	1.51
10 to 49	.81

Main Menu

Early Warning System

Main Menu

☐ Main Menu includes

- Five primary Neighborhood Watch functions

- Operational Assistance functions

Main Menu

☐ **Neighborhood Watch functions**

- ■ **Early Warnings**

- ■ **Servicing**

- ■ **Analysis**

- ■ **Details**

- ■ **Queries**

Neighborhood Watch

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

☐ **Two categories of search**

- ■ **All Servicers**

- ■ **Single Servicer**

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

Details Menu

☐ **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**

- **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

☐ **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

☐ **Late Endorsement**

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

Queries

☐ **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).**

Building a Report

☐ **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**

Early Warning System

Users may choose multiple selection criteria and modify their choices as they build a report.

Building a Report

Early Warning System

EARLY WARNINGS -- ALL LENDERS/AREAS

Focus Area: United States

Mortgagee/Area Selections:

Selections:	Default Choices:	Performance Period:
Originator by Institution	Current Defaults	Data as of 01/31/2004
Originator by Branch	Defaults within the first year	Data as of All Quarter End Dates
Brokers/Sponsors	Defaults within the first two years	Data as of 12/31/2003

☑ **Compare Lenders to Area**   Submit

Output Options: Show: All Loans

Show only records between 100 and 9999999 total originations

between 1 and 9999999 total current defaults and claims

between 0 and 9999999 compare ratio

Show Data For: Originators Nationwide

Originator Choices: *(Only Applies to Originator Output)*
Mortgagee Type:
☑ Government   ☑ Supervised   ☑ Non-Supervised
☑ Loan Correspondents ☑ Investing/Non-Profit/Charitable
Originator Home Office Status: ☑ Active   ☐ Terminated   ☐ Merged

Report Options: ○ Detail and Totals   ● Detail Only   ○ Totals Only
Sort By: Percent of Defaults and Claims ▾   Descending ▾

Second-level selection criteria chosen for Early Warnings/All Lenders for Originators in the Focus Area HOC– Atlanta.

29

Early Warning System

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, 2003

Rank	Lender	Lender Status	Lender Type	Total Orig.	Total Current Defaults	Total Claims	Total Current Defaults and Claims	% Current Defaults and Claims
1	MORTGAGE CAPITAL AMERICA INC -- 75359	A	N/S	235	52	5	57	24.26
2	EXECUTIVE FUNDING CORPORATION -- 68017	A	N/S	401	79	10	89	22.19
3	MORTGAGE FINANCIAL CORP -- 14822	A	L/C	122	18	7	25	20.49
4	CENTURY FUNDING LTD -- 10539	A	L/C	117	21	2	23	19.66
5	PRODIGY MORTGAGE CORPORATION -- 14627	A	L/C	210	37	2	39	18.57
6	CITIZENS FIRST MORTGAGE SOLUTIONS INC -- 16775	A	L/C	218	34	3	37	16.97

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

- ☐ **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**

What's New

- ☐ **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.**