Welcome to…
Neighborhood Watch Early Warning System
Today’s webinar begins at 2:00 PM (Eastern)

We will be underway shortly

Please test your speakers and choose Audio source (computer/smartphone or telephone) by selecting desired option in Audio Settings – see left side of toolbar at bottom of screen.
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- Q&A session will follow the presentation.
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- FHA Lenders page:  
  https://www.hud.gov/program_offices/housing/sfh/lender

- FHA FAQ page:  
  https://www.hud.gov/FHAFQAQ

- Single Family Housing Archived Webinars (On Demand) page:  
  https://www.hud.gov/program_offices/housing/sfh/events/sfh_webinars
Office of Lender Activities and Program Compliance

Neighborhood Watch Early Warning System

June 29, 2022

Presented by:
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Director
Quality Assurance Division

Tom Cook
Housing Program Specialist
Quality Assurance Division

Last Updated: 6/27/2022
Agenda

- Overview
- Early Warnings
- Servicing
- Additional Functions
- Resources
- Q&A
Overview
Overview

- Originally implemented in 1998
- Provides data queries/reports
- Tracks performance of FHA loans across business channels, loan administration functions and geographic areas
- Used by FHA staff, lenders and the general public
- Promotes transparency and self-regulation
Early Warnings
Early Warnings

• Track loan performance
• Generate a variety of reports
• View compare ratios
• Drill down to case-level details on loans tied to your institution
Early Warnings (cont.)

- Select a lender (or choose all)
- Choose portfolio options
  - 2 Year
  - 1 Year
  - 2 Year with Streamlines
  - 1 Year with Streamlines
  - Refinance - Negative Equity
• Choose report criteria based on a variety of factors
  – Type of performance data (origination vs. underwriting)
  – Specific time period (month/quarter end date)
  – Geographic area
  – Other output options
Early Warnings (cont.)

- Mortgagee Selections
  - Originator by Institution
  - Originator by Branch
  - Direct Endorsement Lender (underwriting activity)

- Additional options available when running a report under “All LendersAreas”
• Delinquent Choices
  – Seriously Delinquent (latest status)
  – Seriously Delinquent within the first year (based on history)
Early Warnings (cont.)

- Performance Period as of
  - Latest monthly refresh
  - All quarter end dates
  - Specific quarter end dates (going back 13 quarters)
Early Warnings (cont.)

- Output Options allows filtering by various:
  - Loan program types/roll-ups
  - Loan purposes
  - Mortgage amounts
  - Other factors
Early Warnings (cont.)

- Show Data For
  - Nationwide Totals
  - Homeownership Centers
  - States
  - HUD Field Offices
Early Warnings (cont.)

- Report Options
  - Show all details and/or summary totals
  - Sort by various factors
### Early Warnings (cont.)

- **Report Output**
  - Compare ratios
  - Total portfolio counts
  - Seriously delinquent and claim counts/percentages
  - Links to data definitions and case-level details
  - Excel download option

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#### Table: Single Lender - Direct Endorsement Lender

| Rank | State | Complain Rate | Pre Claim Performance Metric | Total Retail | Retail | Supplementary Performance Metric | Total Retail | Retail | % Loans | Total Retail | Retail | % Loans | Total Retail | Retail | % Loans | Total Retail | Retail | % Loans | Total Retail | Retail | % Loans |
|------|-------|---------------|----------------------------|-------------|--------|--------------------------------|-------------|--------|---------|-------------|--------|---------|-------------|--------|---------|-------------|--------|---------|
| 1    | ILLINOIS | 5%            | 10%                        | 27%         | 12%    | 3.2%                           | 9.6%        | 1.2%   | 2.2%    | 7.8%        | 1.1%   | 2.3%    | 6.5%        | 1.0%   | 2.3%    | 5.2%        | 1.0%   | 2.2%    |
| 2    | OHIO   | 11%           | 12%                        | 23%         | 12%    | 3.2%                           | 9.6%        | 1.2%   | 2.2%    | 7.8%        | 1.1%   | 2.3%    | 6.5%        | 1.0%   | 2.2%    |
| 3    | MISSOURI | 11%           | 11%                        | 24%         | 11%    | 3.2%                           | 9.6%        | 1.2%   | 2.2%    | 7.8%        | 1.1%   | 2.3%    | 6.5%        | 1.0%   | 2.2%    |
| 4    | KENTUCKY | 6%            | 14%                        | 14%         | 6%     | 3.2%                           | 9.6%        | 1.2%   | 2.2%    | 7.8%        | 1.1%   | 2.3%    | 6.5%        | 1.0%   | 2.2%    |
| 5    | FLORIDA | 24%           | 2%                         | 13%         | 2%     | 3.2%                           | 9.6%        | 1.2%   | 2.2%    | 7.8%        | 1.1%   | 2.3%    | 6.5%        | 1.0%   | 2.2%    |
| 6    | MINNESOTA | 4%            | 14%                        | 1%          | 4%     | 3.2%                           | 9.6%        | 1.2%   | 2.2%    | 7.8%        | 1.1%   | 2.3%    | 6.5%        | 1.0%   | 2.2%    |
| 7    | WISCONSIN | 22%           | 3%                         | 12%         | 3%     | 3.2%                           | 9.6%        | 1.2%   | 2.2%    | 7.8%        | 1.1%   | 2.3%    | 6.5%        | 1.0%   | 2.2%    |

Displaying records 1 to 49 out of a total number of 49 records
Download this report to an Excel file (xlsx)
Early Warnings (cont.)

- Compare ratio measures a lender’s serious delinquencies and claims against all FHA loans in a geographic area.
- Lenders have many compare ratios depending on:
  - Loan portfolio
  - Performance period
  - Geographic area
- Helps FHA and lenders manage performance and risk through benchmarks and triggers for more detailed analysis.
- Used by FHA to monitor lender performance under the Credit Watch Termination and Lender Insurance programs.
• Compare ratio example calculation
  – Lender % Seriously Delinquent and Claims (2.28) divided by United States % Seriously Delinquent and Claims (2.76) = 0.826 x 100 = 83%
Early Warnings (cont.)

- Drill Downs
  - Loan counts with blue hyperlinks
  - Provides access to case-level details
  - Only accessible to authorized users
Early Warnings (cont.)

- **Drill Downs**
  - Table with key data elements for each case
  - Case numbers link to Case Status/Details
  - Download option and data dictionary

<table>
<thead>
<tr>
<th>Loan Officer Name</th>
<th>Underwriter Name</th>
<th>Count</th>
<th>Count New Appr</th>
<th># of Months Delinquent</th>
<th>Delinquent Status Date - Stat.</th>
<th># of Payments Before First 90 Day Delinquent Reported</th>
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</thead>
<tbody>
<tr>
<td>TOTAL SCORECARD...</td>
<td>Y</td>
<td>12/01/2022</td>
<td>3</td>
<td>07/25</td>
<td>05/25</td>
<td>18</td>
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<tr>
<td>TOTAL SCORECARD...</td>
<td>Y</td>
<td>09/23/2021</td>
<td>6</td>
<td>06/06</td>
<td>05/25</td>
<td>18</td>
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<tr>
<td>TOTAL SCORECARD...</td>
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<td>10/29/2020</td>
<td>5</td>
<td>04/07</td>
<td>05/25</td>
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<td>07/01/2020</td>
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<td>01/08</td>
<td>05/25</td>
<td>7</td>
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<tr>
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<td>12/01/2019</td>
<td>3</td>
<td>10/22</td>
<td>05/25</td>
<td>3</td>
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<tr>
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<td>Y</td>
<td>09/28/2021</td>
<td>6</td>
<td>05/29</td>
<td>05/25</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL SCORECARD...</td>
<td>Y</td>
<td>10/11/2021</td>
<td>4</td>
<td>01/18/2022</td>
<td>05/25</td>
<td>6</td>
</tr>
</tbody>
</table>

Displaying records 1 to 18 out of a total number of 18 records
Download this report to an Excel file (High)
Servicing
Servicing

- Single Servicer
  - Portfolio Summary
  - Portfolio Summary by Originator
  - Loss Mitigation - Delinquent Loans Reported
  - Loss Mitigation - Incentive Claims Paid

- All Servicers
  - Same reporting options as Single Servicer except for Portfolio Summary by Originator

- Most recent data only
  - No historic data as with Early Warnings for origination/underwriting
Servicing (cont.)

- Report Output
  - Loans with active insurance
  - Various geographic roll-ups
  - New loans added in past month
  - Breakouts by delinquency status
### Servicing (cont.)

- Delinquent Reporting Servicer
  - Single servicer or all servicers
  - Choose transaction date range
  - Sort by various factors
  - Displays loan counts and details
  - Fatal and non-fatal errors

---

**Delinquent Reporting Query**

Data as reported to SFDM by ABC LENDER (12345)

Between March 2021 and March 2022

Sort Order by Creation Date in Descending Order
• Delinquent Reporting Case Level
  - Reporting history for a single case
  - Choose transaction date range
  - Displays status date/code
  - Delinquency cause
  - Oldest unpaid installment date
Additional Functions
Additional Functions

- Analysis
  - Seriously Delinquent/Claim Comparison
  - Home Equity Conversion Mortgage (HECM) Activity
Additional Functions (cont.)

- Seriously Delinquent/Claim Comparison
  - Compare single lender to all FHA lenders or compare two geographic areas
  - Loan program types/purposes
  - Mortgage amounts
  - Other factors
**HECM Mortgages Activity**
- Pull by lender or area
- Loans originated/underwritten in the past 1, 2, or 3 years
- Current status
- Payment plan types
- No HECM compare ratio
Additional Functions (cont.)

- Details
  - Lender Details
  - Program Profiles
Additional Functions (cont.)

- Queries
  - Case Status
  - Delinquent Cases
  - HUD Pipeline/Uninsured
  - Indemnification
  - Late Endorsement
  - Late Upfront Mortgage Insurance Premium (UFMIP)
  - Title I Case Status
Additional Functions (cont.)

- Case Status (FHA Case Details)
  - Borrower/Property
  - Loan Information
  - Originator/Sponsor
  - Loan Origination
  - Underwriter
  - Loan Processing
Additional Functions (cont.)

- Case Status (FHA Case Details)
  - Servicer/Holder Information
  - Loan Status

**Servicer/Holder Information**
- Servicer Lender ID: 12345
- Servicer Lender Name: ABC LENDER
- Holder Lender ID: 12345
- Holder Lender Name: ABC LENDER

**Loan Status**
- Current Insurance Status: Active
- Insurance Termination Type:
- Termination Effective Date:
- Termination Process Date:
- Unpaid Principal Balance as calculated in HUD’s Insurance in Force System: $200,000.00
- Risk Based Current Monthly MIP: $72.82
- Risk Based Prior Monthly MIP: $74.22
- Monthly Earned Premium: $36.08
- Indemnification Agreement Date:
- Indemnification Expiration Date:
- Indemnification Agreement No.:
- Indemnification Mortgagee Name:
- Indemnification Mortgagee ID:
Additional Functions (cont.)

- Case Status (FHA Case Details)
  - Delinquency/Claim History

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>OUI Date</th>
<th>Episode Number</th>
<th># Months Delinquent</th>
<th>Delinquent Status</th>
<th>Delinquent Status Definition</th>
<th>Reporting Servicer ID/Name</th>
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<tr>
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<td>1</td>
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<td>9/2021</td>
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<td>Formal Forbearance</td>
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<tr>
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<td>2</td>
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<td>12345 ABC LENDER</td>
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<tr>
<td>11/2021</td>
<td>09/01/21</td>
<td>1</td>
<td>3</td>
<td>Formal Forbearance</td>
<td></td>
<td>12345 ABC LENDER</td>
</tr>
<tr>
<td>12/2021</td>
<td>09/01/21</td>
<td>1</td>
<td>4</td>
<td>Formal Forbearance</td>
<td></td>
<td>12345 ABC LENDER</td>
</tr>
</tbody>
</table>
Additional Functions (cont.)

- Reporting
  - Lender Reporting provides a view of lender self-reports submitted prior to May 2017 transition to LRS
Resources
Resources

- Help/About
  - Help topics
  - General info
  - What’s new
  - Refresh dates
  - Other helpful links
Resources (cont.)

• Help Topics
  – Built-in user manual
  – Expandable menu for each function
  – Detailed instructions with screen shots
## Resources (cont.)

<table>
<thead>
<tr>
<th>Option</th>
<th>Point of Contact</th>
<th>Hours Available</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHA Knowledge Base – FAQs</td>
<td><a href="http://www.hud.gov/answers">www.hud.gov/answers</a></td>
<td>24/7/365</td>
<td>Knowledge Base web page includes option to email questions.</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:answers@hud.gov">answers@hud.gov</a></td>
<td>24/7/365</td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>1-800-CALL-FHA</td>
<td>8:00 AM to 8:00 PM</td>
<td>Voicemail is available after hours or during extended wait periods.</td>
</tr>
<tr>
<td></td>
<td>(1-800-225-5342)</td>
<td>Eastern M-F</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*FHA INFO emails: Frequent email notifications of new policies and training opportunities for anyone who signs up. Subscribe at: [https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe](https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe).*
Helpful Links

- Neighborhood Watch Information Page
  https://www.hud.gov/program_offices/housing/sfh/lender/nw_home

- FHA Single Family Information Page
  https://www.hud.gov/program_offices/housing/sfh

- Single Family Housing Policy Handbook 4000.1
  https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1

- FHA National Servicing Center
  https://www.hud.gov/program_offices/housing/sfh/nsc

- FHA Servicing and Loss Mitigation Training
  https://www.hud.gov/program_offices/housing/sfh/nsc/training

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