



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

SINGLE FAMILY HOUSING



Welcome to...
FHA Quality Assurance Update: Q1 2020

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.



OFFICE OF SINGLE FAMILY HOUSING



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- Need additional tech support? Click *Contact Tech Support* icon on the **Chat** link or **Landing Page**.



Q&A Session

- Q&A session will follow the presentation.
- Follow instructions in *Q&A Instructions* link found in the **Chat icon/Landing Page** and **Q&A Instructions** slide at end of the presentation.
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- Email: answers@hud.gov
- Phone: 1-800-Call-FHA (1-800-225-5342)

Persons with hearing or speech impairments should call the Federal Relay Service at 1-800-877-8339.



Documents/Materials & Training Evaluation

- Documents/Materials:
 - Click **Chat** icon or **Landing Page**
 - Select the *Webinar Documents/Materials* link for a copy of the presentation.
- Training Evaluation:
 - Click on the **Chat** icon or **Landing Page** and select the *Survey* link.



Helpful Links

Click on the **Chat** icon or **Landing Page** and select links to bookmark:

- FHA Lenders page:
https://www.hud.gov/program_offices/housing/sfh/lender
- FHA FAQ page:
<https://www.hud.gov/FHAFAQ>
- Single Family Housing Archived (On Demand) Webinars page:
https://www.hud.gov/program_offices/housing/sfh/events/sfh_webinars





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Office of Lender Activities and Program Compliance

FHA Quality Assurance Update: Q1 2020

February 26, 2020

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Last Updated: 2/10/2020



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Agenda

Loan Review Results

Loan Review System Reports

Resources

Q&A



Loan Review Results



Quarterly Volume

Selection Reason	# Completed	% Net Material
Early Payment Defaults	3,784	12%
Risk Algorithm	2,261	5%
Lender Self-Reports	2,031	20%
Lender Monitoring	843	12%
Random Selections	488	3%
Review Location Quality Control (QC)	384	4%
FHA Manual Selections	314	24%
Early Claims	266	6%
Test Cases	209	8%
Quarterly Total	10,580	11%

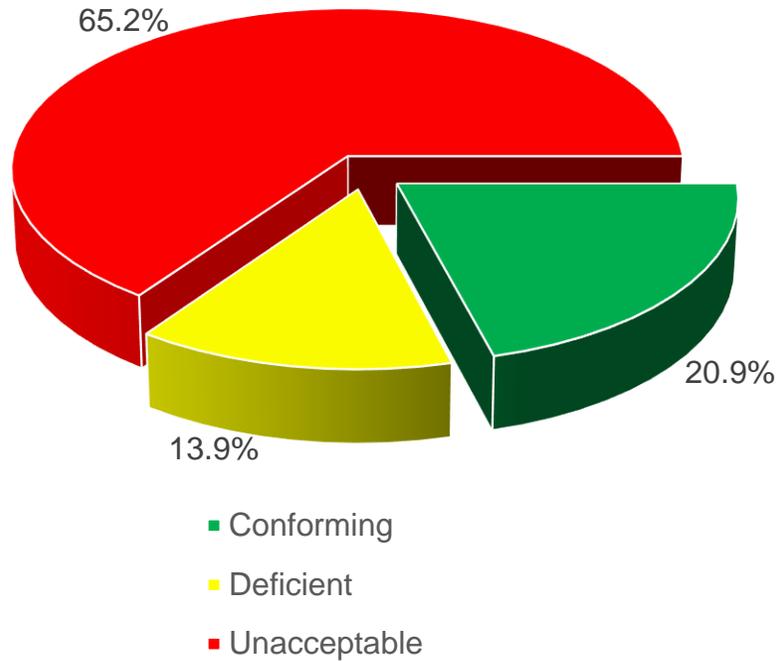
Review Type	# Completed	% Net Material
Underwriting	9,801	12%
Servicing	779	3%
Quarterly Total	10,580	11%

Loan Review System (LRS) reviews completed from 10/1/2019 to 12/31/2019

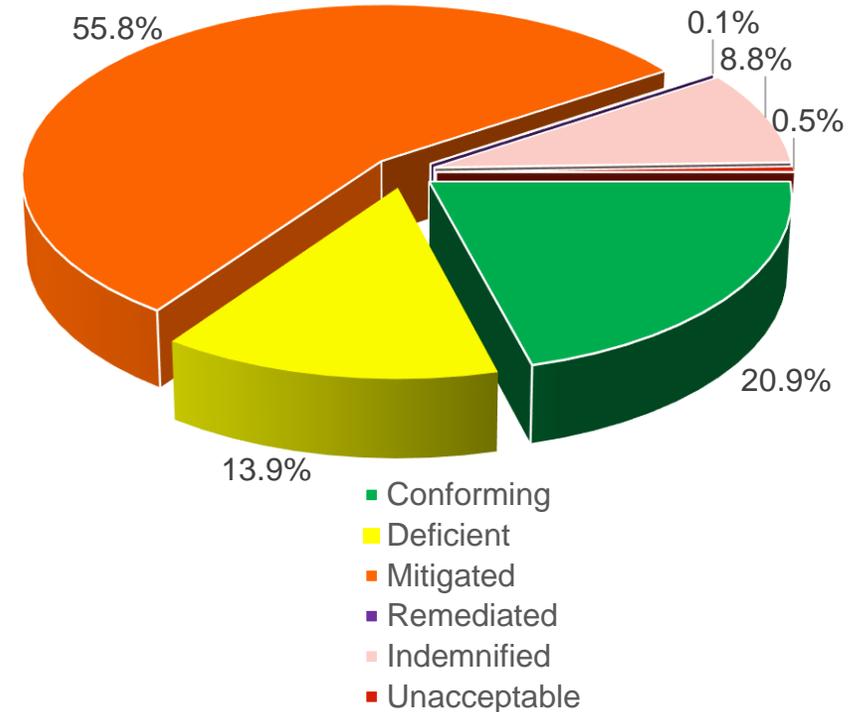


Quarterly Ratings and Outcomes

Initial Ratings (Gross)



Final Ratings (Net)



LRS reviews completed from 10/1/2019 to 12/31/2019 (excluding lender self-reports and internal QC)

Quarterly Loan Review Summary

Quarterly Loan Review Summary

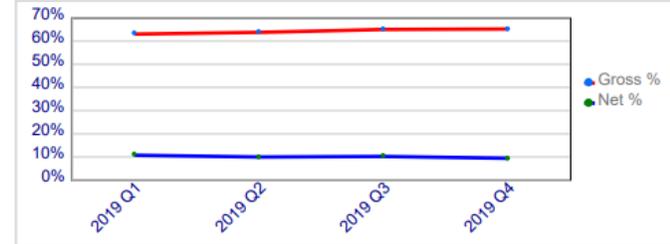
Completed Quarter(s): 2019 Q1, 2019 Q2, 2019 Q3, 2019 Q4

Location(s): All

Sample: Total

Material Defects

Qtr	# of Loans	Gross #	Gross %	Net #	Net%
2019 Q1	5,625	3,545	63.0%	606	10.8%
2019 Q2	8,891	5,669	63.8%	887	10.0%
2019 Q3	8,845	5,751	65.0%	904	10.2%
2019 Q4	8,198	5,346	65.2%	774	9.4%

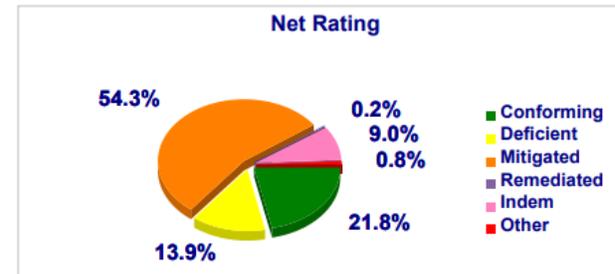
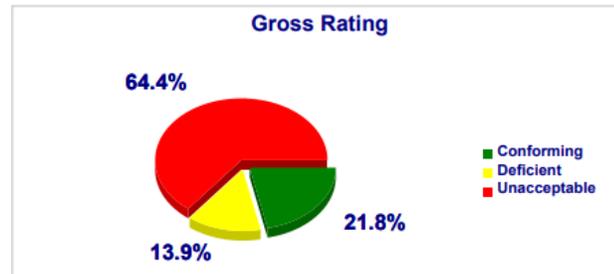


Review Ratings

Quarter	Conforming	Deficient	Mitigated	Remediated	Indem	Other
2019 Q1	1,364	716	2,939	13	540	53
2019 Q2	1,905	1,317	4,782	19	765	103
2019 Q3	1,889	1,205	4,847	27	819	58
2019 Q4	1,711	1,141	4,572	12	719	43
Total	6,869	4,379	17,140	71	2,843	257

Review Ratings %

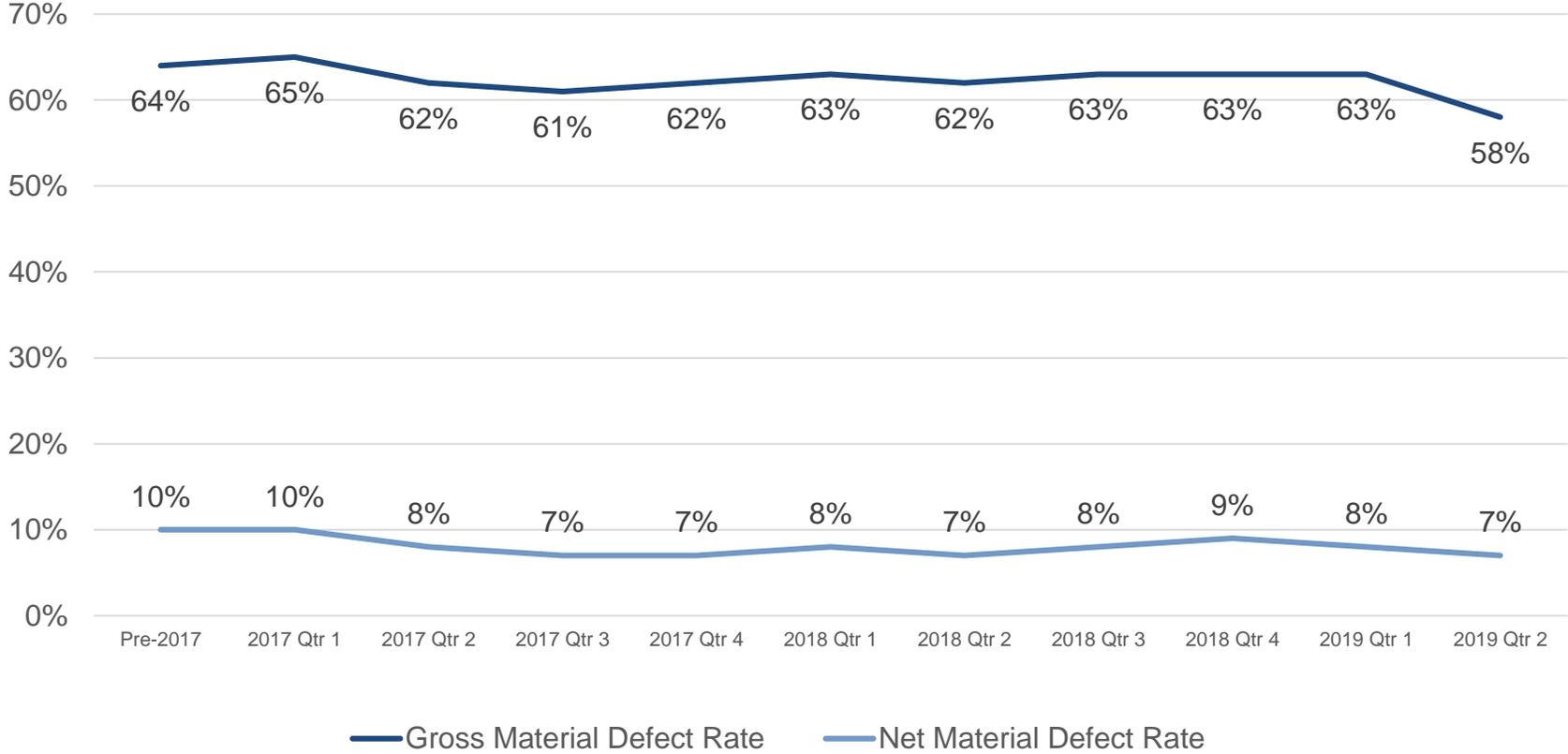
Quarter	Conforming	Deficient	Mitigated	Remediated	Indem	Other
2019 Q1	24.2%	12.7%	52.2%	0.2%	9.6%	0.9%
2019 Q2	21.4%	14.8%	53.8%	0.2%	8.6%	1.2%
2019 Q3	21.4%	13.6%	54.8%	0.3%	9.3%	0.7%
2019 Q4	20.9%	13.9%	55.8%	0.1%	8.8%	0.5%
Total	21.8%	13.9%	54.3%	0.2%	9.0%	0.8%



https://www.hud.gov/program_offices/housing/sfh/lender/SFH_LEND_Performance/Quarterly_Loan_Review_Summary_Report



Outcome Trends by Endorsement Date



LRS reviews completed from 5/15/2017 to 12/31/2019 (excluding lender self-reports, test cases and internal QC)
 Quarters based on calendar years



Loan Review System Reports



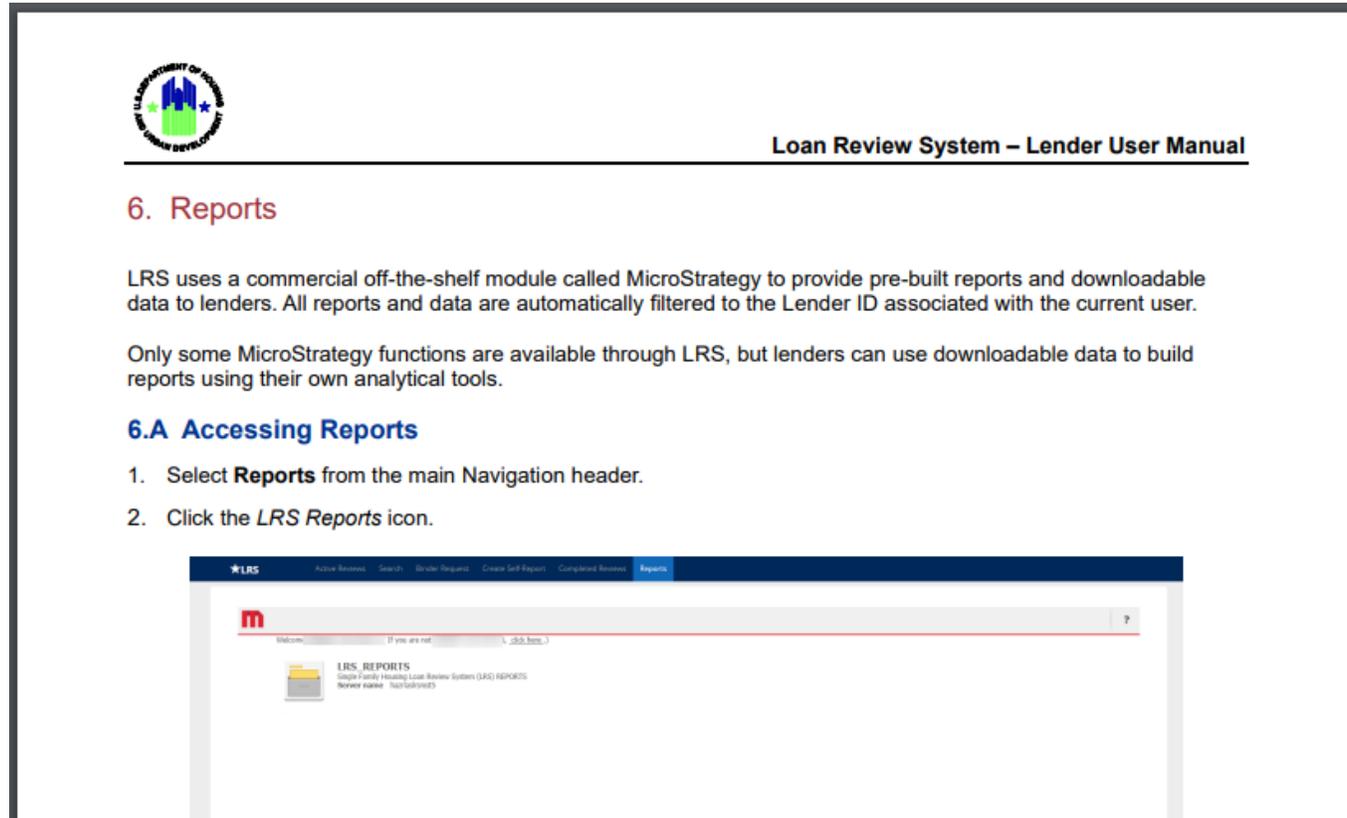
Loan Review System Reports

- Lenders can access reports to review their own LRS results, including:
 - Quarterly Loan Review Summary
 - Top Findings
 - Self-Reports
 - Indemnifications
 - Downloadable Data
- All reports and data are automatically filtered to the Lender ID associated with the current user.
- Only some MicroStrategy functions are available through LRS, but lenders can use downloadable data to build their own reports.



Loan Review System Reports (cont.)

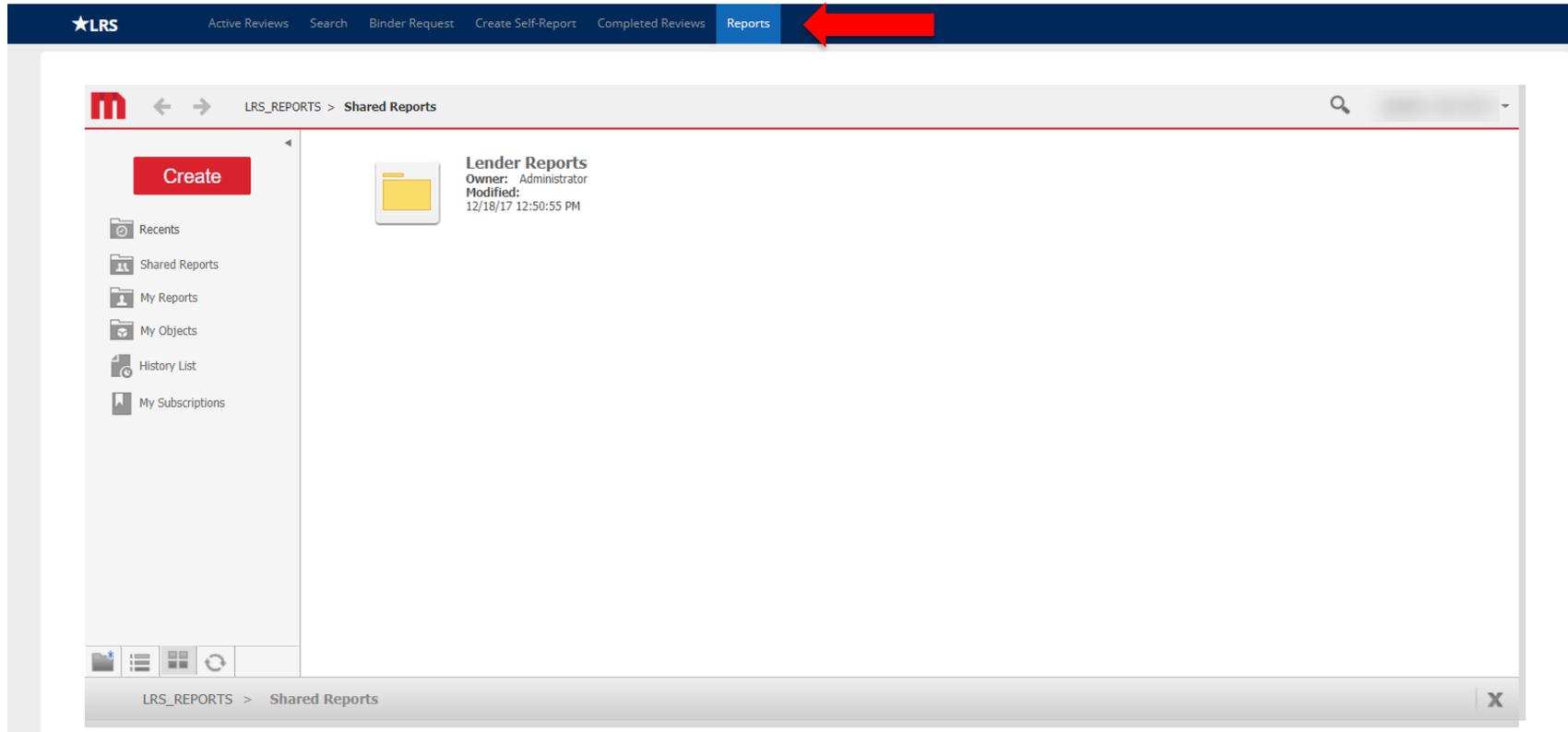
- Step-by-step instructions are included in the LRS User Manual.



The screenshot shows a page from the 'Loan Review System – Lender User Manual'. At the top left is the U.S. Department of Housing and Urban Development logo. The page title is 'Loan Review System – Lender User Manual'. The main heading is '6. Reports'. Below this, the text states: 'LRS uses a commercial off-the-shelf module called MicroStrategy to provide pre-built reports and downloadable data to lenders. All reports and data are automatically filtered to the Lender ID associated with the current user.' It then says: 'Only some MicroStrategy functions are available through LRS, but lenders can use downloadable data to build reports using their own analytical tools.' The sub-heading is '6.A Accessing Reports', followed by two numbered steps: '1. Select **Reports** from the main Navigation header.' and '2. Click the *LRS Reports* icon.' Below the text is a screenshot of the LRS web interface. The interface shows a navigation bar with 'LRS' and 'Reports' highlighted. Below the navigation bar is a search bar with a magnifying glass icon. The main content area displays a 'LRS REPORTS' section with a small icon and the text 'Single Family Housing Loan Review System (LRS) REPORTS' and 'Report name: NACHA300025'.

Loan Review System Reports (cont.)

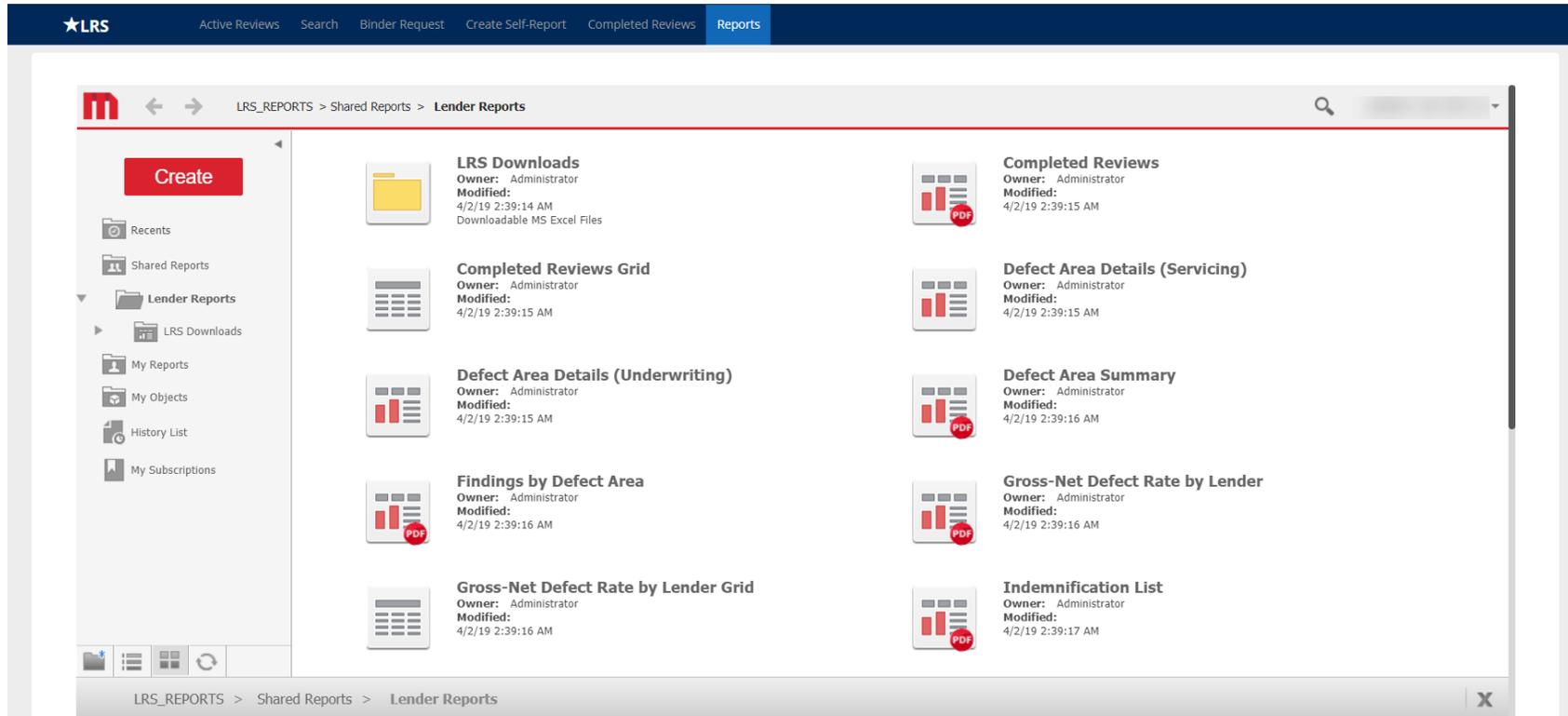
- The Loan Review System (LRS) uses a module called MicroStrategy to provide pre-built reports and data.



Loan Review System Reports (cont.)

- Canned Reports

1. Click on any icon in the Lender Reports folder.



Loan Review System Reports (cont.)

- Canned Reports

2. Choose the preferred start/end dates and any other options from the filter screen.
3. Click the *Export* button to run the report.

INDEX X

Summary of your selections

- 1 Indemnification Search Start Date
- 2 Indemnification Search Through Date

1. Indemnification Search Start Date

Enter a date to start the search criteria
This prompt requires a value no earlier than 5/15/2017.

Your selection:
2/22/2019

The default selection is:
Today minus 3 Month(s) (2/22/2019)

2. Indemnification Search Through Date

Enter a date to search through for indemnifications (Based on Indem Letter Date)

Your selection:
5/22/2019

The default selection is:
Today (5/22/2019)

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Export Cancel

Loan Review System Reports (cont.)

- Indemnification List

- Click the INDEM LETTER hyperlink to view/download the executed Indemnification Agreement.

Indemnification List

Agreement Date between 05/14/2017 and 08/14/2017

Case Number	LRS Review ID	Endorsement Date	Agreement Date	Agreement Number	Term	Expiration Date	Document Link
					Life of Loan	04/10/2047	INDEM LETTER
					Life of Loan	12/29/2046	INDEM LETTER
					Life of Loan	12/29/2046	INDEM LETTER
					Life of Loan	12/27/2031	INDEM LETTER
					5 Year	06/01/2022	INDEM LETTER
					5 Year	12/27/2021	INDEM LETTER
					Life of Loan	12/30/2046	INDEM LETTER



Loan Review System Reports (cont.)

- Lender Self Report List

- The Lender Self Report List Summary is a PDF with basic information on self-reported cases.
- Choose the *Lender Self Report List Details* icon from the lender reports folder for additional details and sortable data (Excel format).

The screenshot displays a grid of report icons. Each icon is accompanied by a title, owner, and modification date. A red arrow points to the 'Lender Self Report List Details' icon, and another red arrow points to the 'Lender Self Report List Summary' icon.

Report Title	Owner	Modified
Indemnification List Grid	Administrator	4/2/19 2:39:17 AM
Lender Monitoring Summary	Administrator	4/2/19 2:39:17 AM
Lender Monitoring Summary Grid	Administrator	4/2/19 2:39:17 AM
Lender Response Times	Administrator	4/2/19 2:39:18 AM
Lender Self Report List Details	Administrator	4/2/19 2:39:18 AM
Lender Self Report List Summary	Administrator	4/2/19 2:39:18 AM
Lender Self Report List Summary Grid	Administrator	4/2/19 2:39:18 AM
LRS Report Descriptions	Administrator	4/2/19 2:39:18 AM
Quarterly Loan Review Summary	Administrator	4/2/19 2:39:19 AM
Top Findings	Administrator	4/2/19 2:39:19 AM

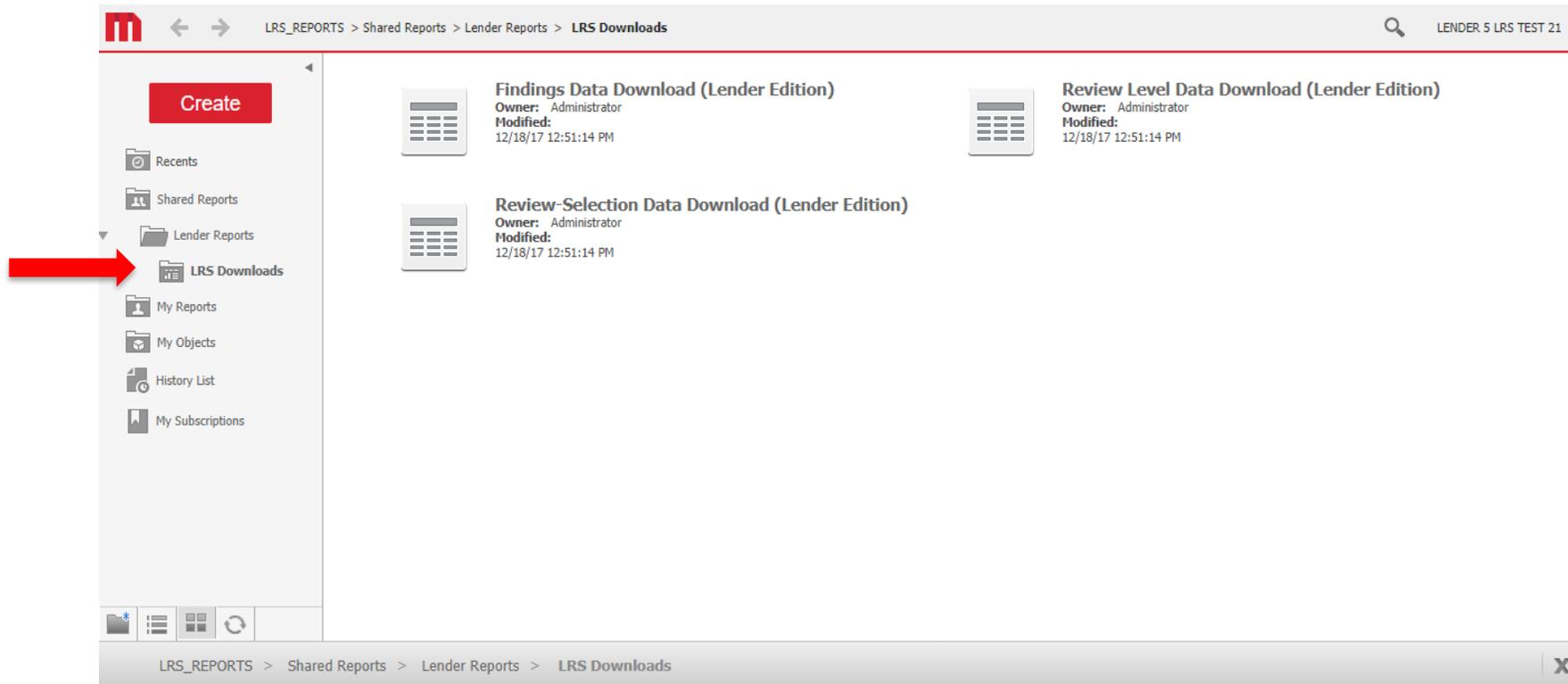
Loan Review System Reports (cont.)

- Downloadable Data
 - LRS provides three downloadable datasets that lenders can use to create their own reports:
 1. Review-Selection Data contains fields that apply to each review (or to each selection if a review record has not yet been created).
 2. Review Level Data contains fields that apply to each review level. This data may change from level to level for any given review.
 3. Findings Data contains fields that apply to each finding logged.
 - Each dataset begins with a common group of fields, which can be used to link data for more advanced analytics.
 - Click on the “LRS Downloads” folder and choose a dataset.

Loan Review System Reports (cont.)

- Downloadable Data

1. Click on the “LRS Downloads” folder and choose a dataset.



Loan Review System Reports (cont.)

- Downloadable Data
 2. Choose from available filters and click *Run Report*.

The screenshot displays a web application interface for generating reports. On the left, an 'INDEX' sidebar lists five filter categories: '1 Selection Start Date for Search (Required)', '2 Selection End Date for Search (Required)', '3 Review Type', '4 Selection Reason', and '5 Review Scope'. The first two are marked with green checkmarks. The main content area is divided into three sections: '1. Selection Start Date for Search (Required)' with a date input field set to '6/19/2017' and a radio button for 'The default selection is: Today minus 6 Month(s) (6/19/2017)'; '2. Selection End Date for Search (Required)' with a date input field set to '12/19/2017' and a radio button for 'The default selection is: Today (12/19/2017)'; and '3. Review Type' with a search field and a 'Match case' checkbox. At the bottom, a 'Run Report' button is highlighted with a red arrow, next to a 'Cancel' button.

Loan Review System Reports (cont.)

- Downloadable Data

3. Click the *Export* button in the header.

The screenshot shows the 'Findings Data Download (Lender Edition)' report page. The breadcrumb trail is: LRS_REPORTS > Shared Reports > Lender Reports > LRS Downloads > Findings Data Download (Lender Edition). The page includes a navigation bar with 'REPORT HOME', 'TOOLS', 'DATA', 'GRID', and 'FORMAT' menus. A red arrow points to the 'Export' button in the header. The 'REPORT OBJECTS' sidebar lists various data fields like Adjusted, Batch ID, Cause, etc. The 'REPORT DETAILS' section shows a filter: {{Selection Date} (ID) >= 6/19/2017 12:00:00 AM} And {{Selection Date} (ID) <= 12/19/2017 12:00:00 AM} And {{USER_ID (USER_ID) = [redacted]} And {{Lender ID} (ID) = {User Mortgagee ID} {{Mortgagee ID}}}} And {{Batch Sta... The 'PROMPT DETAILS' section lists prompts for selection start/end dates, review type, selection reason, and review scope. Below this is a table with 8 columns: Review ID, Case #, Lender ID, Lender Name, Review Type, Selection Reason, Review Scope, and Selection Date. The table shows two rows of data, both with 'Underwriting' as the Review Type and 'FULL' as the Review Scope. The bottom of the page shows the breadcrumb trail and a close button.

Loan Review System Reports (cont.)

- Downloadable Data

4. Choose from available options and click the *Export* button again.

Export Options ?

Findings Data Download (Lender Edition)

Export:

Export Header and Footer:

Excel options:

Excel with plain text
 CSV file format
 Excel with formatting
 HTML
 Plain text Delimiter:

Excel with formatting options:

Embed all images

Export Report Title
 Export filter details

Remove extra column:

Do not prompt me again.

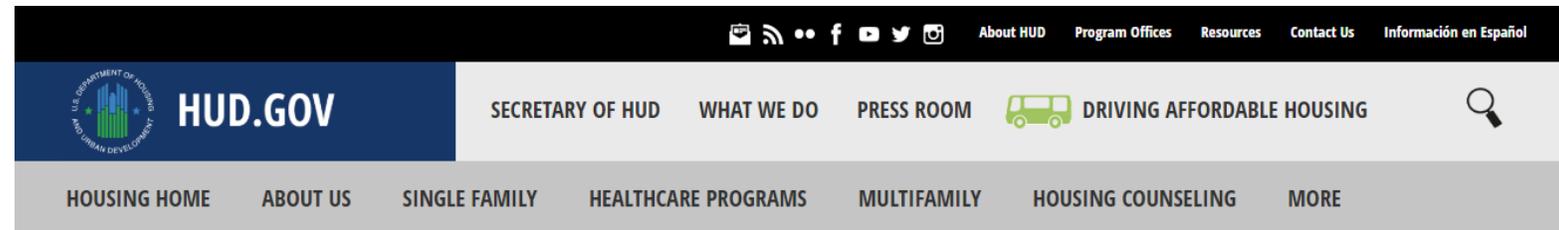
Resources



Resources

Loan Review System

- LRS Information Page on HUD.gov
(https://www.hud.gov/program_offices/housing/sfh/lender/loan_review_system)
- Lender User Manual
- Webinars



[Home](#) / [Program Offices](#) / [Housing](#) / [Single Family](#) / [Lenders](#) / Loan Review System

LOAN REVIEW SYSTEM

The Loan Review System (LRS) is the electronic platform for most Federal Housing Administration (FHA) Title II Single Family quality assurance review processes, including:

- Various Post-Endorsement Loan Reviews
- Unconditional Direct Endorsement Authority Test Cases
- Lender Monitoring Reviews
- Lender Self-Reporting of Fraud and Other Material Findings

Functions and Features

Loan Review Resources

Effective January 1, 2020

▸ [LRS User Manual](#)

▸ [Defect Taxonomy Version 2](#)

Discontinued December 31, 2019

▸ [Defect Taxonomy Version 1](#)

Quality Assurance Webinars

Take advantage of FHA's online webinar offerings to stay up-to-date on quarterly



Resources (cont.)

Helpful Links

- Single Family Housing Handbook Information
https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1
- Upcoming Single Family Housing Events and Training
https://www.hud.gov/program_offices/housing/sfh/events
- Subscribe to FHA INFO
https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/FHA_INFO_subscribe



Resources (cont.)

Option	Point of Contact	Hours Available	Comments
<p>1</p> <p>FHA Knowledge Base – FAQs</p>	<p>www.hud.gov/answers</p>	<p>24/7/365</p>	<p>Knowledge Base web page includes option to email questions.</p>
<p>2</p> <p>Email</p>	<p>answers@hud.gov</p>	<p>24/7/365</p>	
<p>3</p> <p>Telephone</p>	<p>1-800-CALL-FHA (1-800-225-5342) Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.</p>	<p>8:00 AM to 8:00 PM Eastern M-F</p>	<p>Voicemail is available after hours or during extended wait periods.</p>

FHA INFO emails: Frequent email notifications of new policies and training opportunities for anyone who signs up. Subscribe at: https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/FHA_INFO_subscribe



Resources (cont.)

FHA Resource Center

- When inquiring about a specific LRS review, lenders must provide FHA case number and review location.
 - Review location is shown on the LRS Search screen, the Binder Request screen, or the Review Data tab.

The screenshot displays the LRS Search interface. On the left, there are search fields and filters. The search fields include a dropdown for 'Case Number(s)' and a search button. The filters section includes 'PRODUCT TYPE' (Purchase: 71, Refinance: 35), 'SELECTION REASON' (Early Claims: 1, Early Payment Defaults: 11, Lender Self-Report: 94), and 'SELECTION STATUS' (Received: 105, Requested: 1). The main area shows 'SEARCH RESULTS (106)' with a table of results. A red arrow points to the 'Review Location' column in the table.

Case Number	Batch	Product Type	Selection Date	Selection Reason	Selection Status	Review Type	Review Level	Review Status	Review Location
		Refinance		Early Claims	Received	Underwriting	Initial	Assigned	SNA-QAD
		Refinance		Lender Self-Report	Received	Underwriting	Initial	Assigned	SNA-QAD
		Purchase		Early Payment Defaults	Received	Underwriting	Initial	Completed	SNA-PUD
		Purchase		Early Payment Defaults	Received	Underwriting	Initial	Completed	DEN-PUD
		Purchase		Lender Self-Report	Received	Underwriting	Mitigation 2	Assigned	PHI-QAD
		Purchase		Early Payment Defaults	Received	Underwriting	Initial	Assigned	SNA-PUD
		Refinance		Lender Self-Report	Received	Underwriting	Escalation 2	Assigned	DEN-QAD

Q&A



Q&A Protocol

Check your audio to ensure it's working correctly:

- Click *Test Speaker & Microphone* option or Microphone icon if image is crossed out.
- Test/change audio settings on computer/smartphone/telephone by selecting *Audio Settings* on toolbar.

Access audio using one of the following options:

Option A: Computer or smartphone

- If viewing webinar through computer or smartphone, click *Raise Hand* icon. You will receive an onscreen message to unmute yourself - click *Unmute Myself* button. When prompted by moderator, provide your name, company affiliation, then ask your question.

Option B: Standard telephone line

- To ask a question, press *9 to be placed in queue. Webinar moderator will unmute your phone and you will hear an automated voice message stating *You Are Unmuted*. When prompted by moderator, provide your name, company affiliation, then ask your question.

Thank you for joining us today!

