



MBA's Quality Assurance Conference 2007

HUD/FHA Update

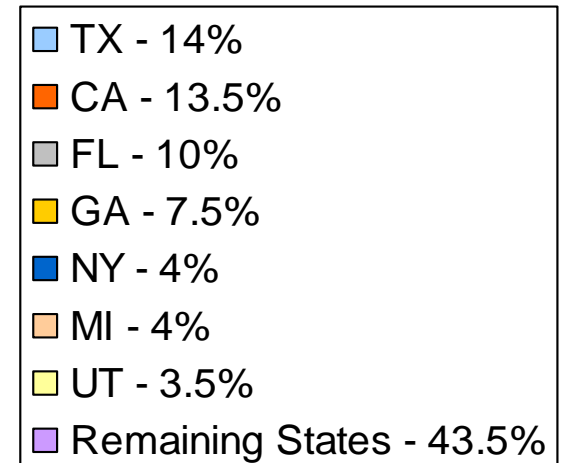
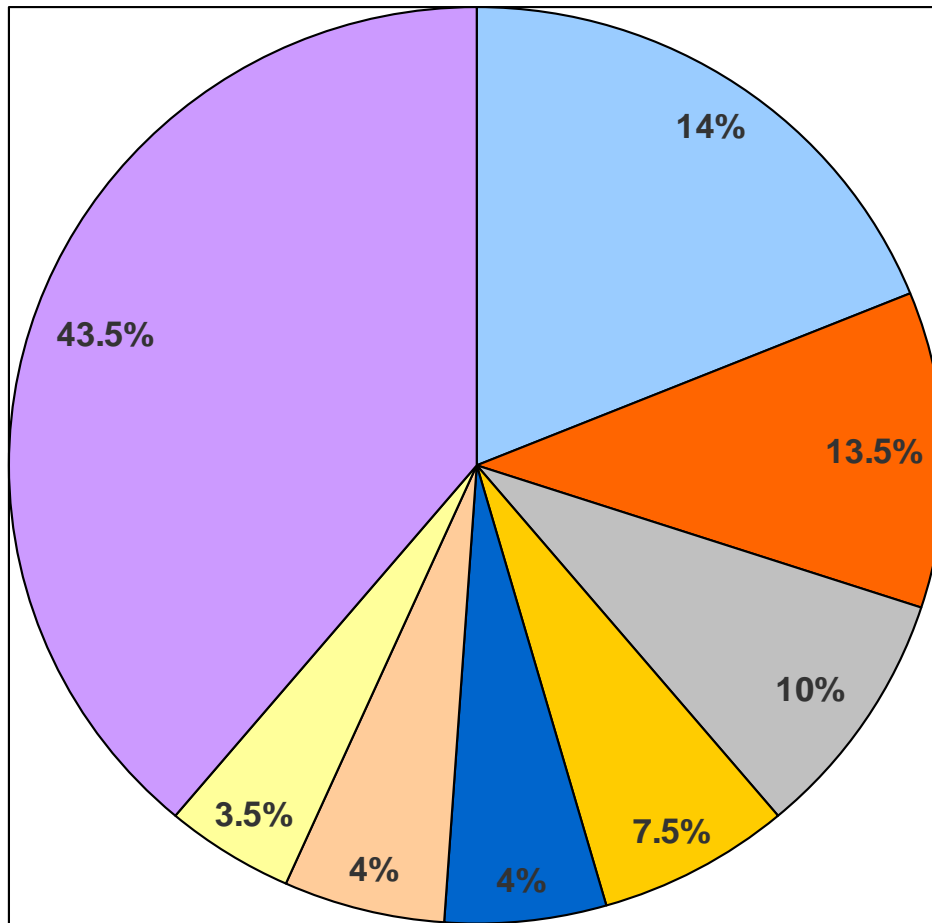
October 1-2, 2007

- Credit Watch Termination activity
- Neighborhood Watch recent enhancements
- OIG Audits of Single Family Lenders
- HUD monitoring reviews
- Lender Self Reports

Credit Watch Termination Activity

- Credit Watch Termination Rounds Completed
- Lender Branches Terminated to Date
- States with Largest Percentage of Terminations

Final Credit Watch Terminations By State - Since 1999



How to Access Neighborhood Watch

- Public site: <https://entp.hud.gov/sfnw/public/>
- Lender site: via the FHA Connection at: <https://entp.hud.gov/clas/index.html>
- For access to summary and loan level detail lenders contact your FHA Connection Coordinator

Enhancements Since 2006 MBA QA Conference

- Custom Reporting Feature – Provides users the ability to customize reports using 47 data elements. Available for queries – Default Cases, Early Warnings All Lender and Single Lender case level drill down, and Early Warnings All Appraiser, Single Appraiser case level drill down.
- All & Single Servicer Views – Added 30, 60-day default data with 1) updated servicing displays; 2) updated early warnings default data displays; 3) revised default history table in case status.
- Lender Detail, Case Detail and Case Status Query – Modified to identify lender's status with respect to Lender Insurance program and loans insured under Lender Insurance.
- Default Reporting – Modified to include updated fatal error (reject notice code) and soft errors (advice notice codes).

Recent Enhancements Cont'd

- Indemnification Query – Lists FHA-Insured loans where HUD and the lender executed an indemnification agreement. Loan level results include all loans where the lender executed an indemnification agreement, irrespective of the status of the loan (e.g. terminated, paid-in-full, streamline refinanced, etc.) or the status of the indemnification agreement (active or expired). Lenders can view loans where they are the holder, servicer, originator, or sponsor of record.
- Default Cases Query – Provides lender a tool to view recent 30, 60 or 90-day delinquent loans as originator, sponsor, holder and/or servicer. The 60-day view can assist in viewing loans that meet HUD's QC early payment default requirements.
- Social Security Number – Modified case level display to “Last 4 Digits” of borrower Social Security Number or Tax Identification Number.

Future Enhancements

- HECM loan origination activity
- Manufactured Housing performance data

OIG Audits of Single Family Lenders

- All Single Family OIG audits are issued to the FHA Commissioner.

<u>Fiscal Year</u>	<u>Issued</u>	<u>Closed</u>
FY2005	45	26
FY2006	30	9
FY2007	12	20

- OIG must concur with the FHA Commissioner's decision .
- Unresolved issues are referred to the Deputy Secretary.

- Target Methodology enhanced to include risk based factors beyond lender default/claim compare ratio
- Review includes view of lender's operational activities (e.g. Credit Risk, Direct Lending, and Government Insurance)
- Report to lender summarizes operational deficiencies along with case level detail

Neighborhood Watch Lender Self Reports

- To date 310 Self Reports for FY 2007
- Recent increase of 137 reports in the 3rd quarter FY 2007
- Final Actions on closed cases since FY 2005
 - No Action Required 67%
 - Refer to OIG 21%
 - Indemnification Executed 11%
- Total Fraud cases- 70% of all reported cases since FY 2005
 - Fraud Type:
 - Income 23%
 - Credit 19%
 - Employment 13%

Lender Reports – Fraud By State

