Write-up Indymac Bank

## Project description

Indymac Bank is a diversified banking; financial and a mortgage company that provides a broad range of financial operations. The project was on **Indymac Loan Modification** for the consumers facing financial challenges in the time of severe recession.

The Home Affordable Modification Program **(HAMP)** is designed to help homeowners, who are struggling financially, avoid foreclosure by modifying loans to a level that is affordable for the homeowner and sustainable over the long term. The program provides clear and consistent loan modification guidelines that the entire mortgage industry can use. I made an application for the bank to figure out delinquent mortgagees and also make a web based application for borrowers to start a loan modification application with IndyMac Bank

## Project bullet points

* Recognizing those mortgagees who are with Indymac and are delinquent.
* To create a Loan Modification Program to help them from foreclosures.
* Sending them the packet to qualify for HAMP.
* Giving them low interest rates.
* Once they qualify for the HAMP then transitioning them into One West Bank system since One West Bank took them over in July, 11 2008

## Background on the project.

Indymac was a national bank in the U.S. It was insured by the FDIC. On July 11, 2008, Indymac failed and was taken over by the FDIC (Federal Deposit Insurance Corporation). Indymac offered mortgage loans to homeowners. A large number of these loans were Option ARM mortgages using stated income programs. The loans were offered by Indymac retail, and also through Mortgage Bankers would fund the loans and then Indymac would buy them and reimburse the Mortgage Banker. Mortgage Brokers were also invited to the party to sell these loans. During the height of the Housing Boom, Indymac gave these loans out like a homeowner gives out candy at Halloween. The loans were sold to homeowners by brokers who desired the large rebates that Indymac offered for the loans. The rebates were usually about three points. What is not commonly known is that when the Option ARM was sold to Wall Street, the lender would realize from four to six points, and the three point rebate to the broker was paid from these proceeds. So the lender “pocketed” three points themselves for each loan.

Even though Indymac sold off most loans, they still held a large number of Option ARMs and other loans in their portfolio. As the Housing Crisis developed and deepened, the number of these loans going into default or being foreclosed upon increased dramatically. This reduced cash and reserves available to Indymac for operations.

In July, 2008, the FDIC came in and took over Indymac. The FDIC looked for someone to buy Indymac and after negotiations, sold Indymac to One West Bank.

## You should also have information on the project like top 10 use cases

**USE CASE DIAGRAM:**

**Use case ID**: IM1

**Actors**: Loan Counsellors

**Preconditions:**

1. Customer should be a Indymac bank Mortgagee.
2. Customer should be delinquent in his loan payment.
3. Customer should have loss of income.

**Flow of Events:**

1. System recognizes the customer as delinquent.
2. A letter goes out to the customer to contact the bank.
3. Customer is expected to contact the bank.

**Alternative Flow of Events**:

* 1. System fails to recognize the mortgagee that is delinquent.
  2. System fails to send a letter to the customer.
  3. Customer ignores and doesn’t contact the bank.

**Post Conditions**:

1. Customer should be able to comply with the new contract.
2. Customer should make an effort to reduce his monthly spending.

## Detailed project description

Customers are losing their homes to foreclosure due to changed economic times. As a result of the bad economy, customer’s revenue profile has changed as far as incoming finances is concerned. Customers are unable to pay their monthly mortgage and are now delinquent. After five months of non payment of mortgage, their homes would go into foreclosure and they would have 30 days to vacate their property..

In order to help customers to stay in their homes, HAMP application is being developed where the system would recognize the delinquent home owners. Depending on how long have they been delinquent they are being advised to contact the bank either over the phone or go online to check their eligibility to qualify for the home affordable modification project aka HAMP.

We created the HAMP application where the customer can submit documents on line and check to see if they qualify for the loan modification. If they do qualify then they would receive a new contract and the foreclosure proceedings would be stopped till the HAMP process goes on. However , if they do not qualify for the HAMP project other offers are given to them to make payment arrangements with the lender to pay the delinquent payments. They were given contact details of the financial advisors to help them arrange their finances to keep up with their mortgage payments.

## The “as is” scenario and the “to be” scenario

## The team size

## The business problem you were trying to solve with this project

**AS IS:**

Home owners are currently behind in their mortgage payment. Their homes are under foreclosure.

**TO BE:**

Customers who are delinquent in their mortgage payments are recognized by the system and a letter is sent out to them requesting to contact the bank to see if they qualify for the HAMP project and can save their home from being foreclosed.

## Where were you working (city, state, zip, address)

## Who was your manager

## Name of the business team you were dealing with

## Example of a difficult requirement that had to be hashed out in a JAD session

I worked in the Pasadena branch in California

## Top ten risks of the project

Unsure

## SQL queries you could have written for this project

There was a **customer** table. Customer table looked like:

CustomerID CustomerName LastPaymentReceivedOn emailID

1 Shivani Gunjeet 7/1/2010 shivani@gmail.com

2 Alok Bhatia 4/15/2010 alok@gmail.com

3 Gurpreet Singh 4/14/2010 gurpreet@gmail.com

4 Himani Sharma 1/21/2010 himani@gmail.com

(sample data. There are lots and lots of rows)

Give me a query that will print out the names, the emailID and the last date of the payment but only if they are 3 months behind!

Select customername, emailid, lastpaymentreceivedon from customer where MONTH (lastpaymentreceivedon) < (MONTH(SYSDATE) -3) (Alok’s disclaimer: This query is not syntactically correct but in the interest of time, he is moving on)

**Question: Tell me about your experience with bank mergers and integration projects?**

Answer: IndyMac Bank (IMB) merged with One West Bank (OWB) in July 2008 (One West bank took over IndyMac). Business rules of One West Bank required that One West will not take over the delinquent mortgage accounts of IMB unless they are made current by the mortgage holders. IMB created this project called HAMP where they contacted home owners who were 3,5 or 6 months behind and asked them to submit the documentation to see if they will qualify for a home loan modification program. There were 2 kinds of applications where homeowners can login to the web site and submit the documentation online by scanning it and uploading the documents online. Non tech savvy homeowners can call 800 number.

**We are looking for someone who has merger and integration experience! Tell me about your experience! I really hope you have such experience!**

In July 2008, OWB bought IMB operated. With the purchase of this bank came the challenge of integrating a much smaller bank with the larger OWB entity. Even though IMB was not a very big bank, they had surprisingly high number of business accounts. These business accounts had to be integrated with OWB. I was involved with the Lockbox project integration since the old customers of IWB had to be migrated over to the existing OWB system. I had to understand the ER Model on which the Lockbox application of IMB was built and somehow map it to the existing ER model of the OWB. One thing that the business team decided was to leave behind the business customers of IWB who had less than $1,000 in assets (averaged over the last 2 years) and politely ask them to move over their account to another bank. This was decided because the cost of porting each and every IMB customer to OWB coupled with the training that was required to train the IMB Customers to OWB was not worth the time and effort.

**Tell me about your data analysis experience?**

I have solid/extensive/tremendous/stupendous/amazing experience with Data Analysis. I am very good at writing SQL queries. I am comfortable with a range of databases from Oracle to SQL Server to IBM DB2. I have done data analysis in this project to ascertain the health of our wholesale business. To get accurate reports on whether we are increasing our wholesale customers quarter after quarter or decreasing. Is the combined value of assets owned by our wholesale customers going up or down. What percentage changes are happening! I am very comfortable presenting these findings in MS Excel as well as some fancy reporting software like Crystal Reports!

**As a BA, how do you gather requirements?**

**How do you gather requirements during integration projects?**

**Well, during integration projects the big unknowns are what happens to the customers? What happens to the duplicated applications? E.g., customers have to be migrated from one SOR to another. As a BA, I understand what it takes to map customers from one SOR to another. Which SOR will be the going-forward SOR? Often times, one bank may have some attributes (columns) that they store information about a customer that the other bank does not. E.g., IMB used to store information about the customer’s previous addresses but OWB did not have any such table to hold previous addresses. I suggested that even OWB should start storing older addresses of customers for audit purposes. So, even though we were scrapping the IMB database and just porting over the data to OWB database, we enhanced the OWB database to also be able to store legacy addresses of customers.**

**What is the biggest challenge that a bank faces in times of mergers in terms of database or otherwise!**

**There are quite a few challenges that a bank faces. I think they are all equally important. One such challenge is to make sure that no data is lost in the conversion process. So, if BankA with 10,229,865 customers merges with BankB with 5,078,789 customers, and it is very possible that some of these customers were duplicated in the banks, then, the newly merged database should have at least 10,229,865+5,078,789-(common duplicated accounts). I make sure as a BA/DA that the newly created table has the right number of rows. (Select count(CustomerID) from Customer).**

**Another challenge is data cleansing issue. 2 banks of-course would have used different formats for same information. E.g., BankA would store phone numbers as 510-552-4388 whereas BankB has 2 different columns (area code and phone number). Area code is like 510 and phone number is like 552.4388). Now, when these 2 databases have to be merged, we have to clean the data so that the common database has a uniform/consistent data.**