

THE NEXT BEST THING TO PREDICTING AN EVENT: HOW ALERT DATA IS CHANGING THE INDUSTRY

March 24, 2022

Agenda for Today

- Introduction of the presenters
- What is Push vs. Pull Technology and how is it changing the consumption of data today?
- What makes an effective trigger?
- Examples of two very successful trigger solutions:
 1. Disaster Alerts
 2. Listing Triggers



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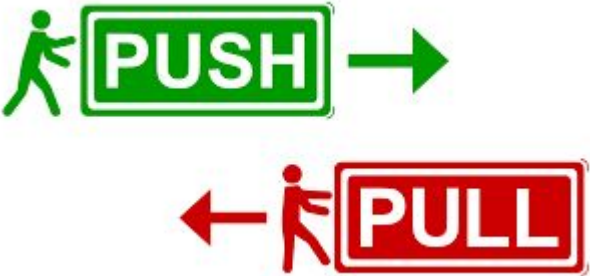
The Benefits of Alerts/Triggers



- What if lenders could be alerted to at-risk properties before a disaster is even officially declared?
- What if servicers could pinpoint which homeowner to send forbearance letters to at the property level?
- What if portfolio owners knew their client was selling before they sold?
- What if you had access to sophisticated, data-driven alerts that help you proactively monitor and manage your business?
- What if you could manage by exception to increase the value of analytics with notifications that lead to immediate further analysis and prompt actions based on insights?



Push vs Pull Technology



The term “Pull Technology” refers to the communication model where end users initiate requests for data. Usually, the data sits in remote servers.

On the other hand, “Push Technology” refers to the communication model where servers initiate the transfer of data to end users.

	Pull Technology	Push Technology
Definition	A client that requests information.	A server that initiates information updates to a client.
Examples	A lender submits an API request for an AVM report.	A portfolio manager provides a list of accounts to be monitored for changes in valuation.



The Advantages of Push and Pull Models

- **Advantages of Push**

- In the “push” model, incoming data can be streamed to all users and integrated systems.
- Each application and downstream system receiving the data can create its own rules around what data is valid or not and how to clean the incoming flow for use.
- For simpler systems whose core purpose is around real-time alerts, the “push” model can be the right choice because it is immediately actionable.
- Each application can look for a specific type of data and trigger actions based on set limits.
- Rules can be added to each application to transform or ignore data from certain triggers if problems are found, none of which will change the data flowing to any other application.

- **Advantages of Pull**

- In the “pull” model, downstream systems using incoming data define exactly what they want, then pull it from a single source.
- Rules about data cleaning and transformation are operationalized at the system level rather than within each application.
- Rather than stream all incoming data to users and applications, each user only receives the data they specifically request.
- The “pull” model for data sharing makes it easier to keep dirty data from reaching downstream applications and jeopardizing data quality across your enterprise environment.



What Makes an Effective Trigger/Alert?

1. Good Triggers are Well Timed

- a. Triggers are an **instantaneous** link between an event and a service provider. To create this mental connection, effective messages are thoughtfully timed.
- b. There are two kinds of triggers:
 - a. *External triggers* - An external trigger is a cue in the user's environment that provides information for what to do next.
 - b. *Internal triggers* - An internal trigger, on the other hand, relies upon associations in the user's mind to prompt actions.
- c. Habit-forming products align the external trigger (Client in the market for a new loan) with the moment when the internal trigger is felt (say the listing of a property).
- d. The closer the timing of the external trigger is with the internal trigger, the sooner the association is formed.

2. Effective Triggers are Actionable

- a. Good triggers prompt as it is important that a trigger cue a specific, simple behavior.
- b. Good triggers tell you what is **needed** now NOT what the borrower is likely to need.

3. Good Trigger Sparks Intrigue

- c. The right offer at the right time goes a long way when it comes to prompting specific, intended actions!
- d. As most people know, you are lucky to get a 1% response from any traditional mail campaign. It is very common to see response rates from 4% to 9% from a properly run trigger program.



Summary

- The future of the Push and Pull Technologies will follow different paths, depending on the specific applications in question.
- Push Technology will become more important as users and end users require more-timely and relevant data.
- The future of Push Technology is bright because of the increasing sophistication of data and technology.
- Users will keep on demanding better content and greater control over their data needs as more and more content of this nature will become available in real time.
- The convergence of the two technologies in more applications will also become more common while users try to manage their cross-sell and retention campaigns as well as get ahead of risks.



Examples of Successful Applications of Data “Pushing”

Disaster Alerts



Real Estate Listing Alerts



DISASTER ALERTS

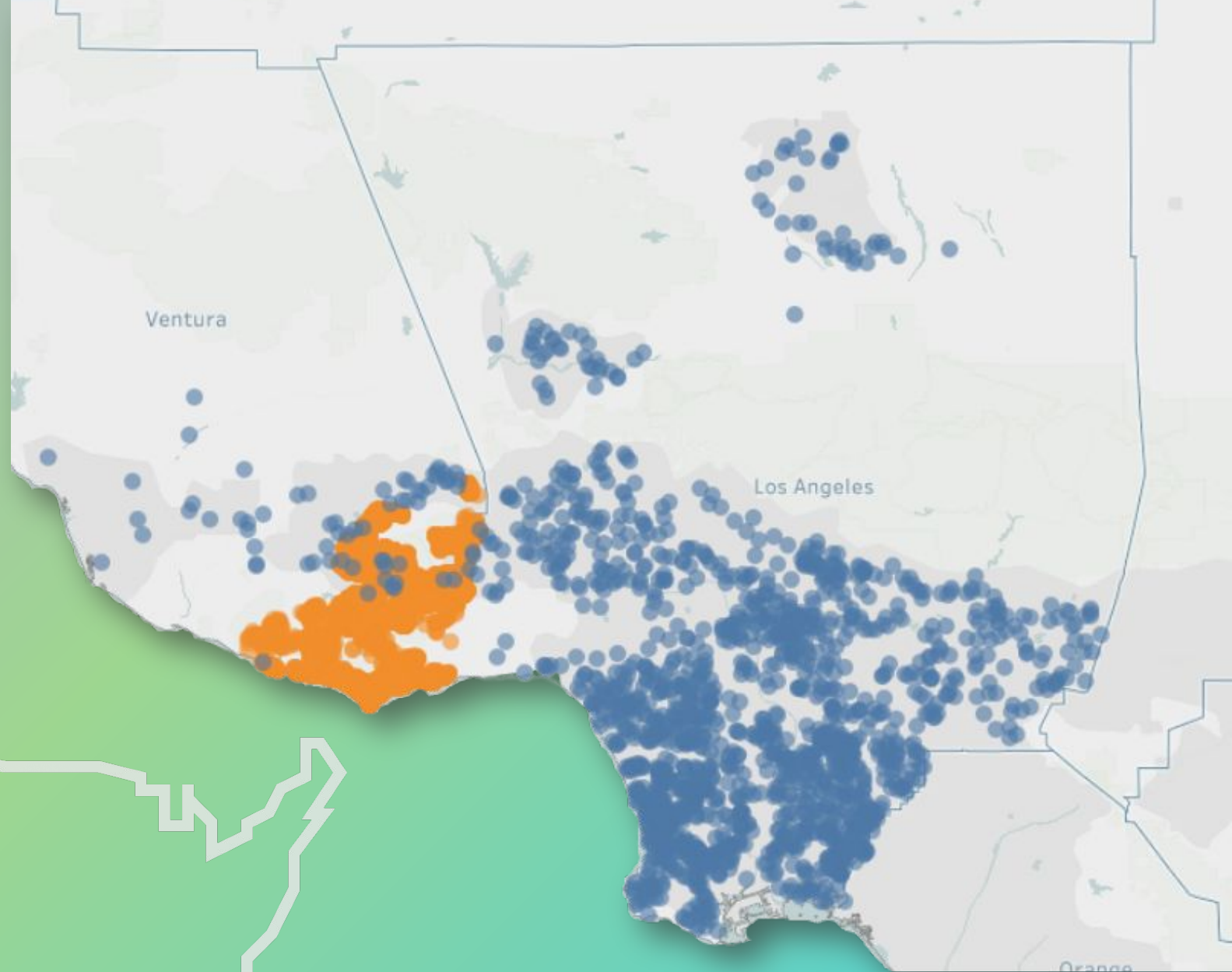
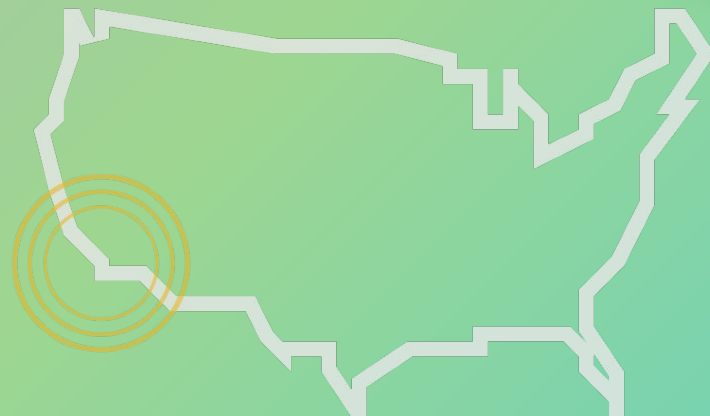
Discover the residential and commercial properties likely impacted by natural disasters.



FEMA's Impact Designations

Disaster alerts can come from FEMA, but they are too imprecise or generic to be useful for lenders.

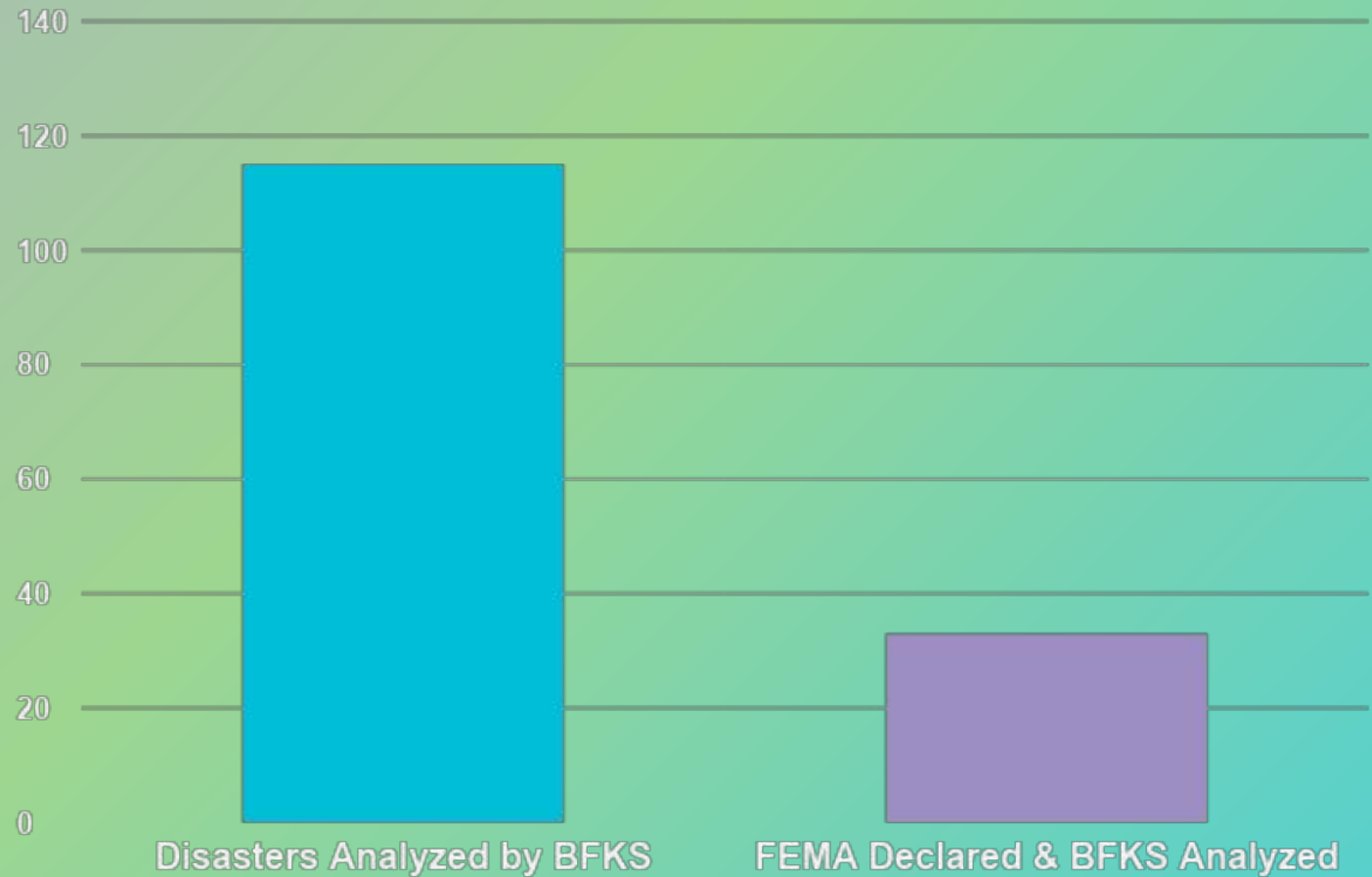
FEMA declared two counties within the disaster areas due to the Woolsey Fire.



Disaster alerts from BKFS covers many more incidents than does FEMA



2021 Natural Disasters

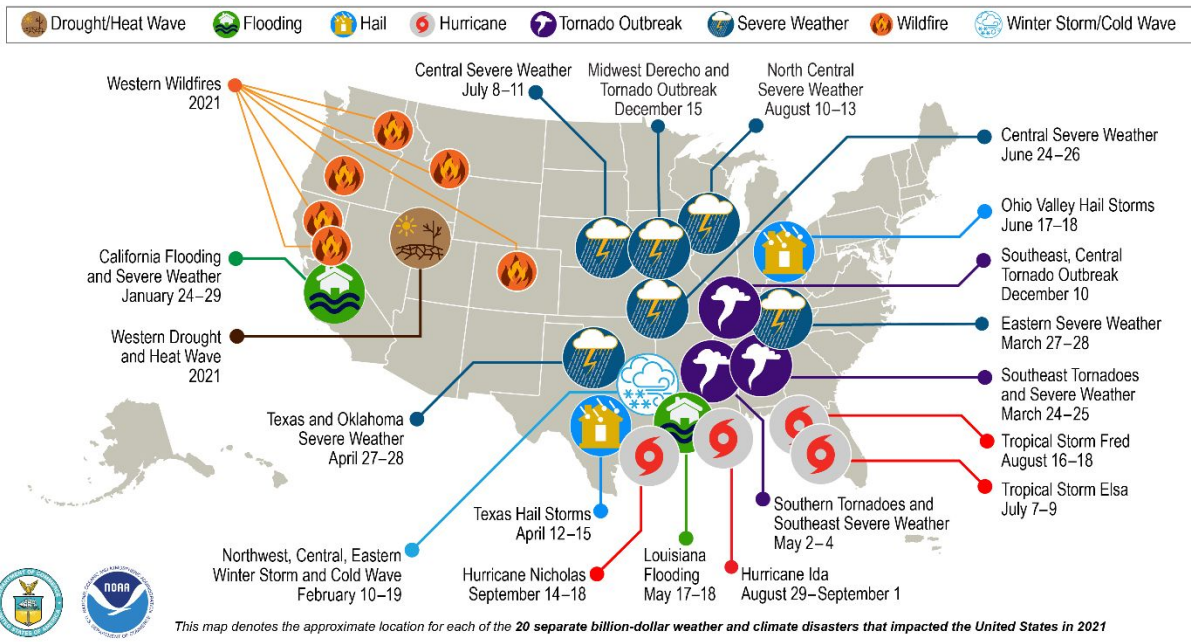


Disaster incidence is not as seasonal as you might think.

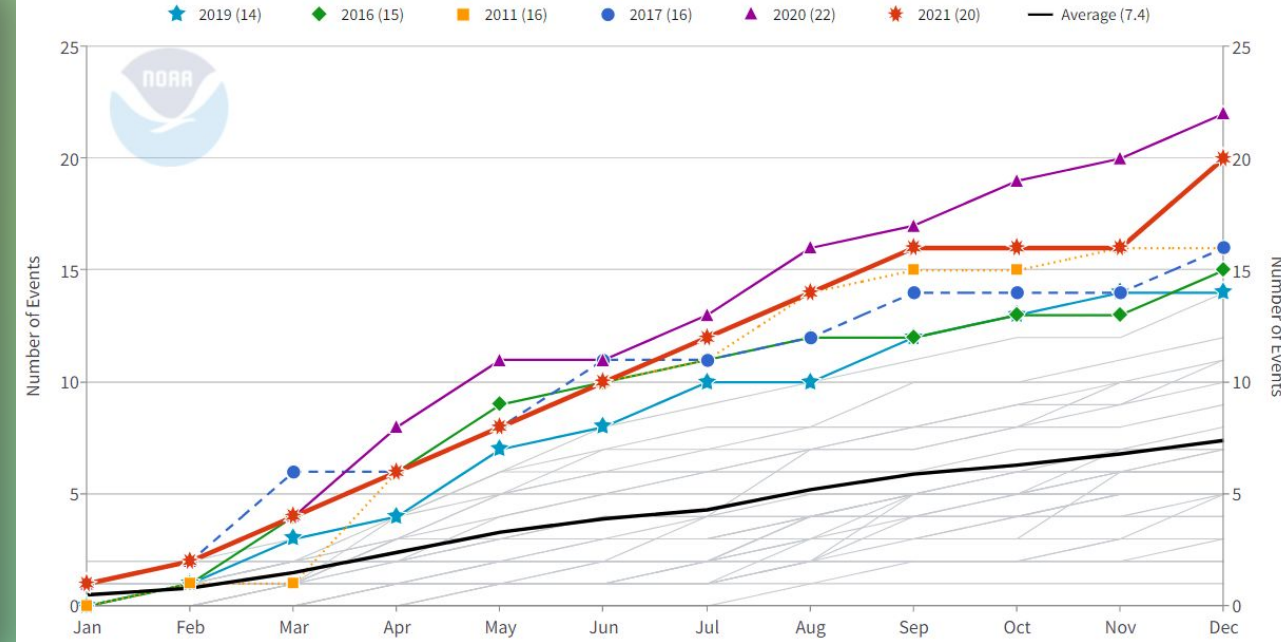


Disasters occur all the time.

U.S. 2021 Billion-Dollar Weather and Climate Disasters



1980-2021 United States Billion-Dollar Disaster Event Count (CPI-Adjusted)



Source: <https://www.climate.gov/news-features/blogs/beyond-data/2021-us-billion-dollar-weather-and-climate-disasters-historical>

Disaster Alerts facilitate fast and easy compliance



Blanket forbearance may
not be necessary.



LISTING ALERTS

Provides notifications to servicers and investors when properties in their portfolios are listed for sale

Listing Alerts

OVERVIEW

Notify subscribers within hours of a property's entry in the Multiple Listing Service (MLS).

Allow servicers to understand the dynamics of their portfolio leading to improved client retention and increased operational efficiencies where short sales are identified.

HIGHLIGHTS

Listing Alerts Can Trigger Many Important Events/Opportunities:

- * **New mortgage**
- * **Title insurance**
- * **New home insurance**
- * **Moving company opportunity**
- * **New cable/internet company**
- * **Home improvement**
- * **New cell phone**



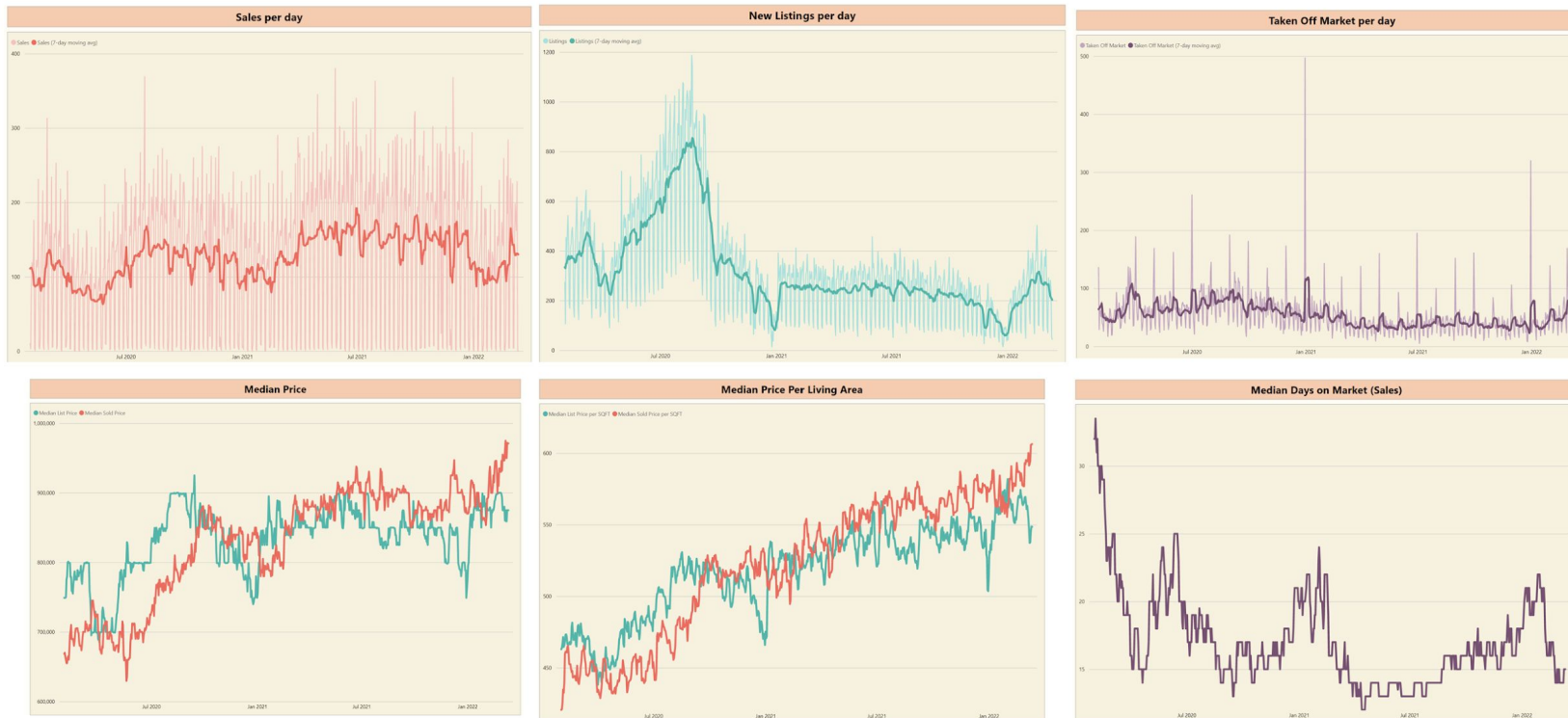
KEY BENEFITS

- **Retain additional business through first alert notification of when they may be 'in the market' to purchase a new property**
- **Increase revenue through new loan originations**
- **Identify & execute short sale opportunities which helps minimize loan loss**
- **Increase operational efficiencies and rates of return on distressed properties**



Using The Most Current Sold and Listing Data to Track Real Estate Market Trends and Identify Turning Points in Individual Markets for New Initiatives or Strategies

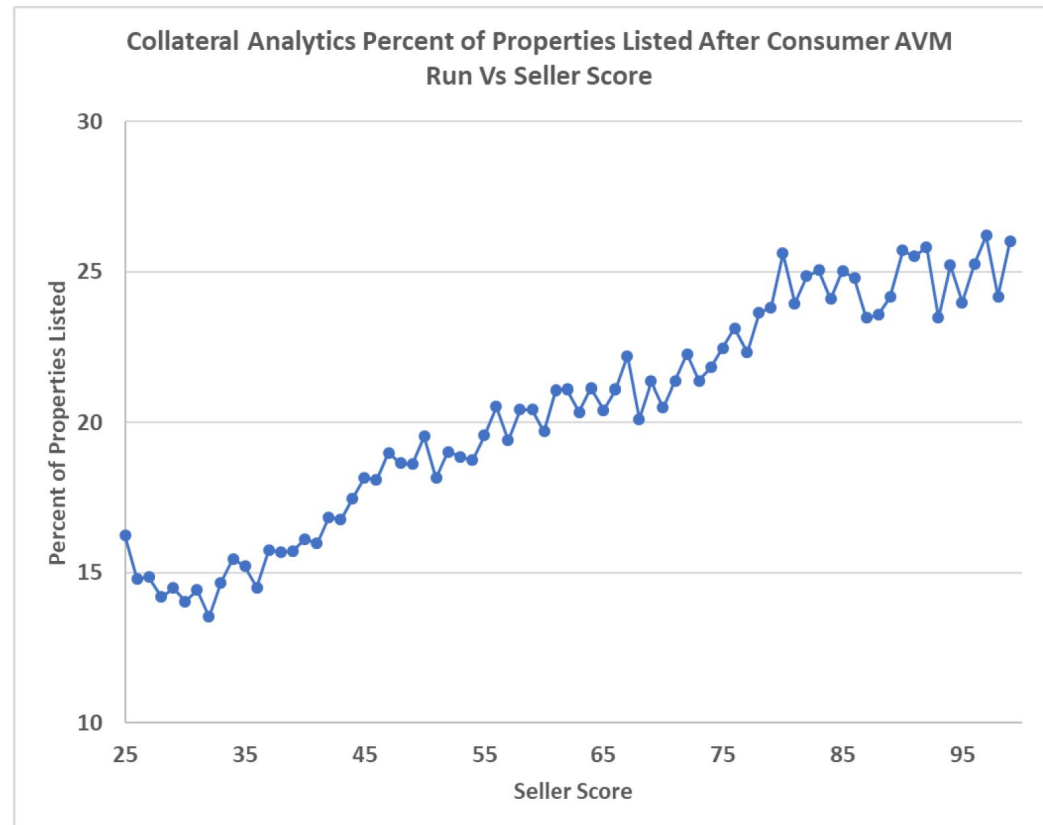
Daily Home Prices and Market Indicators for Los Angeles CBSA



Consumer AVM

We have found that homeowners who run the Consumer AVM have a much greater propensity to subsequently sell their home or refinance their mortgage. Thus, this is an important potential trigger for an agent looking for a new listing or a mortgage servicer to retain or acquire a new loan.

Collateral Analytics Lead Score for Home Sellers Who Ran Consumer AVM



QUESTIONS?

event:

How alert data is changing the industry

Q1 - Where does the disaster data come from that allows it to be near real-time?

A. Satellite imagery, federal/state agency reports, weather service, NASA burn points and FEMA.

Q2 – With the expectation of more rate increases and that valuations will undergo some degree of correction, how can alerts help investor track valuation risk?

A. The data alert capability can be used to identify period over period value changes based on customer specific business rules for properties in portfolio. Likewise, alerts can be used for liens, ARM resets, defaults, tax delinquency and ownership changes as additional examples.

Q3 – Does a county have to be declared a disaster area to utilize Disaster Alerts? Can disaster alerts apply to properties in a section of a town or neighbor that is impacted by a severe storm or fire for example?

A. Disaster Alerts can provide data on localized disaster events that are not designated disasters by the government but are significant enough to impact

Q4 – How much more likely to engage are triggered leads?

A. Trigger leads are 5 to 10 times more likely to engage than non-triggered events notifications.

Q5. What are the most common delays and cost by not having property-level disaster data?

A. Sorting through the fog of disaster to get to the actual properties impacted results in loan-funding delays and necessitates costly property inspections at the portfolio level.

Q6. What is required or the expected of the servicer when a natural disaster occurs?

B. When the servicer becomes aware that a disaster event has occurred, it's necessary to determine the extent and nature of the damage to any property securing a mortgage loan in the disaster area (regardless of whether the property is in a FEMA-Declared Disaster Area eligible for Individual Assistance) through reasonable means, including but not limited to obtaining information from the borrower, or performing a property inspection when necessary.

