

Regional Population Gains; List of Largest Banks; Agency Foreclosure Waiting Periods

By: Rob Chrisman | Fri, Dec 26 2014, 8:51 AM

According to the U.S. Census Bureau's statistics on population, between July 1st, 2013 and July 1st, 2014 an average of **803 new residents** were added each day in Florida and it passed New York to become the third most populous state. Florida's population has reached almost 20 million whereas the population of New York is 19.7 million. California is still ranked as the most populous state at almost 39 million residents followed by Texas with 27 million. Georgia's population has also exceeded 10 million for the first time, landing the eighth spot on the list. North Dakota was the fastest growing state followed by Nevada and Texas compared to six states that lost population, including New Mexico, Alaska and Vermont. Overall, in 2014 the total U.S. population increased by 2.4 million to 319 million.

Certain areas are attracting more growth than others. As the housing industry attempts to attract young adults and promote home buying among millennials, the young adults who are interested in homeownership are more inclined to buy in certain areas, according to an [article](#) published by Zillow. It used data from the Minnesota Population Center to take a closer look at homeownership rates amongst working-age emerging adults. The majority of these adults have been most successful at **buying homes in the Midwest and South**, with the least amount of young adults buying in expensive coastal metros, particularly in California. Conversely, the young adults who don't own a home and don't pay rent mainly reside in Southern Texas, Eastern Pennsylvania and Riverside, CA. Finally, the areas with the largest generational homeownership gap between millennials and baby boomers include New England and California, while the smallest gap can be found in the South and West, as well as Las Vegas, NV, Fresno, CA and Oklahoma City, OK.

Zelman and Associates November Mortgage Originator Survey predicts a **re-accelerating housing market** with low rates and lax credit standards. With improvements to the GSEs' rep and warrant policies and the CFPB's curing abilities, more lenders will look to reduce overlays which will benefit borrowers in the coming months. The survey identified that 52% of lenders expect underwriting standards to ease over the next year and none expect credit standards to tighten. With the new integrated disclosures taking effect in August of 2015, most lenders are prepared for the change and the new disclosures should not adversely impact underwriting standards. November purchase applications increased 4% YoY and refinance applications were down 10% YoY. The analysis reported that the credit quality index dropped to 67.5 from 68.9 a year earlier, with 32% of third quarter securitized loans below 700 credit score and the average GSE credit score dropped to 754 from 759 a year before, reflective of credit standards beginning to ease.

While we're speaking about macro issues, Comerica writes, "Despite the expected GDP reset, we observe strong momentum in the U.S. economy at year end. Labor markets continue to improve. A robust 321,000 payroll jobs were added in November. Hours worked increased, and so did wages. The combination of more workers, working longer hours, for higher wages provides a powerful boost to the U.S. economy. The unemployment rate for November held steady at 5.8 percent, but is set to resume its decline through early 2015. **Auto sales have roared back.** The 17.2 million unit sales rate of November cannot be sustained indefinitely, but it provides strong evidence that U.S. consumers are in a better mood this holiday shopping season. "That got me thinking...which is a good thing, otherwise I'd spend my time watching [videos](#) of squirrels running obstacle courses...how are auto sales doing? The answer is an easy one as sales in November haven't been this robust since 2001; up nearly 5% from a year earlier with five of the top six automakers selling more cars and trucks than analysts expected, compliments of a surging economy, heavy discounting and falling fuel prices luring consumers into U.S. showrooms. Case-in-point, according to the [Wall Street Journal](#), luxury SUVs are up 17% YoY, and with the recent talk of SISA and NINA loans I'd swear it was 2004 all over again.

Wednesday's commentary mentioned that Congress unanimously voted to extend a provision of the **Servicemembers Civil Relief Act (SCRA)** until January 2016, which "prohibits foreclosing on a Servicemembers house for one year after returning from active duty." Josh Kotin with BuckleySander LLP writes, "The SCRA does not prohibit foreclosures on property owned by servicemembers. Instead, it requires that a foreclosure be pursuant to court order so a court is in position to provide any protections to the servicemember that may be appropriate." Thanks Josh!

SNL Financial's financial analysis found the top **4 largest US banks** and thrifts by total assets in order as of Q3 were JPMorgan (\$2.5T), Bank of America (\$2.1T), Citigroup (\$1.9T) and Wells Fargo (\$1.6T). This group adds up to a whopping \$8.2 trillion in assets. Rounding out the top 10 list are: US Bank (\$391B), Bank of New York Mellon (\$386B), PNC Financial (\$334B), Capital One (\$300B), HSBC North America (\$280B) and State Street (\$275B). This group adds up to about \$2.0T. Finally, banks ranked 11 to 20 add up to \$1.6T and include: TD, BB&T, SunTrust, American Express, Ally, Charles Schwab, M&T, Fifth Third, Citizens Financial and USAA. How many of these have well-known mortgage operations? Meanwhile regulators have increased the asset size threshold used to define a small bank for CRA purposes as one that as of Dec 31 of either of the prior 2Ys has assets of \$1.22B. And an intermediate small bank is defined as a bank with at least \$305mm in assets but less than \$1.22B for the same period.

The latest Fed report finds loans at US banks grew to \$7.87 trillion, an annualized 8.2% in Nov vs. 6.8% in Q3. Meanwhile, deposits increased by an annualized 10.4% vs. 5.7% in Q3. The Fed reported loans and leases at the 25 largest banks increased 5.6% annualized in Nov vs. 7.6% for the rest of the industry. Most of the loan growth was in C&I (+13.6%), while CRE was flat.

The pace of bank closings, fortunately, dropped dramatically from 2014 - but last Friday regulators closed Northern Star Bank (\$19mm, MN) and sold it to BankVista (\$135mm, MN) under a P&A agreement. BankVista received 2 branches as well as all of the deposits (at a 1.06% premium) and essentially all of the assets. And **merger and acquisitions continued to be announced this week**. Weymouth Bank (\$212mm, MA) will acquire Equitable Co-operative Bank (\$106mm, MA). Cornerstone Bank (\$1.3B, NE) will acquire North Loup Valley Bank (\$20mm, NE). As part of its move to streamline operations Citibank will sell its Peru subsidiary with 8 branches and 130k customers to Bank of Nova Scotia for an undisclosed sum.

Wednesday the commentary noted some information regarding the **USDA eligible areas**. Bill Scammell from **PMAC** reminded me that, "USDA Announcement (posted 12-22-14): President Barack Obama signed the Consolidated and Further Continuing Appropriations Act of 2015 (omnibus spending bill) into law last Tuesday. With the signing of this Act and barring further congressional action, the USDA will implement the eligibility maps on February 2nd, 2015. The changes will be those already published on the 'Future Eligible Areas' maps posted on the USDA eligibility website ([USDA Future Eligible Maps](#)). A complete package for conditional commitment must be submitted to the USDA on or before Feb 2nd, 2015 in order to fall under the current eligible areas. Packages that are submitted to USDA after Feb 2nd will be subject to the new 'Future Eligible Areas'." Thanks Bill!

Dale Delliquadri, an Account Executive for Mountain West Financial has provided **the waiting periods** for Fannie, Freddie, VA, USDA and FHA loans **after a foreclosure or bankruptcy**. For Fannie Mae products, if you have foreclosed on a loan, the waiting period is 7 years from the completion date and 3 years for extenuating circumstances (90% LTV). For a short sale or deed-in-lieu the waiting period is 4 years and for Chapter 7 bankruptcy the waiting requirement is 4 years from the discharge or dismissal date and 2 years for extenuating circumstances. For Chapter 13 bankruptcy, there is a 2-year waiting period from the discharge date, a 4-year waiting period from the dismissal date and a 2-year waiting period for extenuating circumstances. With Freddie Mac and LP Super Conforming loan products, the waiting period after a foreclosure is 7 years from the completion date, and for a short sale or deed-in-lieu the waiting period is 2-4 years. If you have filed for Chapter 7 bankruptcy, the waiting period is 4 years from the discharge or dismissal date and if you have filed for Chapter 13 bankruptcy the waiting period is 2 years from the discharge date and 4 years from the dismissal date. FHA loans are the most forgiving when it comes to derogatory credit events.

His information went on. The waiting period after a foreclosure is 3 years and for a short sale or deed-in-lieu the waiting period can be anywhere from 0-3 years from the completion date. If you have filed for Chapter 7 bankruptcy, the waiting period is 2 years and if you have filed for Chapter 13 bankruptcy, one year of the prepayment period has to lapse in order to qualify. For VA loan products, the waiting period after a foreclosure, short sale or deed-in-lieu and Chapter 7 bankruptcy is 2 years for a loan less than \$417,000 and 7 years for a loan greater than \$417,000. If you have filed for Chapter 13 bankruptcy, the waiting period is 7 years for a loan amount greater than \$417,000, but it's mandatory to finish making all payments prior to qualifying. Finally for USDA loans, the waiting period after a foreclosure, short sale or deed-in-lieu and Chapter 7 bankruptcy is 3 years and one year of repayment has to occur for Chapter 13 bankruptcy.

Let's keep playing catch up on lender and investor updates over the last several weeks.

Franklin American Mortgage Company has posted its Correspondent National Bulletin 2014-34 which includes various Product and Guideline Updates, Clarifications and Reminders.

Kinecta Federal Credit Union is now offering an additional option for Mortgage Insurance (MI). You will be able to choose a MGIC MI plan for all new submissions in the New Loan Submission form.

NewLeaf Wholesale has updated its Lock Renegotiation Policy on Conforming/High Balance/FHA and VA Products. In the event the market has significantly improved since the date of the lock, each loan is eligible for renegotiation subject to specific requirements.

New Penn Financial is offering free webinars for its new Home Key product. This product is a market leading option for borrowers looking for a fresh start who have suffered a mortgage credit event such as bankruptcy, foreclosure, or short sale just after one year. You can find out all the information by following the link for [Home Key Overview and Webinar Registrations](#).

Plaza Home Mortgage's Elite Jumbo Program Guidelines have been updated for loans locked on or after November 25, 2014. Please refer to the [Program Guidelines](#) for complete details.

United Wholesale Mortgage (UWM) announced that it rolled out a new product called Investor Edge, which is designed specifically for borrowers that are looking to purchase or refinance non-owner occupied investment properties. Interested parties can learn more about UWM's Investor Edge program by visiting its [website](#).

Turning briefly to the markets, Wednesday we learned that US Jobless Claims dropped 9k to 280k, a seven-week low. The 4-week moving average was 290,250, a decrease of 8,500 from the previous week's unrevised average of 298,750. We had a 2.26% close on the 10-yr Wednesday and this morning we're sitting at...2.26% and agency MBS prices are roughly unchanged. There is no scheduled news, not much exciting happened overnight, and no company is expecting much in the way of locks.

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