

North Korea and Rates; Lender Disaster Updates - What Can Borrowers Do?

By: Rob Chrisman | Wed, Sep 6 2017, 9:20 AM

I receive my share of emails, and a portion of them ask me "in the weeds" questions about lenders, programs, and states ("Rob, hook me up with a wholesaler doing yurts in Missouri on 20 acres"). I always refer them to www.mortgageelements.com, which offers programs in the form of the periodic table. But other folks have fun with the periodic table as well, and for those of you out there who have kids in chemistry class, here is [a very cool periodic table](#) that offers a haiku for each element!

Disaster Updates

CoreLogic estimates that about **70% of the flood damage in Houston was uninsured**. Lenders are worried about everything from lost closing packages to forced-placed insurance policies. The ABA estimates about 1,000 bank branches were impacted by the unprecedented rainfall and flooding of Hurricane Harvey. Hurricane Harvey comes at a time when the National Flood Insurance Program owes \$24.6 billion to the Treasury already. This will put pressure on a program that is expiring this month. The impact of Harvey following Katrina means bankers should prepare for extreme regulatory scrutiny around all things flood-related at upcoming exams.

With the odds increasing that Irma will impact U.S. holdings, including Florida, the Federal Emergency Management Agency (FEMA) is busy indeed. **Those impacted should register** with FEMA online, in person at a disaster recovery center or by calling 1-800-621-3362. They should also have their homeowner's insurance company contact info, plus flood or earthquake insurance company, if either applies, and their mortgage servicer.

What if a borrower can't pay their mortgage? If the disaster makes it impossible to make monthly house payments, borrowers should **ask their servicer for mortgage forbearance**. A forbearance allows one to stop making payments for an agreed-upon time. In a forbearance agreement, one might make partial payments or stop making payments for a specific time. Generally, a forbearance lasts up to six months and can be extended up to another six months. Interest still accrues during the time the debtor isn't making full monthly payments. But under a forbearance agreement, the lender won't charge late fees or report them to credit bureaus.

Of course, the lender/servicer will want the mortgagor to catch up on missed payments after the forbearance period is over. That might involve paying extra every month for a few years, modifying the loan, or reaching some other negotiated agreement. Freddie Mac spread the word that if applicable, a mortgage loan is in forbearance for 24 months, Freddie will repurchase the loan from its mortgage participation certificates.

Some borrowers talk with a Department of Housing and Urban Development-approved housing counselor before agreeing to forbearance. HUD: 1-800-569-4287.

There is also aid available. Direct federal aid consists mostly of loans from the Small Business Administration which oversees delivering disaster-related loans to individuals and families. The SBA **extends loans at favorable interest rates** to replace or repair primary residences. Someone can borrow up to \$200,000 to cover renovation or construction costs, and regardless of whether someone is a renter or a homeowner, the SBA will lend you up to \$40,000 to replace personal property such as clothing, furniture, appliances and vehicles.

FEMA offers grants to fill in gaps between insurance payouts and SBA loans. The maximum grant is \$33,300 per household for disasters that happen in the fiscal year that ends Sept. 30, 2017. Grants can be used for expenses such as **basic home repairs that aren't covered** by insurance, temporary rent and disaster-caused medical and child care. For more information, read the section called "What Does Individual Assistance Cover?"

The Federal Housing Administration has a program that's designed to help disaster survivors rebuild or buy replacement homes. Under the Section 203(h) program, the FHA insures mortgages for people whose homes were destroyed or damaged in disasters. Borrowers don't have to make a down payment.

Even when a house is destroyed the mortgagor should **continue paying** on the note until they have talked with the servicer and have reached a settlement with the insurance company. After all, the borrower promised to repay the loan when they signed the mortgage documents at closing. The borrower is liable for the loan debt, and making their payment is part of the borrower's contractual obligation.

Servicers are contacting borrowers. In response to Hurricane Harvey, **Freddie Mac is allowing servicers to "verbally grant" 90-day forbearances**, and Fannie Mae is letting servicers grant 90-day forbearances "even if they cannot contact the impacted homeowner immediately."

[AFR Wholesale](#) is conducting a webinar for brokers to provide answers and solutions to guide their customers with the best options to help them rebuild in the wake of natural disasters, like Hurricane Harvey. The webinar will focus on products, like the 203(h) mortgage insurance program that helps victims in Presidentially designated disaster areas recover by making it easier for them to re-establish themselves as homeowners. Scheduled for this Friday, September 8th from 2-3PMEST, those interested in this timely webinar on disaster relief resources can register [here](#).

Wells Fargo is taking steps to assist borrowers in the Hurricane Harvey affected areas. If you're aware of a Wells Fargo Home Lending borrower in need, share the following information: Wells Fargo Home Lending customers can contact us at 1-888-818-9147, Monday through Friday from 6:00 a.m. to 10:00 p.m. CT, and Saturday from 8 a.m. to 2PMCT. All Wells Fargo customers can reach us at 1-800-TO-WELLS if they need assistance or have questions. Our mobile response unit will be deployed to the affected area once the situation is stabilized. Wells Fargo customers will be able to receive in-person assistance with their mortgage, home equity or auto loans. Wells Fargo is waiving ATM fees for customers in the affected areas, as well as reversing other fees - such as late fees - for all our consumer products, including credit cards and checking accounts.

Plaza Home Mortgage associates have raised more than \$20,000 for the American Red Cross to lend support to Hurricane Harvey victims. The owners of Plaza will match all the associates' contributions this Friday so collectively, as an organization, Plaza will donate well over \$40,000. You can find that page [here](#).

On 9/1/2017, with [Amendment #3 to DR-4332](#), FEMA announced federal disaster aid with individual assistance for 3 additional Texas counties.

The Texas Appraiser Licensing and Certification Board (TALCB) has announced that any appraiser license that expires in the month of August will be extended 30 days due to delays caused by Hurricane Harvey. In addition, open applications for licenses that expire between August 21, 2017 and September 30, 2017 will be extended by 30 days. If a Pacific Union Financial loan file includes a Texas appraisal license with an expired license that is within the dates detailed above, include a screenshot of the [TALCB announcement](#) with the appraiser's license in the loan file.

Loans secured by properties located in impacted areas are subject to suspension of funding or proceeding with caution according to standard Pacific Union protocol. Standard requirements for disaster areas apply for the funding of properties as they relate to expectations from appraisers for existing pipeline and new applications. For loans secured by properties in affected areas, the appraiser must comment on the disaster **and whether there is an impact to the property and value**. In addition, all types of issued insurance policies (hazard, flood, windstorm, etc.) must have binding authority on the subject property. Its Disaster Area Policy, Pacific Union reserves the right to impose restrictions and/or suspend funding, without notice, in additional areas subject to any adverse event that may impact the safety/habitability/value of impacted properties.

Mortgage Solutions Financial has posted [revised information](#) on affected areas due to Hurricane Harvey. Lenders are reminded its disaster policy must be followed.

[PennyMac](#) posted updates to Texas Hurricane Harvey requirements.

FAMC is requiring disaster re-inspections that are dated after the incident end date on properties affected by Hurricane Harvey. Due to unprecedented levels of rainfall and the ongoing flooding caused by this event, the extent of all impacted areas is currently unknown. Once the incident end date is established by FEMA, it will be published on the [Disaster County Detail Worksheet](#) located on the FAMC website.

M&T Bank will enforce the Disaster Re-Inspection Policy for all properties located in the affected counties. For loans secured by properties, in the designated disaster areas, and appraised prior to the Federal Government / State Government declaration, refer to the M&T Bank matrix for procedures.

Capital Markets

U.S. Treasury notes, bonds, and agency MBS rallied Tuesday - not because of U.S. weak economic news, but in response to Sunday's North Korea's nuclear test. Treasury bills, meanwhile, retreated due to a lack of concrete progress on the debt ceiling front. The slope of the yield curve saw compression between the 2s and 10s, and the spread dropped to 78 bps from 81 bps on Friday. The 10-year note price improved .75, yielding 2.07%; 5-years and agency MBS prices improved about .375.

This morning we've had last week's mortgage application data (+3.3%, refis +5%) and the trade deficit for July (\$43.7 billion). At 2PMET the Fed's latest Beige Book will be released. We begin Wednesday with the 10-year yielding 2.07% and agency MBS prices roughly unchanged versus last night's close.

Jobs Personnel, and Coaching

Huge congratulations to [The Money Source Inc.](#) for hiring [Pete Sokolovic](#) as Executive Vice President of Consumer Direct and Portfolio Retention. "Pete's diverse industry knowledge and his hands-on approach make him an ideal fit with our team" said Darius Mirshahzadeh, CEO of The Money Source. Sokolovic brings over 24 years of mortgage leadership experience to TMS.

"Bryan and Dawn Peck have joined [Synergy One Lending](#) to manage both the Oxnard branch and our Builder Division in the Central Coast. Both have a long and successful track record of growing referral based business with Builders and Realtors throughout the central coast of California. Bryan will serve as VP, Builder Division, while Dawn will manage the Retail Team in Oxnard. Both will report to Steve Majerus. Synergy One Lending is licensed in 42 States, is FNMA approved, and has focused on product innovation. 'I selected Synergy One Lending for several reasons, but it all started with the alignment between the firm's corporate culture and my personal values. Synergy One's relentless focus on expanding innovative products and providing technology tools that will fundamentally enhance the client experience is what brought me to this exciting position at this stage of my career,' stated Peck. Synergy One Lending is hiring Retail Production Teams. Please go to www.joinsynergy1.com and select 'Contact Us' to begin a confidential conversation."

Come talk to [Planet Home Lending's](#) wholesale team at booth #2 at the Texas Mortgage Roundup on 9/6 in Dallas. See how better pricing, better underwriting, better processes, and faster turn times give you better results. Pick up the details on our innovative wholesale non-delegated lending partnership programs from Wholesale Regional Manager [Ron Scott](#) (512.585.2284), or Senior Account Executives John Barker and Lane Thompson.

Florida's City National Bank has opened its first residential loan production office in Sarasota, with plans to open additional offices in Tampa, Naples and Orlando. The bank has hired Joe Adamaitis to spearhead the efforts in Sarasota, and Adamaitis joins City National Bank as Vice President and Residential Lending Market Manager. The bank also hired Howard Levine, CNB's new Executive Vice President and Residential Lending Executive, who will lead CNB's residential division, Tony Eelman, Managing SVP, Residential Lending Managing Director, Carmen Valdivia, SVP, Residential Sales Director, Susan Mitchell, SVP, Residential Risk Underwriting Manager, and Yaira N. Mejia, First Vice President, Senior Mortgage Banker.

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