



Process Improvement

Coming Together

I usually discuss industry trends, but this month will be much different. I want to talk about how the industry makes a difference.

By **Tony Garritano**

For those of you that regularly read this column or know me personally, you know that I like to talk about industry trends. I love to talk about the e-mortgage, now dubbed the digital mortgage. But this month I want to do something a little different. I want to talk about how the industry gives back in the face of tragedy. We've seen a lot of devastation this hurricane season and our industry has tried to help those impacted.

David H. Stevens, CMB, President and CEO of the Mortgage Bankers Association (MBA), in discussing Hurricane Harvey said, "I want to offer my condolences and sympathy to the millions of people affected by this tragedy. Our thoughts and prayers are with them all.

"The entire mortgage industry is working around the clock to identify homeowners in the affected areas who are in need of assistance or who have questions about their property, payment status, or loans. We are encouraging any homeowner who is unsure of their situation to immediately contact their lender or servicer as well as their hazard or homeowners insurance provider."

And the industry has responded. For example, loanDepot, announced its plans to help families impacted by flooding and damage from hurricanes Harvey and Irma by introducing a FHA-203(h) product for those who need to rebuild or repair a destroyed or damaged home as well as for those needing to buy a replacement home.

This FHA-203(h) Mortgage Insurance for Disaster Victims product is specifically designed to help those within Presidentially-declared major disaster areas (PDMDA) in urgent need of home repairs, a full rebuild, or to purchase a new home. The 203(h) product guidelines may allow loanDepot to disregard any late payments that were the result of the destroyed or damaged property in specific PDMDA areas. Additionally, it provides more

flexibility on documentation of employment, assets and liabilities in cases where records were destroyed by the disaster.

"Due to the scope and severity of the disasters, we felt it necessary and important to help families get back into homes as quickly as possible," said Anthony Hsieh, loanDepot CEO and Chairman. "When I visited Texas and Florida and saw the devastation with my own eyes, I immediately knew that we needed to act quickly to support families in need. Not only have we donated to the American Red Cross and supported local diaper banks, but we're using our expertise to help homeowners navigate the system so repairing, rebuilding or purchasing of homes can happen quickly to ensure a more rapid recovery allowing homeowners to rest easier."

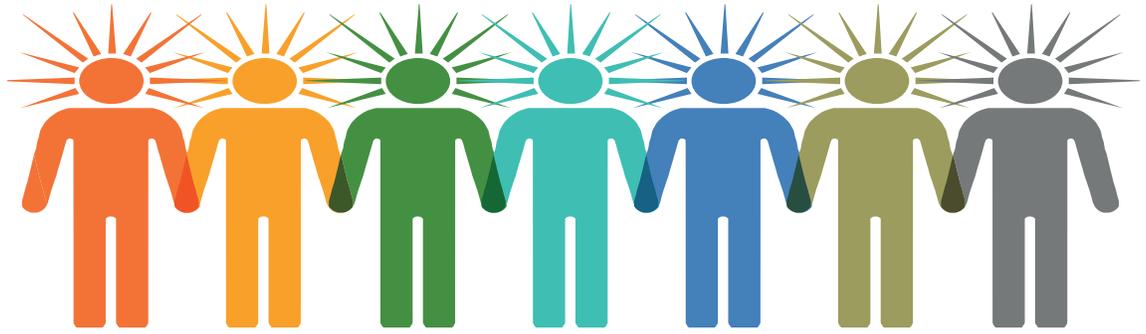
For those needing repairs, the FHA-203(h) product can cover repairs such as:

- >>Repair/replacement of roofs, flooring, gutters
- >>Repair/replacement of existing plumbing and electrical systems
- >>Painting (both interior and exterior)
- >>Purchase and installation of major appliances such as stoves, refrigerators, washer/dryers, dishwashers and microwaves.
- >>Accessibility improvements for persons with disabilities
- >>Basement waterproofing
- >>Window/door replacement and exterior wall re-siding
- >>Other repairs to make the home safe and livable

For those renters or owners who need to purchase a new home, FHA-203(h) allows for a zero-dollar down payment if their current home was damaged or destroyed. Existing homeowners will need to document sufficient insurance coverage to pay off the existing mortgage of their damaged/destroyed home.

Eligibility may require a credit score threshold as well as the demonstration of on-time credit

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obligation payments for the 12 months prior to the disaster. 203(h) loans need to be initiated within a year of the disaster and to qualify, previous homes both owned or rented must have been located in a PDMDA and either destroyed or damaged to such an extent that reconstruction or replacement is necessary.

In addition, HLP and IndiSoft announced that the HLP portal is now accepting homeowner requests for assistance from Hurricane Harvey victims. HLP's technology partner, IndiSoft, has built a new case type in its communications platform to enable these families to access other government assistance programs to help keep their homes.

Homeowners affected by the devastating hurricane may be able to suspend their mortgage payments for up to 12 months, or take advantage of others relief offers from their mortgage servicer. Homeowners or their U.S. Department of Housing and Urban Development (HUD)-approved nonprofit counseling agency will only need to provide HLP with a limited amount of information to submit a request to suspend their mortgage payment or other assistance from their mortgage company.

"HLP is ready to assist homeowners, counseling agencies, servicers and investors utilize all government assistance programs available to help homeowners save their homes during this national crisis," said Mark Cole, HLP's CEO. "We are thankful that IndiSoft has developed a fast, secure way for a homeowner to guarantee their requests for assistance will be received by their servicer. Our platform creates a permanent record of all documents submitted, which eliminates any possible dispute."

Homeowners can register online, fill in some basic information and upload the required documents. Counseling agencies can create new cases for assisting

homeowners using the existing counselor portal. In most cases, a simple letter about how a home has been damaged by Hurricane Harvey is all that is needed to start the process. This information is then electronically submitted to servicers for review and processing.

"With Texas not being your typical state for flooding, many of the homes are without flood insurance coverage. The last thing homeowners affected by Hurricane Harvey need to think about is how they can contact their mortgage servicer and access much needed services being offered by federal and local government agencies," said Sanjeev Dahiwadkar, CEO of IndiSoft. "We hope by extending assistance to homeowners through this portal and with the help of HUD-approved counseling agencies families will receive the help they need in a timely manner."

Freddie Mac, Fannie Mae and HUD have announced various efforts to help homeowners. For example, Freddie Mac has authorized mortgage companies to suspend payments for up to 12 months for homeowners with mortgages owned by Freddie Mac who live in a major disaster area where federal individual assistance programs have been extended. They are also authorized to waive assessment of penalties or late fees again borrowers with disaster-damaged homes.

Fannie Mae announced that it will implement a 90-day foreclosure sale suspension and a 90-day eviction suspension for borrowers with properties located within FEMA-declared disaster areas that are eligible for FEMA Individual Assistance. HUD will offer mortgage and foreclosure relief as well as other assistance to some families, including to the 200,000 FHA-insured homeowners, living in the affected areas.

So, going forward, I hope the industry continues to pull together to come up with creative ways to help people in need. ❖

Tony Garritano is chairman and founder at PROGRESS in Lending Association. As a speaker Tony has worked hard to inform executives about how technology should be a tool used to further business objectives. For over 10 years he has worked as a journalist, researcher and speaker in the mortgage technology space. Starting this association was the next step for someone like Tony, who has dedicated his career to providing mortgage executives with the information needed to make informed technology decisions. He can be reached via e-mail at tony@progressinlending.com.