



**The Mortgage Industry as a Key
Component of Puerto Rico's
Economic Transformation**

JUNE 13-14, 2019

SAN JUAN MARRIOTT RESORT & STELLARIS CASINO



2019 CONVENTION



**MORTGAGE BANKERS
ASSOCIATION OF PUERTO RICO**

MBA's Mortgage Industry Achievements

June 13, 2019

Our History

- ▶ For 45 years the Mortgage Bankers Association of Puerto Rico has actively represented the industry, in the local government and legislature, federal regulators, the GSE's, the private sector and other business associations.
- ▶ Our main goal is to expand the access to mortgage financing in Puerto Rico through a stronger real estate market and more agile and efficient financial institutions.
- ▶ We have succeeded in our efforts to become part of the fiscal and economic discussion in the Island. We have given a unified voice to our members and associates in the matters that affect our industry.

Our History

- ▶ In 1986 we established the Mortgage Bankers School, to provide our industry with an institution for continued education and to provide the necessary tools to our members and mortgage industry professionals. The MBS strives to enhance their professional experiences within our business.
- ▶ MBA has over 90 members related with the local mortgage industry which are divided in three categories:
 - ▶ Regular members
 - ▶ Associate
 - ▶ Correspondents members

Our Services

- ▶ We provide a series of services and benefits to our members which allow to better serve our industry and our customers. Our members benefit include
 - ▶ Code of ethics
 - ▶ Local Government Relations
 - ▶ Federal Government and GSE's Relations
 - ▶ Legislative Representation
 - ▶ Data & Analytics
 - ▶ Seminars & Continued Education
 - ▶ Industry Wide Communication
 - ▶ Special Events and Networking Opportunities
 - ▶ Annual Convention
 - ▶ Christmas Party
 - ▶ Business Lunch

Mortgage Bankers School (MBS)

- ▶ Our education institution which provides:
 - ▶ Specialized Course
 - ▶ Short Courses
- ▶ Specialized certifications such as:
 - ▶ Certified Loan Analyst
 - ▶ Certified Loan Closer
 - ▶ Certified Servicing Technician
 - ▶ Certified Loan Underwriters
- ▶ We strive to graduate the new generation of mortgage bankers
- ▶ Over 2,700 students have attended the MBS
- ▶ We expect to roll out online course in the near future

Collaborations & Partnerships

- ▶ Strategic partnerships with other trade associations related to the mortgage and lending industry were a key component of our strategy during the past two years.
- ▶ By collaborating with the Puerto Rico Bankers Association, Homebuilders Association, M-Loan, Realtors Association among others we can effectively become advocate for our members and borrowers.
- ▶ Post Hurricane Maria our collaborations were focused in helping in the communication process, legislative agenda and the ongoing rebuilding process.
- ▶ Continued collaborations are an important component of the rebuilding process and the implementation of the CDBG-DR sponsored programs.

Industry Efforts & Accomplishments

- ▶ The Puerto Rico MBA participated in multiple efforts to restart lending in the Island.
 - ▶ Efforts to reopen the CRIM and the Property Registrar.
 - ▶ Coordinated efforts for a multisector request to HUD to lift the FEMA End Date requirement to close and insured FHA Loans.
 - ▶ Requested, along with the PR Bankers Associations, PR Builders Association, MLoan and the Puerto Rico Senate various waivers to aid in the rebuilding process.
 - ▶ These waivers would make lending requirements more flexible in:
 - ▶ FHA 203k Program
 - ▶ FHA Streamline Refinance
 - ▶ FHA Condominium Approval
 - ▶ Loss Mitigation Programs
 - ▶ Loan Modification Procedures

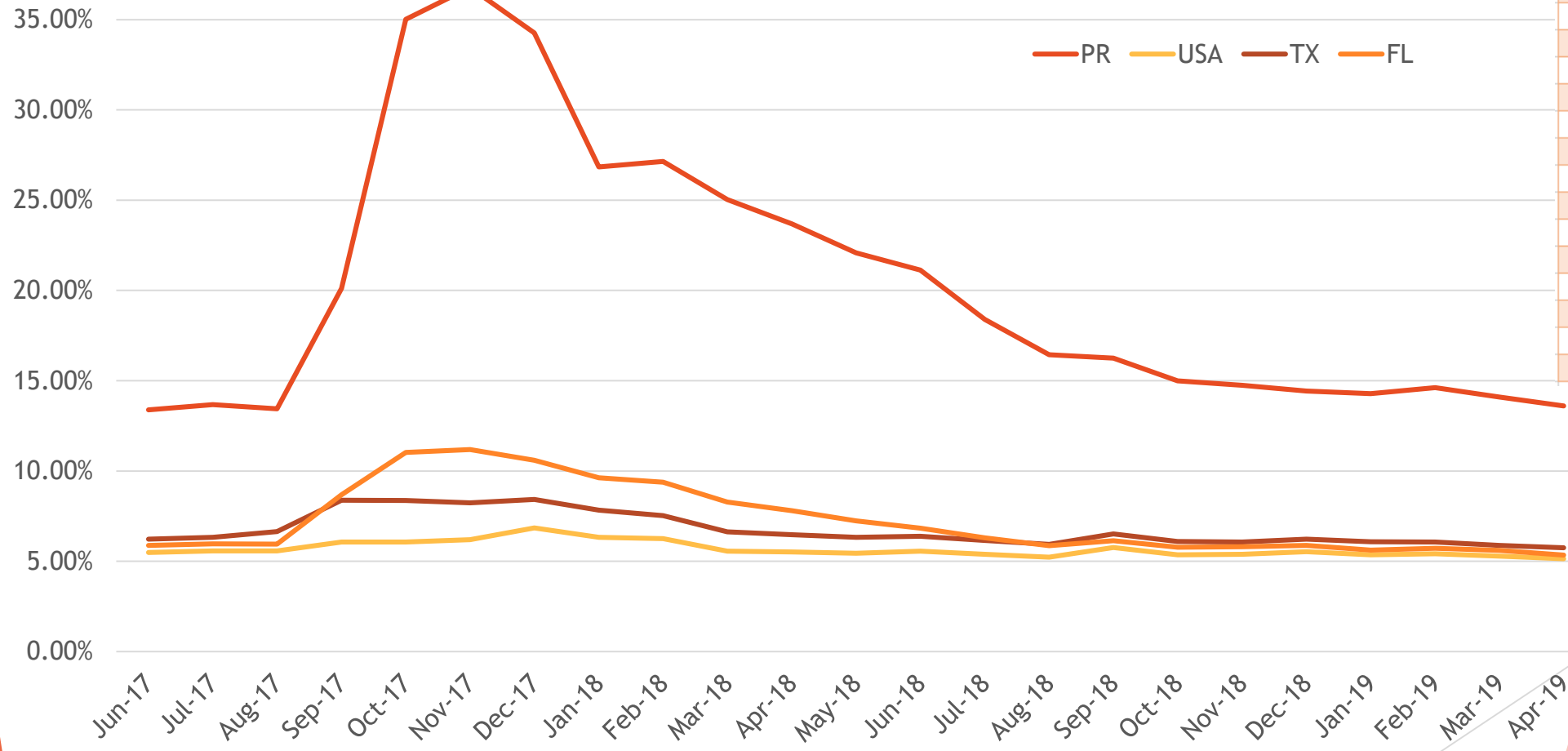
Industry Efforts Post Hurricane Maria

- ▶ Participated in conjunction with partner associations to aid and educate our borrowers in the moratoriums and loss mitigation processes.
- ▶ Aided in the creation and approval process of legislation that would streamline the legal process of disaster modifications.
- ▶ Assisted in the education and communications process for the FHA 203h program.
- ▶ In conjunction with the National MBA establish the first line of communication with HUD in order to be able to provide continued updates about their portfolio in PR that total over 114,000 loans in 2017.
- ▶ Currently we maintain communication with the GSE's providing valuable input and data elements relevant to moratoriums and the rebuilding process.

Data & Analytics

- ▶ Providing transparency and accurate data is valuable to the future of our business.
- ▶ After two years of planning, negotiations and testing our first McDash Report was delivered by Black Knight on June 2017.
- ▶ The McDash Puerto Rico report provided valuable delinquency and foreclosure information post Hurricane Maria.
- ▶ Future enhancements to the report are being planned to further provide transparency of our origination and servicing operations.

Delinquency Rate



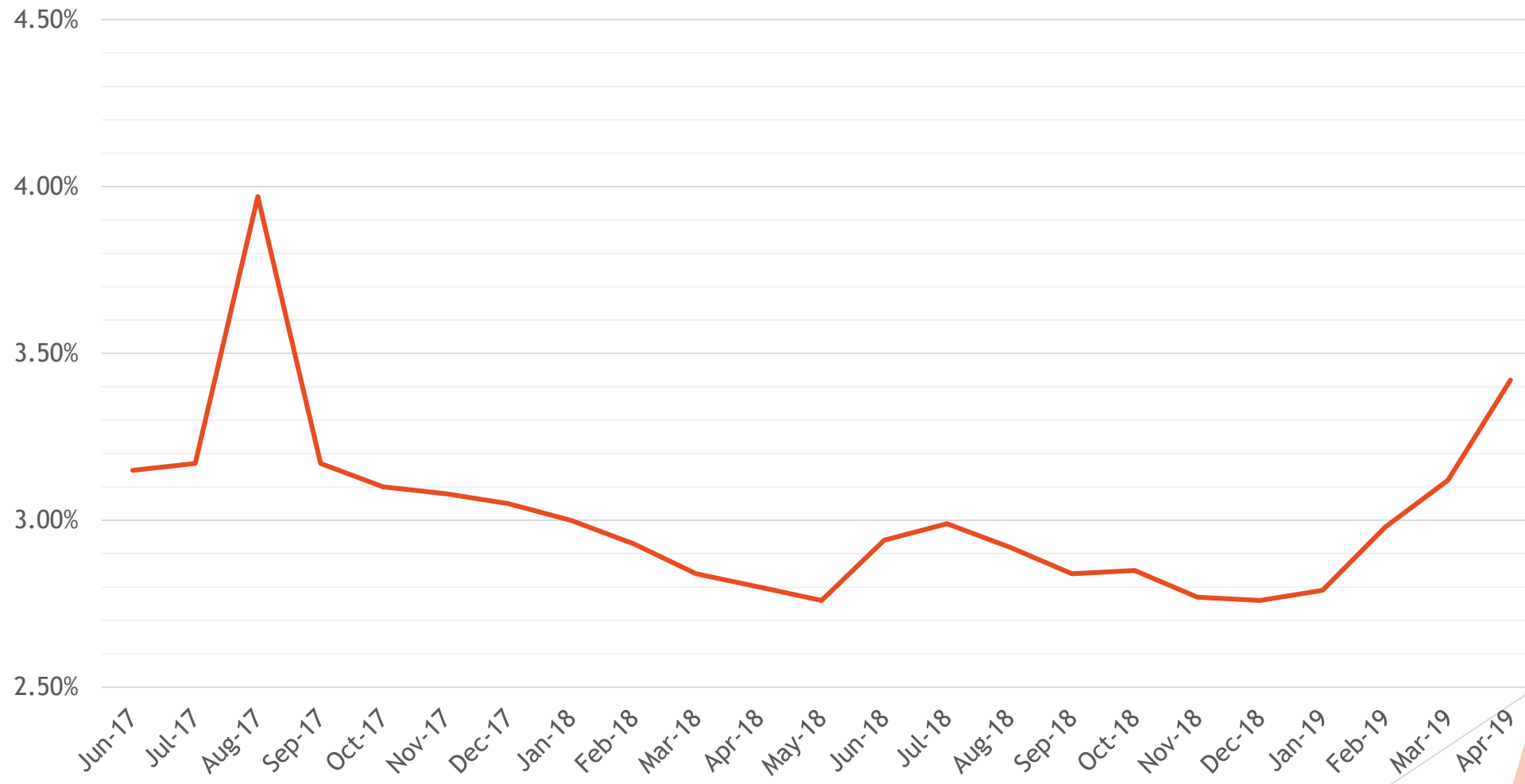
MONTH	PR	USA	TX	FL
Jun-17	13.38%	5.49%	6.23%	5.87%
Jul-17	13.68%	5.58%	6.33%	5.97%
Aug-17	13.45%	5.58%	6.65%	5.95%
Sep-17	20.11%	6.06%	8.38%	8.69%
Oct-17	35.02%	6.07%	8.37%	11.03%
Nov-17	36.78%	6.20%	8.23%	11.18%
Dec-17	34.27%	6.85%	8.42%	10.60%
Jan-18	26.84%	6.32%	7.83%	9.63%
Feb-18	27.15%	6.25%	7.53%	9.38%
Mar-18	25.04%	5.56%	6.63%	8.28%
Apr-18	23.69%	5.51%	6.47%	7.80%
May-18	22.08%	5.44%	6.33%	7.24%
Jun-18	21.12%	5.56%	6.39%	6.83%
Jul-18	18.39%	5.38%	6.15%	6.29%
Aug-18	16.44%	5.22%	5.94%	5.86%
Sep-18	16.25%	5.76%	6.52%	6.13%
Oct-18	14.99%	5.35%	6.09%	5.78%
Nov-18	14.74%	5.38%	6.07%	5.81%
Dec-18	14.43%	5.53%	6.22%	5.88%
Jan-19	14.28%	5.35%	6.08%	5.62%
Feb-19	14.62%	5.41%	6.06%	5.72%
Mar-19	14.10%	5.29%	5.88%	5.60%
Apr-19	13.60%	5.14%	5.74%	5.34%

Source: McDash Presented for MBAPR

Delinquency Trends & Outlook Post Hurricane Maria

- ▶ Three-month payment moratorium was established immediately after the hurricane by most servicers in the island.
- ▶ Most non-conforming loans were modified by extending their maturity.
- ▶ FNMA and FHLMC were giving payment plans or disaster modifications. (Extended Modification for Disaster Relief)
- ▶ FHA, VA & RD underwent loss mitigation reviews utilizing special disaster relief including newly established and modified Disaster Partial Claim alternatives.
- ▶ We have seen a continued decrease in delinquencies during the past 18 months.

Foreclosure Rate



Source: McDash Presented for MBAPR

Foreclosure Trends & Outlook Post Hurricane Maria

- ▶ A foreclosure moratorium went into effect immediately after the hurricane and provided by all of our members.
- ▶ FHA, VA and RD loans extended their FC's moratorium which lasted up to twelve months after the hurricane.
- ▶ FNMA and FHLMC extended the FC's moratorium accordingly.
- ▶ Special considerations are being given to clients affected by the hurricane in order to minimize foreclosure.
- ▶ We expect an increase in Foreclosure starts in the upcoming month due to the backlog created by the moratoriums. Nonetheless we continue to see gradual declines in the delinquency rate.



MORTGAGE
BANKERS
ASSOCIATION
OF PUERTO RICO





SENADO
1917 - 2017



70
ANIVERSARIO
DEL CAPITOLIO
PUERTO RICO

FERIA DE EMPLEOS & ASESORÍA HIPOTECARIA Y PROTECCIÓN DE HOGARES

ANTE UN PROCESO MORATORIO TRAS EL PASO DE LOS HURACANES IRMA Y MARÍA



SENADO

Comisión de Banca, Seguros, Comercio y Cooperativismo

Hon. Thomas Rivera Schatz

Presidente

Senado de Puerto Rico

Hon. Eric Correa

Presidente

Comisión de Banca, Seguros, Comercio y Cooperativismo

12 | DICIEMBRE | 2017

9AM - 4PM

CAPITOLIO

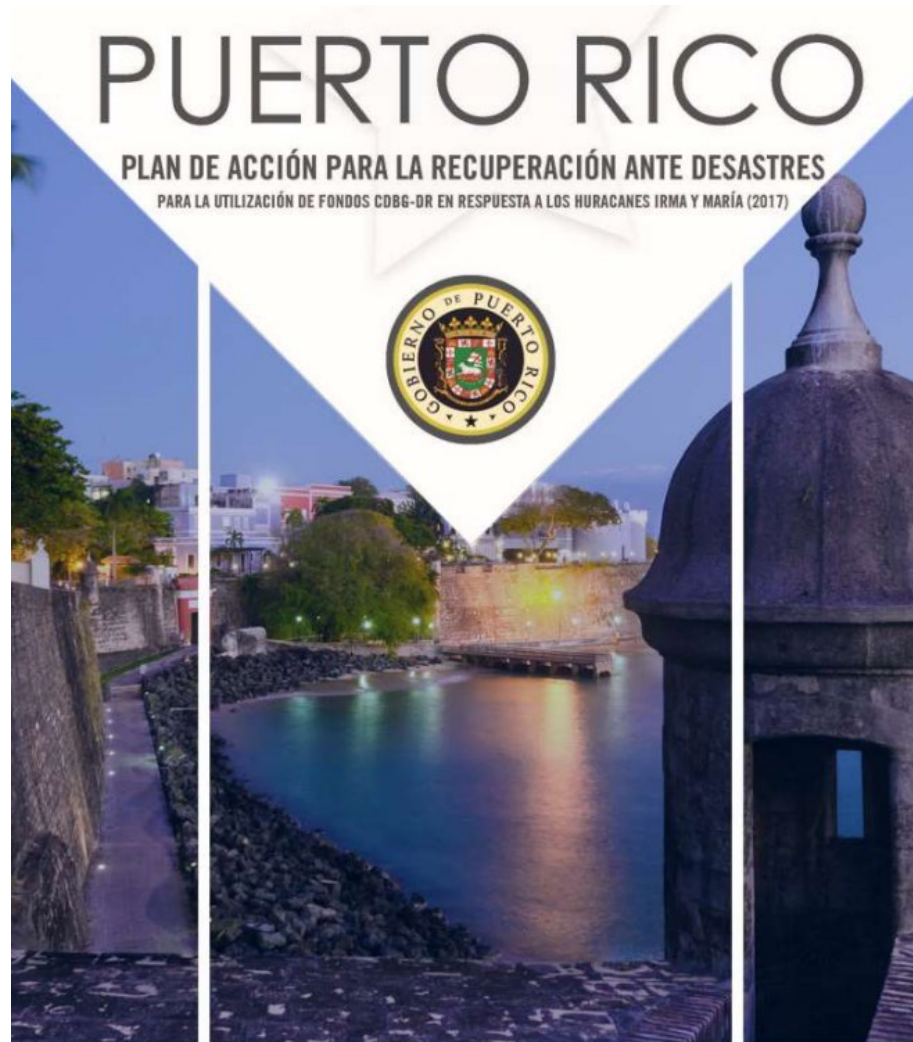
Salón Leopoldo Figueroa

ESTACIONAMIENTO LIBRE DE COSTO

Luis A. Ferre - Paseo Covadonga - Guardia Nacional



CDBG-DR Funds



CONSTRUIMOS 

PROGRAMA DE REPARACIÓN, RECONSTRUCCIÓN O REUBICACIÓN		
TOTAL DEL PROGRAMA \$2,175,570,050	ENTIDAD ADMINISTRADORA VIVIENDA	OBJETIVO NACIONAL LMI
ADJUDICACIÓN MÁX. \$150K RECONSTRUCCIÓN \$60K REPARACIÓN	FECHA DE COMIENZO-TÉRMINO DURACIÓN DE LA CONCESIÓN	ÁREA ELEGIBLE PUERTO RICO
PROGRAMA DE AUTORIZACIÓN DE TÍTULOS		
TOTAL DEL PROGRAMA \$40,000,000	ENTIDAD ADMINISTRADORA VIVIENDA	OBJETIVO NACIONAL LMI
ADJUDICACIÓN MÁX. N/A – SERVICIO PÚBLICO	FECHA DE COMIENZO-TÉRMINO DURACIÓN DE LA CONCESIÓN	ÁREA ELEGIBLE PUERTO RICO
VIVIENDA DE INTERÉS SOCIAL (PERSONAS SIN HOGAR, VÍCTIMAS DE VIOLENCIA DOMÉSTICA)		
TOTAL DEL PROGRAMA \$32,500,000	ENTIDAD ADMINISTRADORA VIVIENDA	OBJETIVO NACIONAL CLIENTELA LIMITADA/LMI
ADJUDICACIÓN MÁX. \$500,000	FECHA DE COMIENZO-TÉRMINO DURACIÓN DE LA CONCESIÓN	ÁREA ELEGIBLE PUERTO RICO
HIPOTECA AL DÍA		
TOTAL DEL PROGRAMA \$100,000,000	ENTIDAD ADMINISTRADORA AFV	OBJETIVO NACIONAL LMI, UN
ADJUDICACIÓN MÁX. \$20,000	FECHA DE COMIENZO-TÉRMINO DURACIÓN DE LA CONCESIÓN	ÁREA ELEGIBLE PUERTO RICO
BRECHA CDBG-DR DE LOS CRÉDITOS CONTRIBUTIVOS DE VIVIENDA POR INGRESOS BAJOS (LIHTC)		
TOTAL DEL PROGRAMA \$400,000,000	ENTIDAD ADMINISTRADORA AFV	OBJETIVO NACIONAL LMI
ADJUDICACIÓN MÁX. BRECHA VALIDADA	FECHA DE COMIENZO-TÉRMINO DURACIÓN DE LA CONCESIÓN	ÁREA ELEGIBLE PUERTO RICO

Seminars and Meetings

- ▶ During the past two years we have continued our education efforts providing, coordinating or assisting in the development of:
 - ▶ VA Program updates
 - ▶ FHA Loss Mitigation training
 - ▶ FHA Underwriting update
 - ▶ FNMA Servicing Update
 - ▶ Changes to the PR Tax Code
 - ▶ Fraud Prevention
 - ▶ URLA Update
 - ▶ Bank Secrecy Act
 - ▶ MLO Exam Review & 8hr continued education

Continued Efforts

- ▶ Condominium reform
 - ▶ We must continue to seek changes to current condominium regulations in order to increase affordable lending for apartment units.
 - ▶ Continue education efforts to condominium association in order to increase the number of FHA / VA / RD / FNMA approved condominiums.
 - ▶ We aim to increase the number of FHA approved condominiums. Currently only 115 condominiums are approved.
- ▶ Support housing recovery and promote homeownership.
- ▶ Provide enhance transparency on our industry performance.

Continued Efforts

- ▶ Government Relations
 - ▶ Promote public policy that facilitate affordable loans for our borrowers.
 - ▶ Participate in the discussion of all upcoming legislation affecting our industry such as:
 - ▶ Loss Mitigation
 - ▶ Foreclosures
 - ▶ Mediation
 - ▶ Continue our efforts to create a streamline process to correct and legalize properties that are designated as “illegal non conforming”.
 - ▶ Education is crucial to help our borrowers purchase their dream home.
 - ▶ Increase the availability of the Good Neighbor Next Door Program.

Continued Efforts

▶ Servicing

- ▶ Educational efforts focus on borrower and member needs.
- ▶ Active communication and coordination efforts with CRIM and the Property Registrar
- ▶ Promote loss mitigation training within our industry members
- ▶ Help mitigate the impact of the year over year increase in hazard policies increase.
- ▶ Promote enhance loss mitigation initiatives to fight the rise in foreclosure starts.

Thank You!!!



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