PROPERTY PRESERVATION EXECUTIVE FORUM WINTER 2020

Property Preservation Review

CHAIR LETTER

Welcome,

As Chair of the Property Preservation Executive Forum, it has been incredible to watch our industry come together during the unexpected difficulties we've faced in 2020. Mortgage servicers, property preservation companies, and our vendor networks have worked hard to ensure that properties are safe, secure, and well maintained.

We have changed the way we do business in many aspects. We learned how to restructure our businesses in a matter of days, all while trying to ensure the safety and well-being of our employees. Communication has always been important in our industry, but now even more so as we are learning how to connect differently. We now meet via Zoom meetings and complete screen-sharing trainings. We have hired people without ever meeting them in person, and we keep employees engaged with drive by events and virtual meetings. With all of these changes, our industry and our employees have proven to be extremely resilient. I've enjoyed seeing all the creative ways we have found to stay in touch.

Our industry has also seen drastic changes as a result of the moratoriums that have been placed. Even with contact-less inspections, there has been a dramatic reduction in the numbers of inspections being completed, no evictions being performed, and significant reduction in conveyances. Servicers have had to balance retaining talent and managing costs all while remaining prepared for a potential foreclosure wave. Process improvements and employee development have remained the focus through these challenges.

People are really beginning to miss the in-person interaction, and in 2021, we will focus on how to bring that back. Whether it is safely returning to the office or continuing to introduce new and exciting ways to connect, we will have our work cut out for us. But we are hopeful to see a return of some normalcy.

Lastly, I would like to thank the PPEF members for their contribution and participation this past year. While networking has looked completely different, with no in-person meetings and a shift to virtual conferences, the Five Star PPEF has been especially important. This group has allowed our industry to remain in constant communication, making decisions together and working to improve our industry as we prepare for what 2021 will bring

Best regards,

Caroline Reaves
Chair, PPEF
CEO, Mortgage Contracting Services

INDUSTRY INSIGHT

Lessons Learned

Sixteenth century advice holds true today, "necessity is the mother of invention."

By Jim McDermott

COVID-19 has forced the mortgage industry to re-imagine new approaches to the way it has traditionally dealt with property preservation—especially as many homeowners find their mortgage forbearance period coming to an end. What big changes can we expect to see in 2021?

Standardization Across the Industry

With many communities reeling from the fallout of the pandemic, a record-breaking hurricane season, and wildfires across the west, property preservation has never played a more crucial role in keeping the dream of homeownership alive. Standardization across the industry will help servicers and lenders better serve customers and communities by avoiding the inefficiencies that result from different interpretations of the same guidelines. By implementing standardized procedures, we have the potential to reduce back office costs and make it easier (less expensive) to transact while also avoiding a communication bottleneck between the multiple parties involved in transactions. The following are areas ripe for standardization and include, but are not limited to:

- Occupancy inspection forms
- Property condition forms
- Allowables (which are the most common things addressed on a property), here, scope and price exist in different ways across investors
- Photo standards which often vary depending on work orders and company procedure manuals
- Scopes for pre-foreclosure

The number of properties at risk of foreclosure is rapidly increasing, making new defaults unavoidable once foreclosure moratoriums are lifted. ATTOM Data Solutions projects that between 225,000 to 500,000 properties will be in potential foreclosure by 2021 because of delinquent loan payments. While foreclosure should always be a last resort, to handle the potential increase, greater efficiencies and industry standardization will become critically important.

Heavy Reliance on Tech

With a majority of people working from home as a result of COVID-19, servicers will need to ensure field service providers are using safe, secure, compliant

"Lessons Learned" continued on Page 2

DIRECTOR LETTER

Dear PPEF Members,

As we look toward saying good-bye to 2020 and welcome in 2021, let me express my thanks for the warm welcome I have received since joining Five Star as the Membership Director for the PPEF. I have had the pleasure of connecting with members, all of whom have been gracious with their time and knowledge. If we have not yet had an opportunity to connect, I look forward to doing so.

2020 has been a year none of us will soon forget, fraught with challenges, uncertainty, and fear. It gives me considerable pride in seeing how PPEF members have continued to ensure properties are secure and safe. During these most trying of times, you continue to answer the call of duty exceptionally. Equally impressive has been the industry's ability to pivot and adapt swiftly to new ways of doing business during the pandemic.

As we look forward to the new year, let us make 2021 a year of even greater success for moving the industry forward, no matter what comes our way. I wish you all a safe, healthy, and happy holiday season.

Eileen Kornmeyer
Director, AMDC

A Partnership to Weather Any Storm

Businesses and corporations of all sizes are facing risks that challenge their ability to succeed. The right technology partner is key to growth.

By Quentin Finney

When disaster strikes, an informed response is necessary, and the quicker, the better. Quick decisions can reduce disaster impact, avoid rising costs, and even save lives.

The seas are starting to calm after a treacherous hurricane season, and firefighters worked hard to get this year's unprecedented wildfires under control. Unfortunately, there is no rest for the weary. Now is not the time to put your feet up and relax as winter presents its own challenges. And, unfortunately, the pandemic and civil unrest that marks 2020 are still huge factors facing business leaders.

Don't Go It Alone

With the emergence of COVID-19, an increase

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technology platforms. In order to properly secure data, it is important to know who has access to it, where they are accessing it from, and what controls are in place to prevent improper dissemination. In Xome's case, years of investment into the right technology platforms along with a focus towards supporting remote talent, positioned us well to make that shift.

As COVID-19 restrictions remain in place, it is imperative that companies continue to leverage technology that's adaptable and flexible and that helps them to remotely respond to customer needs. A few solutions to consider include:

- Offering tools which allow for real-time collaboration and communication, meetings, and file and app sharing.
- Enabling technologies which give safe and secure access from anywhere in the world. For example, creating a secure tunnel and a "desktop within a desktop" that makes it possible to use a personal device without concerns over data privacy.
- Provide a suite of cloud-based productivity tools, which integrates easily and promotes collaboration, while eliminating much of the need to manage software on local machines.

End-to-End Solutions

When mortgage servicers engage with a fully integrated end-to-end (E2E) solutions provider which offers asset management, property disposition, title, close, valuation, and field services, it can help servicers eliminate process steps, reduce delays, and minimize losses. It also helps mortgage companies position themselves to scale operations by adding capacity where and when it's needed.

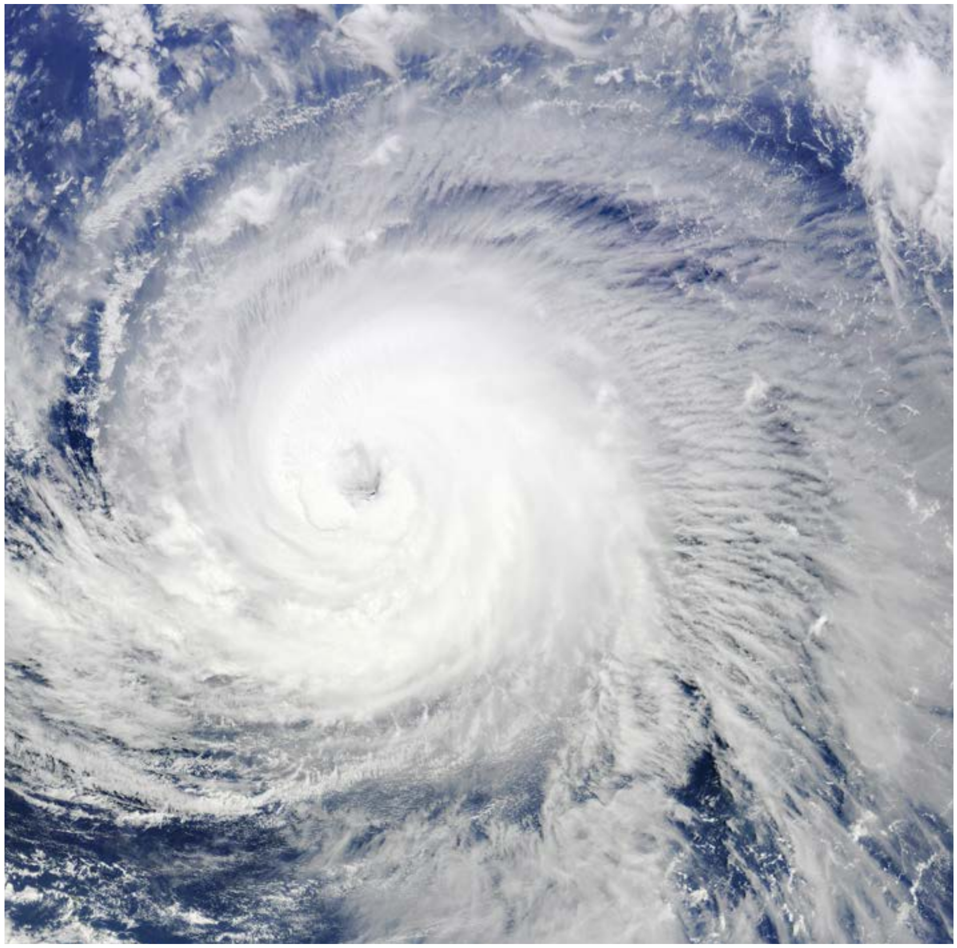
For example, foreclosure volume has declined since the pandemic began, so a major challenge field service providers have faced is maintaining staffing through the moratoriums, knowing that there will be a large swell to deal with sometime in the near future. Since traditional providers may not have the agility to staff up and down so quickly, working with an E2E solutions provider can enable them to add back office capacity to origination and servicing operations and easily scale operations as workloads increase.

Without efficient and scalable solutions, lenders and servicers may be faced with financial loss from drawn out processes and the inability to meet demand quickly enough. The pandemic has underscored this initiative even more.

As we look towards the post-COVID-19 era, there are still many unknowns. However, the industry has learned a great deal through this experience. Having the processes in place that challenge convention, reward flexibility, and create preparedness will enable our industry to handle the influx of demands we expect to see in the years ahead.

***Jim McDermott**, SVP, Property, Valuation & Data Services for Xome. With more than 25 years' experience, McDermot is a seasoned leader with expertise in various facets of the mortgage industry. In his role, McDermot oversees strategic direction for Xome's Field Services, Valuations, Data Analytics, and Recapture Solutions teams*

"A Partnership to…" continued from Page 2



in the number and severity of natural disasters, and civil conflicts, business leaders need a reliable partner to help them make critical decisions during complex, high-stakes situations. Ideally, business leaders need to be able to continually identify, prioritize, manage, and respond to multiple risks at once. They also need to keep employees and customers safe while keeping them in the loop and sharing critical information.

Is it humanly possible to meet all these demands? Not without the help of a technology partner.

Businesses can't face these challenges alone. Property preservation leaders don't just need another service or tool. They need a strategic collaborator. The right technology partner keeps you informed in real-time, helps make critical decisions, and makes it easy for key stakeholders to share intelligence. This type of support is a true partnership, not an additional cost.

To find the right technology partner, look for dynamic location solutions that provide risk awareness and real-time alerts. It doesn't help if you have different people looking at different information. What you need is the ability to aggregate accurate information across teams that will help your business make quick and informed decisions. Get alerts on real issues that matter to your properties and have all the information you need at your fingertips.

Another vital characteristic is the ability to monitor areas at a sub-ZIP code level. Real time location data isn't helpful if it can't home in on your specific properties and often the ZIP code level and counties don't cut it. Sometimes just a block can make a huge difference as to the possible risk and the critical decisions you need to make.

The Winter Ahead

Managing winter is a whole different challenge for property preservation leaders. It's difficult to predict where snow will fall and how much. It could vary by mile or even by block. Plus, the fines for not plowing and shoveling in a timely manner vary greatly. Wasted trips add up but so do fines.

Most regions were lucky in the 2019/2020 winter season. Thanks to a strong polar vortex, seasonal forecasts indicated a milder and warmer than normal winter across most of the United States and Canada and few significant events occurred. But late storms in April, and even May, caused unexpected accumulations and damages.

NOAA is predicting that the 2020/2021 winter season will be warm and dry in the south and wet and cold in the north. While La Nina patterns characterized by a dry climate will most likely continue in southern regions, below-normal temperatures and above-average precipitation could spike in places like Alaska, the Pacific Northwest, and into the Northern Plains.

It's important not to forget that if we do have a repeat of the mild winter of 2019/2020, that things will still be more complicated in our COVID-19 world. Businesses need to be aware of local hot spots, safety protocol, and have access to proper equipment to keep people and properties safe from both the virus and weather damage. The tricky part about winter is that it only takes one storm to cause significant damage and unexpected bursts are not an uncommon occurrence.

Plow Through with Confidence

With the right technology partner, property preservation leaders can have the massive advantage of vastly increased communication and visibility, down to a sub-ZIP code level that empowers decision making and greatly reduces risk.

With properties across the nation, all facing different weather systems and regulations, people in property preservation need a reliable, real-time view of each of their properties and the current and predicted conditions in combination with COVID-19 impacts.

Proximity matters. For example, while anyone can check where FEMA declares a disaster, that data may not be relevant for your properties. Things can vary widely in a single county. Some properties will stand strong, while others need immediate attention to reduce damage. Look for a technology partner that pulls data from the closest possible source of properties nationwide, providing more accurate, real-time updates. For snow removal, it is also important to be able to aggregate all the local information about fines for failing to remove snow and COVID-19 dangers.

By using the right technology, property preservation leaders are likely to see an increase in work orders and a positive impact on ROI. Their customers can look to them as a powerful resource that greatly reduces wasted trips when the accumulation is less than predicted and can greatly lessen the number of fines given for not removing snow in time. Basically, decisions and task flows are implemented with less friction and more confidence as team members all see the same data, pulled and aggregated from dozens of reliable sources that are much more accurate than what you can research on your own.

A Solution for Growth

If 2020 has taught us anything, it's that the unexpected can and will happen. The more that you prepare and align your business with technology partners that empower you to make smart, data-backed decisions to protect and further your business, the better. Don't think of technology as another expense, think of it as an investment in your future growth and the safety of your employees and clients.

***Quentin Finney** is the Chief Revenue Officer of Earthvisionz, a technology company that creates risk awareness and dynamic location intelligence solutions. Finney is a former 14-year U.S. Marine officer and has served in the tech sector since 1999, holding various consulting, sales, and leadership roles. If you're interested in how V-Alert can empower your business, sign up for a live demo at earthvisionz.com.*

Surviving Code Violations

A litigation guide to handling maintenance & safety code violations in the upcoming explosion of foreclosures.

By Louis J. Salerno, Esq.

Municipal property code violations have become a common occurrence as a result of the explosion in foreclosures. In the State of New Jersey, for example, municipal property code violation hearings frequently require our swift attention.

This increase in municipal property code enforcement, ranging from failure to protect a property from dumping, failure to repair property after storms, improper tree removal, unauthorized expansion of land use(s), or uncovered vehicles, affords building departments the opportunity to seek alternate sources of income. In the end, a violation of the municipal property code cannot be ignored.

Local governments have the right to enforce its codes for the betterment of public health, safety, and welfare within its community. Even if the violation is not the direct result of the property owner's actions, for example, debris is improperly dumped onto the owner's property, we will probably have to pay to have the debris removed despite our "clean hands."

A majority of municipalities seek code compliance by assessing reasonable administrative fines, but there are those occasions when a property is subject to more significant fines and penalties. Some states recognize limitations on the penalty provisions by limiting excessive fines. Municipal penalties cannot be arbitrary, capricious, or excessive. The New Jersey Appellate Court has held that when a penalty provision is invalid, the underlying ordinance cannot be enforced and therefore the charges must be dismissed.

When dealing with a code violation, it is important to determine if the summons has been issued to the correct party. State law only places an obligation on lenders in possession to secure and maintain properties that are vacant and abandoned. Lenders are not responsible for violations at properties that are still occupied by the owner, and therefore, those violations will be dismissed.

A more difficult situation occurs when a code enforcement officer issues a summons to an agent or employee of the lender as the defendant. This must be addressed quickly since that agent or employee has exposure to permanent harm. The code enforcement officer needs to be informed that the proper defendant is the corporate entity with the obligation to secure and maintain the property, and not its agents or employees.

Property preservation companies should address violations quickly in order to reduced fines or obtain a dismissal of the summons. By quickly pursuing abatement once the violation has been issued and documenting the work with photographic evidence that it was completed, chances are good that a company will achieve a favorable outcome before the judge.

Negotiations with the code enforcement officer and prosecutor is a learned talent. While many prosecutors and code enforcement officers are simply looking to have the property issues addressed, there are those who see enforcement as a revenue generator for the municipality. For difficult situations, we request a discussion with the judge to argue the controlling law.

In order to obtain a satisfactory result before the judge, it is important to go into court with a knowledge of the law and the history of services performed on the property before and after a summons has been issued. The most persuasive defense is that the violation has been quickly abated. In such cases, a reduced fine or dismissal is practically guaranteed. We often find that the judge will ask specific questions related to the property, so be prepared. If an objection must be made, be respectful, while on the record to preserve any appellate rights.

In conclusion, the assessment of fines and penalties must be in accordance with the municipal code. Not all property preservation companies have an in-house General Counsel's Office. In situations where your client faces thousands of dollars in fines, a determination must be made whether to engage outside counsel to defend or attempt to negotiate a conditional plea.

At the end of the day, a company must analyze how it operates in each municipality, what the risks are, and have a plan in place which, hopefully, will avoid the issuance of code violation summons and prolonged litigation.

Louis J. Salerno, Esq. *is General Counsel for Guardian Asset Management. Salerno began his career as an Assistant Attorney General in Ohio and then entered private practice in Washington, D.C., where he developed his practice in civil and criminal litigation, transactional corporate and government contracts, and employment law.*

Pinpointing Property Preservation Hot Topics

From information regarding the pandemic to legislative and election discussions, attendees of the NPPC were given tried and true suggestions on adjusting their in-house practices and becoming more efficient with their business.

A Q&A with Safeguard CEO **Alan Jaffa**

What do you see as the key takeaways from the 2020 National Property Preservation Conference (NPPC)?

The COVID-19 pandemic was an important topic at this year's National Property Preservation Conference (NPPC), with property preservation companies and government officials offering updates on managing work while ensuring contractors remain safe. Although the foreclosure and eviction moratoriums were hot topics, the bulk of the discussions focused on preparing for when they are lifted. Speakers and panelists addressed the critical need for businesses to embrace technology to stay relevant and successful in an evolving world, in addition to increased data security as much of the country works remotely.

The discussion also focused on the presidential election and how it will impact servicing, in addition to how to prepare for the predicted influx in volume, foreclosure moratoriums, and post-COVID-19 practices. Participants discussed scaling businesses to align with market conditions. They also addressed the primary drivers of book loss and reducing the loss associated with adverse property conditions, particularly in FHA portfolios.

Other key takeaways from this year's virtual NPPC focused on improving communications with code enforcement officials to mitigate violations and build relationships. Critical legislative updates also were discussed, including Maine's Abandoned Properties Act, , New Jersey's proposed maintenance requirement for interior of vacant properties, and New York's proposed restrictions on property registrations. Best practices for ensuring claims are submitted correctly and timely were explained, specifically for damage reporting, what gets the most disputes on property preservation invoices to servicers, and reporting that has been developed for servicers and property preservation companies to identify gaps in damage assessment process were discussed.

Why do you feel it is important to gather industry professionals to talk about property preservation?

In 2003, Safeguard Properties' late Founder Robert Klein noticed a lack of industry conferences focused solely on property preservation. While often a topic of conversation, at that time preservation was always a small part of a larger conference. Looking to provide an outlet for industry leaders to collaborate and innovate, Klein began formulating a plan that would bring together all facets of the mortgage field services industry to discuss pressing issues and develop solutions.

In November 2004, the first annual National Property Preservation Conference (NPPC) was held in Washington, D.C. The two-day conference drew leaders from HUD, the GSEs, mortgage servicing, and property preservation companies from across the country. Historic in its spirit of partnership, the conference gained the support needed to ensure its continued success today.

Since the inaugural conference, much has changed. Major disasters, such as hurricanes Katrina, Harvey, Sandy, and countless others, have destroyed communities forcing the nation to come together in restoring those hardest hit. The economy and housing market crashed and continues on a path to recovery, while municipal, state, and federal laws and regulations evolve and change, driving the industry to adapt appropriately.

This year's pandemic has completely changed the way we preserve properties, so it was imperative to continue these conversations to establish and refine best practices moving forward. As we continue to work our way through the aftermath of these events and changes, one thing is clear: the NPPC continues to be the only outlet for the mortgage field services industry to collaborate on how to best preserve and protect vacant and abandoned properties.

How can attendees leverage what they have learned at this year's conference?

NPPC always draws the top housing industry officials as both speakers and session panelists. The knowledge that is shared can be applied to day-to-day mortgage servicing and property preservation business practices. The discussions fostered each year also allow for serious change and viable solutions.

From information regarding the pandemic to legislative and election discussions, attendees were given tried and true suggestions on adjusting their in-house practices and becoming more efficient with their businesses processes during this year's NPPC.

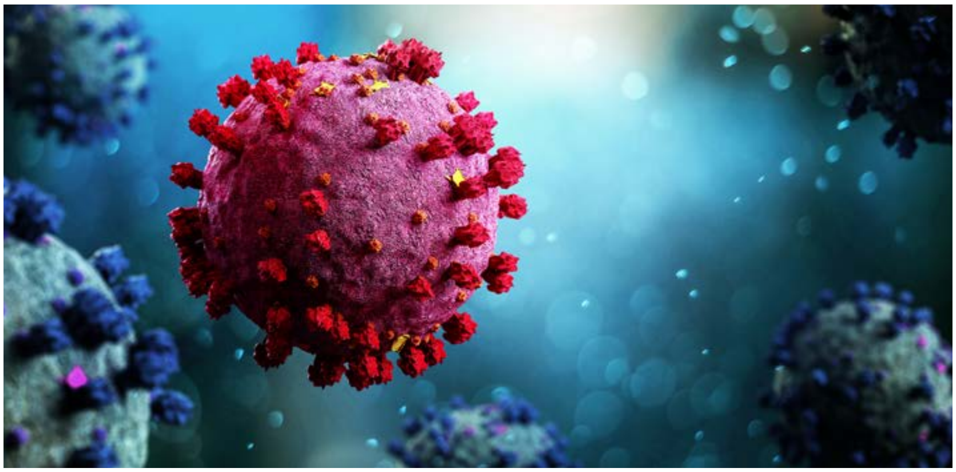
What will be the biggest trends in property preservation in 2021?

Technology will continue to trend in property preservation into 2021 as the focus remains on mobile and automated solutions. It already has given property preservation providers the ability to communicate more efficiently from the field and build our network for scale through aggressive recruiting online. This is imperative to the scalability of processes as we anticipate an increase in REO volume once the moratoriums are lifted.

The expiration of the foreclosure and eviction moratoriums will play a big role in property preservation in 2021. To prepare, property preservation companies continue to provide services through the moratorium as permitted, but also are gearing up in anticipation of spikes so that high quality work continues to be delivered. We have been working on perfecting recruiting techniques. We have also added vendors since COVID-19 at the fastest pace in the history of our company. We continue to shape our scoring, so we have the best vendors spread across our networks and have the best vendors prepped for additional volume.

Lessons in Damage Mitigation

Mortgage forbearance is vital to limiting damage to homeowners during natural disasters and our recent pandemic.



By Tracy Hager

During the pre-pandemic period of January 2019 to February 2020, the forbearance rate was a scant 0.09%. However, this increased to 5.6% from March to June, when the economy screeched to a halt during the pandemic's early months. Mortgage forbearance reached a peak in May with more than 4 million mortgages in forbearance, or approximately 8% of outstanding mortgages and $1 trillion in mortgage debt; Freddie Mac concluded that homeowners have delayed about $4 billion in mortgage payments each month through forbearance.

However, the early pandemic forbearance rate was slightly lower than the 5.8% recorded from August 2017 to December 2017, when Hurricanes Harvey, Irma, and Maria wreaked havoc. Three years ago, the financial stress was strictly regional, whereas this year the stress is nationwide.

"Mortgage forbearance provides liquidity to households and plays a vital role in mitigating the damage to homeowners during times of crisis whether it be a hurricane, wildfire, or health epidemic," said Sam Khater, Freddie Mac's Chief Economist. "Research on this topic is important because it will help us prepare for the next several months as we continue to navigate the COVID-19 pandemic, and beyond."

Freddie Mac's research, which was published in its latest Insight report, found that while loans with high loan-to-value (LTV) ratios are more likely to be in forbearance, almost all loans in forbearance have positive equity. Borrowers with a higher monthly payment were more likely to enter forbearance during the COVID-19 crisis—this was the same situation during the 2017 hurricane periods.

Furthermore, forbearance rates decline for borrowers with higher FICO scores—during the first several months of the pandemic, the rate increased by a factor of approximately about 5.6 going from loans with FICO scores in the highest category (800+) at 2.0% to the lowest category (<620) at 11.1%. In comparison, the rate increased by a factor of 13 in the 2017 hurricane season (from 1.3% to 17.4%) and by a factor of 18 in the pre-pandemic period (from 0.02% to 0.36%).

Freddie Mac also determined that forbearance rates are generally higher for borrowers with higher debt-to-income (DTI) ratios. During the early period of the pandemic, the rate increased by a factor of about 3 going from loans with DTI in the lowest category (≤ 25%) at 2.7% to the highest category (46%+) at 8.3%. In comparison, the rate increased a factor of 2 in the 2017 hurricane period (from 3.5% to 7.2%) and by a factor of 2.2 prior to the pandemic (from 0.05% to 0.11%).

***Tracy Hager** is the Senior Industry Relations officer for Mortgage Contracting Services, LLC (MCS), a nationwide provider of property preservation, inspections, REO property maintenance and valuations to the financial services industry. Her primary responsibility is acting as liaison between MCS and its investors and insurers. Hager is also responsible for operational compliance and quality initiatives. With over 20 years of industry experience, Hager joined MCS in January 2009. Previously, she was VP at First American Field Services.*

Running into the Fire

Despite the risks for losing their homes to wildfires, homeowners continue to move to western states.

The historic wildfire season that left thousands of homes destroyed and millions of acres burned in the western states is likely to be reprised in the coming years with increased levels of wildfire destruction, according to a new study released by ClimateCheck.

Looking forward, ClimateCheck forecasts that 9.3 million acres nationally will be burned each year by 2050. Of the 20 areas identified in the study as carrying the highest risk of fire, more than half have growing populations and six are in the top 15% of the nation's fastest-growing counties.

ClimateCheck highlighted the potential danger that awaits Placer County, northwest of Sacramento, warning that the typical home in that county carries a wildfire risk score of 98 out of 100 while the region is projected to burn 28,498 acres a year by 2050. While these risks loom on the horizon, Placer County's population has grown nearly 7% in recent years, placing it in the 15th percentile of fastest-growing counties.

The study also noted three counties in Utah's Greater Salt Lake area—Weber, Morgan, and Salt Lake counties—carried property risks for fire are 97, 95, and 88, respectively, and were projected to burn more than 55,000 acres collectively a year by 2050. And all three counties have seen population booms in recent years: Weber County by 6%, Morgan County by 17.5%, and Salt Lake County's by nearly 7%.

"There are many reasons people continue to run into the fire," said Skylar Olsen, Economic Advisor to ClimateCheck. "Whether pushed to the periphery by affordability concerns or pulled there by the value of space, a more natural world, and a slower pace, many are attracted to more rural areas for affordable options outside of large- or medium-sized cities with job availability."

Olsen added that "building into the wildland-urban interface will put more homes and people at risk. Prudent zoning measures and strategic property and forest management, are a must as climate change will continue to bring more serious wildfire seasons to the Western U.S., more often."

Opportunity Zones Falling Behind

The housing market is booming and Opportunity Zones show great potential for growth, but prices have dropped.

While the report showed home price gains steadily climbing nationwide, prices are rising more slowly—or not at all in some cases—in Opportunity Zones than in the broader metro areas.

The report showed median home prices increasing from Q3 of 2019 to the same quarter of 2020 in 74% of the Zones; in about half of the Zones, prices rose by about 10%. It revealed that markets in Opportunity Zones continued improving in Q3 2020, even as COVID-19 spread throughout the nation, damaging much of the American economy, ATTOM reported.

However, the researchers added, "the price gains in Opportunity Zones fell below the pace of improvements in broader metropolitan statistical areas throughout the country: every metro area with enough data to analyze in the third quarter of 2020 showed year-over-year median price increases, while three-quarters of those areas saw prices jump more than 10%."

Median home prices in 76% of Opportunity Zones were lower than the national median of $283,813. That's roughly the same percentage as last year at this time. In about 36% of Opportunity Zones, the median home price is less than $150,000, also generally unchanged since last year at the same time.

"Home prices in Opportunity Zones around the country continued rising in the third quarter of 2020, riding the wave of a nationwide boom that has defied the economic damage from the widespread coronavirus pandemic. The increases point toward signs that some of the country's most distressed communities have great potential for revival," said Todd Teta, Chief Product Officer with ATTOM.

"At that same time, though, prices remain depressed in Opportunity Zones, and a notable number actually dropped in the third quarter—a potentially very troubling indicator. Those dueling trends will be important to watch over the coming months amid a highly uncertain economic outlook."

The following are highlights from the report:

- Median prices rose from Q3 2019 to Q3 2020 in 74% of Opportunity Zones with sufficient data to analyze and increased in 60% of the Zones from the second to the third quarter of 2020.
- In Metropolitan Statistical Areas (MSA) with sufficient sales data to analyze, 89% of Opportunity Zones had median Q3 sales prices that were less than the median values for the surrounding MSAs; 29% had median sales prices that were less than half the figure for the MSAs. Eleven percent of the zones had median sales prices that were equal to or above the median sales price of the broader MSAs.
- Year over year, median prices rose more than 10% in Q3 2020 in 890 (53%) of Opportunity Zones. Prices rose that much during that time period in 75% of all metro areas throughout the country.
- States with the largest percentage of Zones that had annual median price increases during the third quarter of 2020 included Washington (median prices up in 88% of Zones), Missouri (88%), Arizona (86%), Ohio (83%), and Rhode Island (82%).
- Of all 1,737 Zones in the report, 629 (36%) had a median price in the third quarter of 2020 that was less than $150,000 and 313 (18%) had medians ranging from $150,000 to $199,999.
- The Midwest continued to have the highest portion of Opportunity Zone tracts with a median home price of less than $150,000 (58%), followed by the South (48%), the Northeast (41%), and the West (8%).

NEWS BRIEF

Private Flood Insurance on the Horizon?

The FHA proposed rule that would allow a private flood insurance option instead of insurance through the NFIP, when required by FHA.

In September, the White House signed a resolution that included an extension for the NFIP until September 30, 2021.

The changes would allow lenders to begin accepting private flood insurance policies for single-family insured loans for homes located in Federal Emergency Management Agency-designated Special Flood Hazard Areas (SFHAs), consistent with similar provisions in use by other industry participants.

"Our proposal would expand the options for obtaining flood insurance, rather than continuing to lock in borrowers to one federal option without any ability to comparison shop," Assistant Secretary for Housing and Federal Housing Commissioner Dana Wade said. "We are also proposing important safeguards that will help protect borrowers, so their homes will have flood insurance coverage at a level at or above the level available through the National Flood Insurance Program."

The FHA also is seeking public comment on a proposal to institute a compliance aid for private flood insurance policies. According to an FHA press release, this would allow lenders to rely on the compliance aid to determine if a private flood insurance policy meets FHA's requirements.

The FHA said it anticipates between 3-5% of FHA borrowers could obtain a private flood insurance policy for their FHA-insured mortgage if this option becomes available.

"This proposal will remove yet another unnecessary regulatory barrier to doing business with FHA and can also reduce costs to the federal government—costs that are ultimately born by the taxpayer," Deputy Assistant Secretary for Single Family Housing Joe Gormley said. "Allowing participation by private insurers should generate the competition needed to ultimately reduce costs for consumers."

The proposed rule will be published in the *Federal Register* in the coming days and will allow a 60-day public comment period following such publication. Comments should be submitted to FHA only through the methods specified in the notice to be published in the *Federal Register*.

The FHA added that this is only a proposal; "current flood insurance policies remain unchanged at this time, including the requirement that minimum flood insurance be obtained through the NFIP."

MEMBER ALERTS

Making Headlines

The products, announcements, and innovations being driven by our member companies.

Aspen Grove Solutions CEO Participates in Recent Housing Outlook Panel

In 2021, America will experience a shift in the housing market, as millions of borrowers will emerge from forbearance plans. RealtyBid and parent company Covius recently hosted a webinar entitled "A 2021 Housing and REO Outlook: What to Expect and How to Prepare." The presentation featured a panel of industry veterans who discussed how to think ahead to and prepare for this development, what macroeconomic factors will influence the 2021 housing market, appreciating and depreciating MSAs, how to consider modeling for borrower in-flows and out-flows, needed operational capacity, and best practices to test now for 2021 REO inventory. The panel included Allan Weiss, Founder of Case-Shiller Weiss and of Weiss Analytics; Sean Ryan, Founder and CEO of Aspen Grove Solutions; Joe Chappell EVP at Covius; and Pete Pannes, Chief Business Officer of Covius.

MCS Adds New VP of Business Development

Lewisville, Texas-based Mortgage Contracting Services (MCS) a national provider of residential and commercial property services, is pleased to welcome Jason R. Myers as VP of Business Development. Myers brings more than 17 years of mortgage and real estate sales and business development experience to MCS. He will oversee new client acquisition, emerging market expansion, new product growth with existing clients, and sales strategy.

Safeguard Properties Holds Annual National Property Preservation Conference

Safeguard Properties recently hosted its annual National Property Preservation Conference. A tradition since 2004, the event—this year fully virtual due to COVID-19—provided an "outlet for industry leaders to collaborate and innovate," according to organizers. This year's virtual conference kicked off with a keynote address by Min Alexander, GM and COO for online residential real estate auction marketplace Auction.com.