



NEW YORK STATE SENATOR

Andrew J. Lanza

Senator Lanza Announces Banks and Mortgage Servicers to Expedite Insurance Payments to Homeowners

ANDREW J LANZA December 12, 2012

Measures Will Eliminate Bureaucracy Preventing Homeowners From Receiving Insurance Funds

Grace Period on Mortgage Payments Also Extended an Additional Three Months

Senator Andrew Lanza today announced that major banks and mortgage servicers will take action to expedite insurance payments to New York homeowners. Currently, insurance claim checks must be endorsed by the banks or mortgage servicers before homeowners can cash them, causing frustrating delays at a time when the money is needed for home repairs or for living expenses. These new actions will enable the insurance companies to get the money to homeowners faster.

The Department of Financial Services (DFS) has received numerous complaints from homeowners that servicers and banks have been imposing unusually stringent requirements before they will sign the checks. This has resulted in unacceptable delays in releasing the money to New Yorkers in need. However, the new measures will allow homeowners to receive their money expeditiously.

The Senator also announced that the grace period on mortgage payments has been expanded for another three months. This additional time will allow New Yorkers affected by Hurricane Sandy to catch up on their payments without having to face collection agencies or a lowered credit score.

The Department of Financial Services has received numerous complaints from homeowners that servicers and banks have been imposing unusually stringent requirements before they will sign the advance checks, with the result that they have been unduly slow in releasing the money. This is causing serious problems for many families who desperately need their insurance money both to live and to start making repairs. The measures announced today will allow more homeowners to receive their advance money promptly.

Participating banks and servicers are:

- Bank of America
- Citi Mortgage
- JPMorgan Chase N.A.
- Wells Fargo Home Mortgage
- Apple Savings Bank
- Dime Savings Bank of Williamsburg
- Emigrant Savings Bank
- Homeward Residential
- M&T Bank, Nationstar
- New York Community Bank
- Ocwen Loan Servicing

Banks and servicers are required to follow different rules imposed by Fannie Mae, Freddie Mac and investors who own mortgage backed securities. Institutions are offering the following types of relief:

- The banks and servicers will now use as much discretion as they have under the rules to immediately move home repair funds to homeowners and their contractors.
- Banks and servicers will immediately release any portion of insurance or relief funds designated for living expenses or the replacement of personal property and will immediately release any funds in excess of the unpaid loan balance.
- If living expenses and personal property amounts are not itemized in the insurance or relief payment, banks and servicers will request that the insurer provide an itemization and will promptly release applicable funds.
- Banks and servicers will not apply any portion of an insurance or relief check to mortgage payment arrears without the consent of either the homeowner or a federal government-sponsored enterprise such as Fannie Mae or Freddie Mac.

Details may vary from institution to institution and are subject to investor and regulatory requirements. Borrowers should contact their individual banks or mortgage servicers for specifics.

In addition, some New Yorkers are finding that the three-month grace period on mortgage payments previously offered by banks and mortgage servicers is not long enough for them to get back on their feet. Banks and servicers will extend this period for up to another three months, for a total of six months post-storm for the following types of relief:

- Postponement of foreclosures and evictions.
- Waiver of late fees on mortgage payments.
- In some cases, based on a borrower's specific facts and circumstances, forbearance on mortgage payments where the borrower has been affected by the storm and is seeking relief.

Details may vary at different institutions and are subject to investor guidelines, so homeowners should check with the holder of their mortgage. At the end of the grace period, banks and servicers will institute a payment plan to permit homeowners to repay their missed payments over an extended period of time.

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