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Harvey's Hit to Mortgages Could Be 4 Times Worse Than Predicted--Then There's Irma

As homeowners in **Houston** struggle to dry out and rebuild, they may also struggle to make payments on their mortgages.

New estimates suggest at least 300,000 borrowers will become delinquent on their loans and 160,000 could become seriously delinquent, that is, more than 90 days past due, when banks initiate foreclosure proceedings. This from Black Knight Financial Services, which compared mortgaged properties in the FEMA-designated disaster areas in Houston to those in Hurricane Katrina, and the resulting delinquencies in the four months following Katrina.

That is four times the original prediction because new disaster zones were designated and more homes flooded when officials released water from reservoirs to protect dams. The total number of mortgaged properties in disaster zones is 1.18 million. Houston disaster zones contain twice as many mortgaged properties than Katrina zones, with four times the unpaid principal balance.

After Hurricane Katrina, mortgage delinquencies in **Louisiana** and **Mississippi** disaster areas spiked 25 percentage points. The same could happen in Houston, as borrowers without flood insurance weigh their options. They will get some federal relief, but if rebuilding would cost more than the principal in their homes, they could decide to walk away.

In **Florida** , the sheer volume of homes hit by Hurricane Irma will likely cause an increase in mortgage delinquencies, but the comparison with Katrina does not work because of the different natures of the storms. Florida did not see sustained flooding, although there was considerable wind damage, especially in the Keys.

There are **2.08 million mortgaged properties** in Irma-related FEMA disaster areas, more than four times that of Katrina and twice as many as Harvey. Total unpaid mortgage balances for Irma areas are $370 billion. If the correlation worked, there could have been half a million mortgage delinquencies in Florida, but, again, the storms were different. This is not to say, however, that Florida will not see a hit to mortgages in the coming months. It is just harder to quantify how many.

National Average Mortgage Rates

Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.33%	**0.00**	0.00
15YR Fixed	7.01%	**+0.02**	0.00
30YR FHA	6.98%	**+0.02**	0.00
30YR Jumbo	7.60%	**0.00**	0.00
7/6 SOFR	6.85%	**+0.03**	0.00
30YR VA	6.99%	**+0.01**	0.00

Rates as of: 10/27

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.40	**-0.06**
10 YR Treasury	5.0072	**+0.0084**
30 YR Treasury	5.3108	**-0.0011**

Pricing as of: 10/28 7:06AM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 14	188.6	-5.32%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Aug	684K	+12.69%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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Florida borrowers likely have more insurance and **less exposure** to loss, but for those homes with the most damage, homeowners will be making the same calculation. Another issue in Florida is that even a decade later, the housing market is still recovering from the foreclosure crisis. Five percent of Florida borrowers still owe more on their mortgages than their homes are worth, and an additional 5 percent have very little equity in their homes. Home prices in Fort Myers, which saw considerable flooding from Irma, are still 29 percent below what they were during the housing boom.

While the numbers are ominous, the mortgage market is far different today than it was during the housing crisis. Lenders have better systems in place to deal with delinquent loans, and they are more likely to offer borrowers, even seriously delinquent borrowers, options to catch up. The biggest risk to lenders will be in Houston, where some homeowners may see no good reason to stay.

From Bennett Capital Partners Mortgage Brokers

At Bennett Capital Partners Mortgage Brokers, located on Brickell Avenue in Miami, we are your trusted Florida mortgage broker, specializing in residential and commercial loans.

Our services are tailored to your needs, offering competitive rates and fast turnarounds. Whether you're seeking a conventional, VA, or FHA loan, we've got you covered. We also offer financing for warrantable and non-warrantable condos, condo-tels, first-time homebuyers, foreign nationals, and more.

Our specialties include:

- DSCR loans
- No Doc Loans
- Hard money loans
- Bridge Loans
- Private lending
- Jumbo loans
- Investment property loans
- 100 percent financing

We proudly serve all of Florida, including areas like Edgewater, South Beach, Brickell, Coral Gables, Tampa, Orlando, Fort Lauderdale, Naples, and more. Contact us today for expert mortgage advice and personalized loan solutions across the state!

Philip Bennett

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