

NAMFS Trending Topic: Securing Property with Polycarbonate Sheets

It is not often that the mortgage field services industry encounters a new tool to perform property preservation work. However, the process of securing vacant property remains under intense scrutiny on the local, state and federal levels. The appearance of vacant properties became as much of an issue as the dangers they pose to communities. Organizations, businesses and municipal initiatives to “fight blight” included the use of artists, steel boarding and increased property rehabilitation requirements.

A combination of neighborhood blight and the hazardous conditions of unsecured - or under-secured - properties has led to a product that is aesthetically preferable and virtually impenetrable by unauthorized persons. As the public sector and community non-profits applaud the use of alternatives to securing windows with plywood, the mortgage field services industry is challenged by the initial and substantial, increase in costs of the materials servicers and communities are directing to be used to secure vacant properties.

What are Polycarbonate Sheets?

Increasingly, the industry is discussing the use of polycarbonate sheets. Polycarbonate sheets are a clear, impact resistant material that is more durable than plywood. It's important to note that polycarbonate is not Plexiglas which are acrylic sheets also used for windows. Polycarbonate is stronger than acrylic and virtually unbreakable, a plus for securing unoccupied properties. Polycarbonate which is more commonly called clear boarding, creates the appearance of occupancy for vacant properties and is thought to deter graffiti and trespass. However, the cost of using clear board versus plywood is a challenge for many in the default mortgage services industry.


Currently, the top providers of clear board sheets for the field services industry are [SecureView™](#) and [Invisiboard™](#) by Cyprexx®. The cost of a 4' x 8' sheet of clear board is, at minimum, 5 times the price of plywood. In addition to shipping costs, the purchase of hardware and cross members is required to install the board. Because supply of the product is not as widely available as plywood, installers need to factor in the time it takes to receive the material.

Clear board providers state that the initial cost of clear board is defrayed by the materials longevity of use. While plywood is a fraction of the cost, some see its use as contributing to community blight and point out that it is susceptible to damage from weather and trespass. It is necessary to repeatedly replace plywood during vacancy which increases labor and material costs and the potential fines for code violations.

The advantages of clear board, as presented by providers, has moved local, state and federal level organizations to change acceptable methods for securing vacant properties.

Where is Polycarbonate Optional? Required?

Fannie Mae (FNMA) has been on-board with the use of polycarbonate sheets on bank-owned (REO) properties for a few years. In November FNMA introduced the use of polycarbonate as an “allowable” in its single family residential servicing guide. Without pre-approval, loan servicers can utilize polycarbonate on vacant properties in pre-foreclosure. The following is the current pricing structure published by Fannie Mae:

 Fannie Mae Source: Fannie Mae Single Family Servicing Guide 11-09-2016	Maximum Reimbursement Amount for Polycarbonate	
	Small = < 75 UI	= \$130
	Medium = 76-100 UI	= \$160
	Large = 101-125 UI	= \$190
	X-Large = >126 UI	= \$210

In April 2015, Phoenix, Arizona banned the use of plywood on bank-owned property, requiring servicers to instead use polycarbonate sheets to secure vacant properties. The [Neighborhood Preservation Ordinance](#) states, “Secured window or door openings on an unoccupied structure for more than 90 days requires polycarbonate material securement specifications on all openings visible from the street.”

Last month, the state of Ohio passed a bill that effectively bans the use of plywood to secure vacant properties. Found in Ohio House Bill 463, section 2308.031 (A) states that “No person shall use plywood to secure real property that is deemed vacant and abandoned...”. NAMFS contacted the office of Ohio state senator, Michele Lapore-Hagan - one of the bill sponsors - to better understand the new measure. NAMFS learned that there are certain circumstances where the use of polycarbonate sheets are required and that –to date- there are no specified penalties for not using polycarbonate. Additionally, the enforcement of the law is left to each Ohio municipality to manage.

Furthermore, in a [statement](#) on www.ohiohouse.gov, Lapore-Hagan expresses that “... the new state law, clear boarding will only be mandated for abandoned homes under the expedited foreclosure process.”

Is Polycarbonate the New Normal?

In light of the changes to the FNMA servicing guide laws, like the one passed in the city of Phoenix and the state of Ohio, the use of clear board to secure vacant and abandoned properties is trending up. While the enforcement of these laws are carried out at the municipal level, how the public and private sectors interpret these measures remains uncertain.

NAMFS will continue to monitor and report on the industry’s response to Fannie Mae’s inclusion of polycarbonate as an allowable, how loan servicers are reacting to local and state laws, and the impact on field services providers.

Please send your questions, suggestions, or concerns to admin@namfs.org on this or any other topic affecting our industry.