FHA Streamline Changes in the Blink of an Eye; News from Indiana and California; Mortgage Jobs in Production and Secondary

By: Rob Chrisman | Thu, Jun 14 2012, 9:58 AM

Regardless of size, regardless of defense, regardless of current QC measures, buybacks are an issue at every level. **PNC**, #17 lender by volume in the first quarter, saw its stock take a hit due to them. (And at Stratmorgroup .com the current blog discusses the issue of the Freddie Mac & Bank of America buybacks, and its potential impact on the industry.)

Companies searching for employees continue. A Boston-area based $5 billion dollar regional bank is seeking an experienced high-energy executive to run and grow their $500 million in-house retail mortgage lending operation. The ideal candidate should be knowledgeable in all aspects of mortgage lending from the point of sale through shipping and delivery, including secondary marketing. Interested parties should send their confidential resume to Matt Lind at matt.lind@stratmorgroup .com.

In Manhattan MIAC is searching for help on its trading desk. MIAC has been around since 1989, and provides pricing, risk management, and accounting solutions for the mortgage and financial services industries. The candidate will be responsible for providing assistance to account managers in risk management, trading and customer service of mortgage pipelines for multiple accounts, preparing best execution analysis and loan data files for whole loan trading, preparing, reconciling, and transmitting trade information to clients and investors, etc. Requirements include a Bachelor's degree or 3+ years equivalent work experience, strong working knowledge of Excel and SQL Server, strong mathematical and analytical aptitude, and strong customer service skills. Resumes can be directed to SSGResumes@MIACAnalytics .com.

The ripple effect of Wells' change in its FHA Streamline policy Tuesday was felt loud and clear on Wednesday, especially among institutions or branches that rely on the product. In my discussions and communications with many lenders, there are various states of confusion about if and when to stop offering or transition this product. The lender notices below can provide a glimpse into what is happening, and it seems that U.S. Bank (#3 volume-wise in the 1st quarter) is the largest investor to offer the flexibility of "different servicer," and it is expected at any time to change their policy. It, like lenders out there, may not want to be "the last one standing" and be adversely selected against, but lenders are considering only doing same-servicer product as an alternative.

And there are smaller investors/lenders that are still offering it. Presenting an entire list would be problematic, so please don't ask for one, but one example is **First Mortgage Corporation**. It is committed to offering FHA Streamlines as prescribed through the 4155 with minimum overlays. "FMC accepts Streamlines manually underwritten with no minimum FICO Score. In addition to FHA's requirements, FMC requires all applicants be employed, an independent verification of occupancy (e.g., no vacant dwellings), and a minimum of 1 year seasoning on manufactured housing. First Mortgage Corporation limits its fundings to most non-judicial foreclosure states." For inquiry related to this program, please contact Sharon Magnuson at smagnuson@firstmortgage .com.

Stearns Wholesale wrote brokers, "Due to unforeseen market changes for the FHA Streamline Refinance program, we need to make immediate adjustments to our pricing and guidelines...We will honor and close the existing pipeline of loans that have been registered through SNAP or advanced locked on or before June 12, without the new LLPA of 1.0 added to pricing. All loans must close by June 29th and there will be no lock extensions. All new Wholesale Channel registrations as of June 13 will be subject to a new LLPA of 1.0 added to all pricing for FHA Streamline Refinance transactions and the new program parameters. We are currently evaluating new program parameters that will be released at a later date.

M&T is expected to released its policy and pricing on Streamline refi's June 18th.

MSI's broker clients received, "Due to sudden and unforeseen disruptions in the secondary market, it has become necessary to implement the following changes to MSI's FHA/VA pricing parameters. These new pricing adjusters will become effective on Monday, June 18th, 2012, for any/all new locks/re-locks, irrespective of loan submission or case assignment date. All new FHA streamline refinance locks will require an additional .75 price adjustment. In addition, MSI must temporarily suspend new FHA high balance Streamline locks, effective June 18th. New credit score adjustments will also apply to ALL FHA/VA product: FICO scores between 640-659 will require a price adjustment of 75 bps; FICO scores between 660-679 will require a price adjustment of 50 bps. Based upon the foregoing changes, Friday, June 15th will be the last day to lock FHA/VA product under the current pricing parameters."

Effective June 14th, **Kinecta Federal Credit Union** will no longer accept FHA Streamline refinance transactions. Deadlines for FHA Streamline Refinances: Loans must be locked by 5:00 PM PST June 14, complete loan files must be received by Kinecta by 5:00 PM June 26, Loans must fund by 5:00 PM PST, Friday, July 13. Kinecta will continue to offer regular FHA Credit Qualifying Refinances with an

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appraisal; those files will not be affected by the retirement of Streamline Refinances."

Turning to a little state-specific news, **Richmond Monroe** let clients know about the "Important Update for Mortgages in the State of **Indiana**...As you may be aware Indiana enacted a new law regarding the expiration date of mortgages recorded in the state; SENATE ENROLLED ACT NO. 298. *This law requires the maturity date of the loan to be stated on the mortgage document. If the mortgage doesn't contain an expiration date, it will automatically expire 10 years after the date of execution or recordation. Indiana is allowing lenders to record an affidavit stating the mortgage due date.* The lender has until July 1, 2012 to record the affidavit on all loans created before July 2002. If the affidavit is not recorded the mortgage will expire 10 years after the date of execution or recordation. This may or may not affect a volume of mortgages. Standard FNMA and Freddie Mac loan documents contain the maturity date. However, it may be prudent to review all mortgages in Indiana to ensure that the maturity date is present in the document or prepare and file the proper affidavits stating the due date. This will preserve the mortgagee's position. Please contact us to receive a complete copy of INDIANA'S SENATE ENROLLED ACT NO. 298 or if your company needs help in reviewing Indiana Mortgages or Preparing, Recording and Tracking the necessary Affidavits." Here is the web information: www.richmondmonroe .com or one can write to sales@richmondmonroe .com.

And out in California, **as California tries to pass its six Homeowner Bill of Rights, the Center for Responsible Lending and the MBA have joined the fray**. The bills, to put it basically, are modeled on the recent foreclosure abuses settlement, and seek to ban robo-signing, increase the number of days a tenant has to leave the property after foreclosure from 60 to 90, and prohibit the practice of "dual tracking," where servicers simultaneously negotiate modification and head towards foreclosure. The bills have proposed a $25 fee that servicers would have to pay each time they record a notice of default; this money would be put into a real estate trust fund for the investigation and prosecution of real estate fraud. The MBA points out that the bills would result in increased consumer costs and that "California families" would end up "pay[ing] more for fewer choices." It would also mean saddling lenders and servicers with additional regulation, and with California's shaky economy, have negative implications for the state.

The California Mortgage Bankers Association has a box on its homepage at www.cmba.com that provides complete background information, video of legislative testimony, comment letters on the issue that provide the latest on this. The CMBA, along with other financial trade associations, have been participating in numerous meetings with legislative leadership and senior staff over the course of the past two weeks. They are reviewing the aspects of the bills in discussion on a line-by-line basis. While it was expected that we'd see final legislative language on this package and a vote this week, that most likely won't happen until next week as the California Legislature is "focused" on California's budget crisis.

Here is a smattering of recent lender/investor updates. As always, it is best to read the actual bulletin.

Flagstar is now requiring a completed Submission Review Checklist for all loan types and documentation uploaded for a file to be sent to Underwriting. It is also advisable to have the Net Tangible Benefit Worksheet completed prior to underwriting even though it isn't on the checklist.

Affiliated Mortgage has revised its Settlement Agent and/or Title Company list, the updated version of which is available here. The list features settlement agents and title companies that are not eligible to close transactions that will be delivered to AMC.

As of June 8th, **Plaza** has begun requiring all DU Refi Plus loans with LTVs over 105% to be approved through DU with a Property Inspection Waiver. In addition, the LTV of DU Refi Plus and LP Relief Refi loans will be limited to 105% starting on June 12th. HARP loans with an LTV that exceeds this should be locked prior to that date, and loans that Plaza has received should have a valid lock, re-lock, or extension.

With all this going on, who cares about rates? Still, Treasury prices rose yesterday with the weak economic news - a disappointing retail sales report coupled with a three notch downgrade of Spain by Moody's were catalyst for the day's movement. Our 10-yr yield went down to 1.60%, although traders reported that the early morning action was dominated by origination selling (about $2.5 billion for the day) which eventually was met with good buying from the usual suspects: the Fed, hedge funds, insurance companies and some money managers.

Prior to the 5:30AM PST numbers, rates were a shade higher after a quiet day in Europe and ahead of the US Treasury's auction of $13 billion of 30-yr. bonds. In US economic news the Consumer Price Index was expected down .2% due to falling commodity prices, with the core rate (which excludes volatile food and fuel costs) expected +.2%. The CPI came in -.3% with the core rate +.2%. And weekly Initial Jobless Claims came in at 386k, up 6k from a revised 360k - moving toward that perceived 400k level at which it will be hard to make a case for job growth. **After this we find the 10-yr at 1.59%and MBS prices a shade better than Wednesday's close.**

The 5 toughest questions for men. (Part 5 of 5; guaranteed to get me into hot water, but I will gladly print the opposing view if someone sends it to me.)

1. What are you thinking about?
2. Do you love me?
3. Do I look overweight?
4. Do you think she is prettier than me?
5. What would you do if I died?

What makes these questions so difficult is that each one is guaranteed to explode into a major argument if the man answers incorrectly (i.e. tells the truth). Therefore, as a public service, each question is analyzed below, along with possible responses.

Question# 5: What would you do if I died?

A definite no-win question.

(The real answer, of course, is "Buy a Corvette!")

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