

# Update on Thinking on MSAs; Jobs Date Shifts Rates Higher

By: Rob Chrisman | Fri, Dec 5 2014, 10:54 AM

Yesterday at the MBA's IMB conference, besides folks talking about **Chase** correspondent pricing through the market, wondering if 4:1 is the magic servicing valuation, and trying to clear up uncertainty on MSAs (see below), one of the panels focused on "emerging" markets: millennials & reverse mortgages. The consensus was that if you're looking to captivate the millennial generation, more often than not, millennials are drawn towards companies that demonstrate philanthropic goals and take part in charitable activities. (More a few paragraphs down, with some pretty good information!)

Hammerhouse has launched its 5th Annual **Survey on Originators' Opinions**. The questions are centered on perceptions of producers at the street level and matters critical to supporting their relationships with referral partners, customers and their business. "The survey covers the Six Core Components we evaluate during the Model Match process within the mortgage origination industry: Leadership, Culture, Business Model, Operations, Technology and Geography. All mortgage loan originators (bank, mortgage bank, correspondent or broker) are invited to complete the survey. Answers are confidential and will only appear in an aggregate analysis. Results of the survey are used to educate lenders and vendors on the perceptions of loan officers and to advocate for improvements that will benefit loan officers, lenders and consumers. This year we are going to raffle an iPad for from a random draw of respondents. [Click Here](#) to take this important survey.

Back to those emerging markets! Remember that there are misconceptions as highlighted in this article titled, "[What Everyone Gets Wrong About Millennials and Home Buying](#)." They also look for companies that have engaging and personable **social media** outlets instead of just advertisements and are not afraid to take a stand on social justice issues. Endorsing diversity is also an important strategy as the majority of homebuyers are Hispanics, Asians and immigrants. Apart from the growing millennial market, the reverse mortgage industry is picking up steam, as more than 10,000 seniors turn 62 every day and by 2030, 1 in 5 people will be aged 65 years or older. In order to properly market to this age group, it's essential to split this generation in two different categories: one that is more tech-savvy and the other that is not (traditionalists). Promoting reverse mortgages as part of a retirement plan is another way to educate and market to this cohort. *Once you have identified your targeted audience, maximize your marketing strategies by connecting and engaging with your audience, setting yourself up as a trustworthy resource and addressing any barriers your client may have.*

Speaking of the conference, the session on MSAs and JVs at the MBA's IMB conference raised the issue of meeting regulatory standards when involved in an affiliated business arrangement or joint venture. The CFPB has **already taken enforcement action** on several companies that have violated RESPA when engaged in marketing agreements, but per panelists fortunately there are ways to expand lender business "the right way". First, companies need to understand the requirement and costs of running a joint venture and recognize that RESPA allows payment for services but not referrals. Second, it's encouraged that there are formal written policies and procedures in place and MSA agreements should be for a minimum of 12 months. It's also imperative to have a third party value MSAs and those fees are in line with the value of service. MSA agreements should be approved from non-sales people as well. Keep in mind that paying for access/referrals/opportunity will result in "floggings" from the CFPB and owners must know when to push back. The riskiest traps with these types of agreements include improper payments, sponsoring happy hours, trips for staff, and off the book payments of marketing or other expenses.

Critics, however, point to [paragraphs 20 and 21](#) of the CFPB's Consent Order against Lighthouse Title Inc. in September. "20. Entering a contract is a 'thing of value' within the meaning of Section 8, even if the fees paid under that contract are fair market value for the goods or services provided. 21. Entering a contract with the agreement or understanding that in exchange the counterparty will refer settlement services related to federally related mortgage loans violates Section 8(a)." Most in the industry unfortunately feel that the CFPB has provided incomplete guidance on the topic, and so we find some companies continuing to embrace MSAs whereas others have recoiled from them. And once again we must ask, "Is the consumer better off by the uncertainty currently present?"

Speaking of the CFPB, a couple weeks ago underwriters and compliance folks took note that the **CFPB issued a press release** highlighting the publication of its compliance bulletin, "[Social Security Disability Income Verification](#)." The compliance bulletin reminds lenders that requiring consumers receiving social security disability income to provide burdensome or unnecessary documentation may raise fair lending issues. The Equal Credit Opportunity Act (ECOA) prohibits lenders from discrimination against "an applicant because some or all of the applicant's income is from a public assistance program, which includes Social Security disability income," and the Bureau's bulletin highlights standards and guidelines intended to help lenders comply with the requirements of ECOA and its implementing regulation, Regulation B.

Let's play some catch up with somewhat recent lender, agency, and investor changes to gain a sense of what is going on in the industry.

**Two River Bancorp** announced the expansion of its residential mortgage lending operations with the hiring of a mortgage banking team with experience in the New Jersey markets. The team is led by Mr. Scott Keller, Senior Vice President, who previously started and led a profitable division at a recently acquired community bank. Two River's residential mortgage operations will include loan originators and processors. To learn more visit the [website](#).

The **Citibank** Ineligible Originator list is posted on the [Correspondent website](#) in the elnfo / Forms section. (Log into the Correspondent website ([correspondent.citimortgage.com](http://correspondent.citimortgage.com)), go to elnfo, then Forms.) Reminder, the Appraiser Monitor/Ineligible List is updated quite frequently and is also posted in the elnfo/Forms section of the Correspondent Website.

**Banc Home Loans** has revised its [Mortgage Loan Purchase Agreement](#) and [Sellers Guide](#) and are posted to its [website](#).

**U.S. Bank** posted its bulletin 2014-070 regarding FHA Loans in a Presidentially Declared Disaster Area. To view the bulletin, click [here](#).

**Wells Fargo Funding** improved its refinance adjusters for all non-conforming products as of November 10th, adjuster improvements are listed on the daily rate sheets. In addition, its minimum down payment requirement has been removed from its conventional conforming loans.

**BluePoint Mortgage** has Jumbo IO products with 89% LTV up to \$1,500,000 with NO MI Loans up to \$3,000,000 and 80% IO to \$2,000,000, Up to \$500,000 Cash Out, Second Home and NOO options, Cash out for second homes and NOO.

**Carrington Mortgage Services, LLC** announced the national availability of "The Carrington Loan," offering borrowers a more transparent, simplified home loan process with no closing costs or upfront financing fees. The Carrington Loan can facilitate home purchases for borrowers in the sub-640 FICO score range. The announcement in its entirety is available, click [here](#).

**Flagstar Wholesale** has updated conventional underwriting guideline for Condominiums and Planned Unit Developments that have a unique address. The unit number does not need to be included on the closing documents (e.g. note, mortgage, etc.) if the unit number is not part of the appraisal or purchase agreement and is only referenced in the legal description. Flagstar also updated procedures regarding FHA and VA 92900A procedures. The Initial FHA HUD-92900-A Page 1 must be signed and dated by the Broker. The Broker is no longer required to sign the following documents: Initial FHA HUD-92900-A page 4, Final FHA HUD-92900-A pages 1 and 4, Initial VA 26-1802a, Final VA 26-1802a.

**LDWholesale** announced pricing improvements on select Jumbo products and a purchase program incentive implemented for select Jumbo programs. Additionally, effective November 21st, 3/1 Arms on FHA and VA including streamline and IRRLS will be available.

**Mountain West Financial Wholesale** has implemented USDA program updates to include the amount collected for the upfront annual fee from 2 months to 1 month, which will be collected at closing and must be disclosed correctly on the Truth-In-Lending Disclosure Statement and Final HUD 1 effective immediately. Also, effective Wednesday, November 19, 2014 MMF will accept borrowers E-signatures on Brokers Initial Disclosure Packages and Initial 1003's as long as they are documented with electronic signature(s) containing watermarks, electronic date stamped and/or transaction log and meets the Uniform Electronic Transaction Act (UETA).

**New Leaf Wholesale** posted updates to its VA and FHA programs. The Initial FHA HUD-92900-A Page 1 must be signed and dated by the Broker. The Broker is no longer required to sign the following documents: Initial FHA HUD-92900-A page 4, Final FHA HUD-92900-A pages 1 and 4, Initial VA 26-1802a, Final VA 26-1802a.

Effective with applications taken on or after October 15, 2014, **PennyMac** is aligning with Freddie Mac's Higher Priced Covered Transaction (HPCT) requirements as announced in Bulletin 2014-18, and extending the HPML requirements to include transactions with a subject occupancy of owner-occupancy, second home, and investment. For all occupancy Open Access HPML/HPCT loans, the requirements of a minimum 620 FICO and maximum 45% DTI must be manually applied.

**Plaza Home Mortgage** announced the rollout of Plaza's 203(k) Full program on November 12, 2014. The 203(k) Full program offers additional renovation options not available in the 203(k) streamlined program. The handling FHA Payoffs, in response to CFPB ATR rule, for loans closing on or after January 21, 2015, the final rule requires mortgagees to charge interest only through the date the mortgage is paid and prohibits the charging of interest beyond that date. Plaza will begin accepting FHA loans complying with revised regulations with loans closed on or after January 21, 2015. In the meantime, sellers should review and update their internal processes to support this change and work with their document preparation vendors to implement the new FHA Note version for loans closing on or after January 21, 2015.

Turning to the markets, Thursday the 10-yr T-noted closed at a yield of 2.26%. I mention this because, as an indicator of the general bond market and interest rates, it has not moved much this week. And lenders have not moved their mortgage prices much this week - not

necessarily a bad thing. We did have a small rally Thursday, however, with agency MBS prices improving about .125 - whether or not this translated onto individual lender rate sheets remains to be seen.

But that was then, and this is now. We had the November reports on Nonfarm Payrolls (+214k last, expected +230k), the Unemployment Rate (5.8% previous, expected unchanged), and Average Hourly Earnings (+0.1% last). We also had the October International trade balance numbers (-\$43.0B last), and will have Factory Orders for October (-0.6% last) later this morning.

Nonfarm Payrolls were +321k, the prior month revised higher to +243k, the Unemployment Rate was unchanged at 5.8%, and Hourly Earnings were +.4%. The bond markets have moved - unfortunately for anyone who didn't lock yesterday - lower with rates moving higher. The 10-yr year is up to 2.31% and agency MBS prices are worse between .250-.375. But we are basically back to where we were to start the week.

### Jobs

On the jobs front **Deephaven Mortgage** is seeking entrepreneurial sales professionals to rapidly grow its correspondent relationships nationally. The responsible non-prime specialist recently announced an acquisition plan by Värde Partners which will *provide Deephaven Mortgage with more than \$300 million of new capital*. Deephaven, with its corporate office in Charlotte, NC, is actively purchasing non-agency residential mortgage loans from mortgage banks and credit unions and needs exceptional, experienced correspondent sales professionals (working from home) to present its products across the nation. Please forward resumes to [Brett Hively](#), Managing Director of Client Development.

The Southwest Region of **Pinnacle Capital Mortgage**, located in Phoenix, Arizona, is looking to expand its regional footprint in Colorado, Utah and New Mexico. [Pinnacle Capital Mortgage](#) has been recognized as a Scotsman Guide Top 10 Lender for the last 2 years, and has been nominated for numerous lists as one of the "Best Places to Work". Branch and loan officer opportunities are available in each state serviced by the Southwest Region. If you are looking to start out 2015 with a top tier, production oriented company, please contact PCM at [swrecruiting@pcmloan.com](mailto:swrecruiting@pcmloan.com).

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