

# Wells Fargo Addresses RESPA-TILA; Reverse Mortgage Changes; NMLS Numbers on Lenders

By: Rob Chrisman | Fri, Dec 12 2014, 10:43 AM

"You can tell a lot about a woman's mood just by her hands. If they are holding a gun, she's probably ticked-off." Here's another observation, besides it being "ugly sweater day". What do Arizona, Arkansas, Connecticut, Louisiana, Maine, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Texas, Washington, and Wisconsin have in common? Heck, while we're at it let's throw Colorado and Nevada into the mix - especially Nevada. Legal and compliance sessions at mortgage conferences all over the U.S. are talking about super liens and their impact on lending. **What is a super lien?** Basically, if a borrower doesn't pay their home owner or condo dues (yes, condos are not the only properties affected) a foreclosure can take place which wipes out whatever lender was in first place. Like I said, it is a hot topic, and [here's a decent primer](#) on the subject to read as courts, lenders, and home owner associations wrangle.

"Rob, we're setting out to find a **subservicer**. Have you seen any **rankings** lately?" I have. Myrtle had no interest in tallying the volumes, so fortunately Inside Mortgage Finance does and do a good job of it. The top 10, which per IMF amounts to more than \$1 trillion out of almost \$10 trillion total, through the middle part of the year are Dovenmuehle, Cenlar, LoanCare, PHH, Celink, Provident Funding, Ocwen, Select Portfolio Services, Specialized Loan Servicing, and NationStar. Remember that these guys don't own the servicing asset (mortgage servicing rights: MSRs) but instead receive a cut of the monthly payment. Their collective volumes have certainly jumped as smaller companies try to retain servicing and sell directly to Fannie or Freddie or larger companies realizing that they just don't have the expertise needed to keep up on all the servicing regulations and instead turn it over to a specialist.

Speaking of trends, **Wells Fargo** came out with its program for handling TILA-RESPA in [RESPA News](#). Many are wondering why other large lenders aren't doing similar press releases.

Donna Beinfeld reminds readers that the "CFPB's reminder to the lending community that requesting medical documents for borrowers who receive Social Security Disability Income, would be **considered discriminatory under ECOA Reg B**. The responses from all four agencies (HUD, VA, Fannie Mae, and Freddie Mac) were published in this bulletin as well. As a reminder from the CFPB, you are responsible for training your staff to recognize that asking for excessive documentation is prohibited."

[Ken Meyer](#) from **TrustDeed Capital** wrote an [article](#) that discusses how LOs can "navigate California's real estate investment market". "California's housing market is highly competitive so in order to capture the best properties you will need to provide enough cash for large down payments. Also, be aware of the property taxes you may have to pay, as the tax assessment can be increased to a property's sales price when the property changes hands. Be diligent on researching the property by asking for photos, plans or sketches and keep in mind, the best place for entrepreneurial real estate buyers to find investment capital is with private money lenders. Meyer also provides tips for flipping houses, as returns from 30% to 60% are possible, such as finding markets that are attractive to young adults but occupied by older homeowners and only moving forward on a deal if you can meet your profit expectations. Spotting off market deals, such as For Sale by Owner listings, expired listings and contacting owners directly, can result in some of the best investments."

Plenty of people in California are obtaining reverse mortgages, and **changes are imminent in the reverse mortgage sector**. David Savin, president of Select Choice Mortgage, writes about the new financial requirements that will be effective March of 2015 for all reverse mortgages. Lenders will now be obligated to conduct a "financial assessment" of potential borrowers who are issued an FHA case number on or after March 2, 2015, which will include a credit score review. As part of the financial assessment, lenders may need to gather more documentation to guarantee the borrower meets the financial criteria, similar to how documentation is gathered on a forward mortgage. If borrowers do not meet the financial standards determined by the assessment they may need to set up a Life Expectancy Set Aside (LESA) fund to cover property charges, just how escrow accounts are set up for forward mortgages. These new changes may make it harder for borrowers to qualify for a reverse mortgage but at the same time, ensure borrowers are able to meet their financial obligations and are able to live in their home for the remainder of their lifetime.

Last week the MBA feted the independent mortgage bankers out there - those lenders are definitely flexing their collective muscle and abilities, using their warehouse lines and offering various products. It turns out that during the **third quarter independent mortgage originator numbers** increased 10% over Q3 2013. The number of licenses issued for state-licensed mortgage loan originators increased 10 percent in the third quarter compared to 2013, while the number of federally registered loan originators declined, according to new data from the [National Mortgage Licensing System & Registry](#) (NMLS). In the third quarter, the NMLS measured 343,800 individual licenses (compared to 311,589 in third-quarter last year) while over the same period the number of federally registered entities dropped 2.5 percent, from 404,385 in third-quarter 2013 to 393,981 in third-quarter 2014. And keep in mind that the number of state-registered mortgage

originator licenses is not an indicator of the number of individual originators because originators can hold multiple licenses across several states. The uptick in state-registered licenses may indicate that nonbank lenders are expanding their territories.

The FHFA, which oversees Fannie & Freddie, knows a thing or two about lending trends and it warned that non-depository mortgage banks could pose a threat to the government-sponsored enterprises (GSEs) because they are less regulated than big banks, and because of the increasingly large volume of mortgages they handle. The same FHFA report said that 47 percent of mortgages Fannie Mae purchased in 2013 were from independent mortgage bankers, compared to 33 percent in 2011. Freddie Mac bought 20 percent of its mortgages from independents in 2013, up from 8 percent in 2011. **Fannie Mae**, by the way, recently said its Q3 profit fell 55% due to lower revenue and a higher tax provision vs. one year ago, but also said it will pay \$4B to the Treasury by year-end. And **Freddie Mac** said its Q3 profit declined 91% vs. one year ago and it said it would pay \$2.8B to the Treasury.

Let's see what some random companies, small and big, have been up to lately to gauge lending trends.

**Banc Home Loans** has expanded its Jumbo guidelines. Its "Program 55" highlights include up to 85% LTV no MI (to \$2M), Loan amounts to \$5 million, Minimum 660 FICO to \$1.5M, 1st time home buyer- loan amounts to \$2M, and Primary Residence: Cash Out Refinance now to 75% LTV (Cash-out up to \$1 million). For complete information, visit Banc Home Loans [website](#).

**JP Morgan Chase** has approved the most SBA loans to women- and minority-owned businesses in the United States, according to the [U.S. Small Business Administration](#). Complete [press release](#) available.

**PennyMac** Financial Services Inc. has formed a new division to focus on loans that finance multifamily and other commercial real estate deals. PennyMac Commercial Real Estate Finance will work with its sister company, PennyMac Mortgage Investment Trust, on the securitization of commercial loan packages. Steve Skolnik, former chief executive and co-founder of ReadyCap Commercial LLC in Irvine, will head the new venture with the title of chief commercial lending officer. The venture will focus on deals with values under \$10 million.

**Caliber's** enhanced [Fresh Start Program](#) was rolled out. The two biggest features are bank statement option for self-employed borrowers, and no seasoning or mortgage payment history required for Short Sale, DIL, Foreclosure or Bankruptcy.

**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](#).

Social Security Number verifications are conducted only if they are a condition of the loan. As a courtesy to its clients, **Plaza Home Mortgage** will verify Social Security numbers if required. As such, the link for SSN Verification has been removed from the website, effective October 20, 2014. As of October 15, 2014, all 2013 Personal Tax returns must be filed with the IRS. 2013 IRS tax return extensions are no longer valid. Plaza will now use the 4506T on file to request transcripts of 2013 personal returns. Plaza is now offering Co-op financing in select areas of New York and New Jersey, effective October 21, 2014.

**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.

**Stearns Wholesale** is now offering new FHA FICO options 600-619 FICO score program.

**Flagstar** posted information regarding loans in the state of Massachusetts. Effective November 20th, a state specific disclosure notifying the borrower(s) of a property's location in a Special Flood Hazard Area is required. Flagstar has created a new disclosure in its Sellers Guide for this purpose.

Bopping over to the markets, there isn't much going on... we're definitely in the holidays. In fact, after Retail Sales and Jobless claims, except for a little chop and some intra-coupon movement, it was downright uneventful. I won't waste your time. In Washington DC debate is set to begin in the Senate on a \$1.1 trillion spending bill to head off a U.S. government shutdown. (The House passed the measure in a 219-206 vote Thursday night.)

But this morning we've had the Producer Price Index (it was -.2%, core unchanged). Later we'll have the December preliminary University of Michigan survey, thought to improve to 89.1 from 88.8 prior. We had a 2.18% close on the 10-yr Thursday and this morning we're sitting at 2.12% and agency MBS prices better by .125-.250.

## Jobs

**PHH Mortgage**, already the 4<sup>th</sup> largest originator of residential purchase mortgages in the U.S., is expanding and actively recruiting Loan Officers in the Houston and Dallas markets. "If you are looking for a company that provides you with the necessary tools and processes that simplify your job, a range of loan products to serve a variety of customer needs, unprecedented access to partner with the world's largest real estate franchisor and a [competitive compensation package](#) that rewards success, then this is the opportunity for you." To learn more click on the link above or send your resume or questions to [Christine English](#). By the way, PHH Mortgage Correspondent would like to welcome the addition of [Joe Garcia](#) as a Regional Sales Leader managing the Midwest/Central US region. Joe comes to PHH with 12 years of experience in retail and correspondent lending with previous experience at CMG Financial, Guaranteed Rate, and TCF Bank.

And **VidVerify** is seeking motivated candidates for Sales Account Managers to expand sales activities throughout the country. Interested candidates should be energetic and professional, as well as highly self-motivated, with a strong personal desire to grow a new business. [VidVerify](#) is a "dynamic and innovative company focused on providing a platform that enables lenders to provide the borrower and loan officer with a series of videos that automatically deliver a clear, concise and consistent message throughout the loan process. In the face of CFPB audits, Dodd Frank and compliance requirements, Vidverify allows banks and mortgage banks to get in front of potential regulatory issues by educating borrowers to the mortgage process, provide clear explanations of their paperwork, and provides definitions of all relevant mortgage terms. Our partnership with leading compliance companies and financial services law firms enable us to provide program content consistent with CFPB guidelines." Please contact or send resume to [Laura Hopkins](#).

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