

Nationwide Rents and Coastal Property Values Continue Higher; MI news

By: Rob Chrisman | Thu, Dec 18 2014, 10:15 AM

"Congress extends [Mortgage Debt Forgiveness Act](#)" - hey, that's good news, right? In fact the Senate approved a bill that would retroactively extend over 50 expiring tax provisions for one year, including the one that shields distressed homeowners from paying taxes on any mortgage debt forgiven in a short sale.

What do some folks think of the mortgage insurance company **Essent**? Here's [a current offering](#).

The latest Issue of **Arch MI's** Housing and Mortgage Market Review with a new version of the Arch MI Risk Index is currently available. If you would like to read its fall review, [click here](#).

Good loan officers are very aware of the trends out there, especially in the rental markets. Zelman and Associates November survey parallels the data supported by other industry experts that the high cost of renting will **drive the purchase market in 2015**. Apartment operators should expect to see growth in revenue in Q4 due to increased rent prices and occupancy trends. The more affordable class-B apartments saw a rent growth of 3.7%, whereas the more luxurious class-A apartments had a rent growth of 2.5%, a slight decline from October 2014. Class-A rent growth will continue to face opposition from new multi-family supply and occupancy slightly declined to 94.6% from 94.8%. Buyers continue to favor both class-A and class-B asset as the demand for class-B assets improved from October and will continue to rise due to their affordability. November move-outs annualized to 42%, down from 46% a month earlier and of those that moved out, 43% purchased a single-family home compared to 31% a year ago.

Rental affordability continues to suffer according to new [data](#) published by Zillow. Zillow's 2014 Q3 Affordability Index indicates that buying a home remains **more affordable than renting**. Nationwide, the average buyer buying the median-priced home (with 20% down and favorable rates) spends 15% of their income on a mortgage payment, compared to 22% historically. Even millennials between the ages of 23 to 34 are more likely to spend 17.4% of their income on a home, whereas in the past, young adults expected to allocate 22.5% of their income to a mortgage. Large metro areas where buying a home is out of reach for most buyers due to their unaffordability level include Los Angeles, San Francisco, San Diego and San Jose. As rent prices begin to increase, renters making the national median income and renting the median-priced apartment should expect to pay 30% of their income on rent, an increase from 25% historically. Zillow predicts that home values will appreciate and if interest rates rise to 5%, new homeowners nationwide will only pay 17.5% of their incomes towards a mortgage. As rent prices rise, more young adults will begin to start buying homes in **2015**.

Speaking of trends about where people live, according to NOAA in 2010, 123.3 million people, or 39% of the nation's population lived in counties directly on the shoreline. In the United States, counties directly on the shoreline constitute less than 10 percent of the total land area (not including Alaska), but account for 39% of the total population. Taking a look back, from 1970 to 2010, the population of these counties increased by almost 40% and are projected to increase by an additional 10 million people or 8% by 2020. As anyone living in Malibu can tell you, coastal areas are substantially more crowded than the U.S. as a whole, and population density in coastal areas will continue to increase in the future. In fact, the population density of coastal shoreline counties is over **six times greater** than the corresponding inland counties. So for those who live on the coast, [what's it all worth anyway?](#) Zillow has the answer. "Nationally, waterfront homes are worth more than double of the value of homes overall; the most expensive waterfront homes are in Hawaii, California and the coast of the Long Island Sound. The least expensive waterfront homes are in Florida and the Midwest; the largest waterfront premiums are generally found in Florida and along the Great Lakes; nationwide, the premium paid for waterfront homes has increased over time, although it has fallen since the housing market peaked in 2007." Zillow breaks down the coastal trend, and has analyzed the single-family waterfront home market in the United States from 1996 to the present and has developed a unique home value index for waterfront homes, nationally and at the city-level.

Lenders are using more vendors and other non-lenders than ever, so let's play some catch up and see what they've been up to lately.

[The StoneHill Group](#) has launched a new software solution to assist mortgage bankers meet their growing compliance requirements at all stages of the loan cycle. LES™ (Loan Evaluation Software), a web-based tool that can be fully customized to help mortgage bankers manage risk while reducing time-in-file costs, was soft launched in June of this year and is now available to mortgage lenders of any size.

D+H announced that it has entered into an agreement with **Optimal Blue** that will broaden the scope of solutions offered to its MortgagebotLOS™ loan origination clients, with product eligibility and pricing services, as well as secondary marketing services. "We understand how important it is for our clients to maintain a seamless experience throughout all stages of the origination workflow," said Bill Neville, president, D+H USA. "By integrating Optimal Blue's system with MortgagebotLOS, we are making it easier for our clients to optimize

their operations so they can focus on what they're known for-providing outstanding service to their customers." [The complete article](#) is available for viewing.

VirPack released an interface to the mortgage insurance system of National MI. This interface enables lenders using VirPack's Document Management and Delivery system to very efficiently transmit loan documents that are required for mortgage insurance underwriting directly to National MI.

A La Mode announced today that NDC (National Data Collective), a leading national provider of property data for real estate professionals, has agreed to integrate its data products with a la mode's full range of appraisal form-filling systems. National Data Collective (NDC) will integrate their expansive data services directly into TOTAL, the industry's leading form-filler with no charge for the integration. For questions or inquiries, call at 1-800-ALAMODE.

(By the way, remember that effective January 1, 2015, all appraisal management companies will be required to run background checks on all approved appraisers that are on their panel.)

Golden State AMC is now the approved AMC for **HomeBridge's** California territory on Conventional transactions and also available in all territories on Freddie Mac, Government and Jumbo products. Full details can be found under broker resources regarding Golden State AMC by clicking [here](#).

The Prieston Group (TPG) announced that Credit Plus, a provider of intelligent insight for mortgage professionals, recently launched a new loan quality control program: QC Review powered by the LoanHD(r) Platform. QC Review enables lenders to run quality assurance checks throughout the entire origination process using real-time QC technology - from pre-closing to beyond closing. An integral part of this new product is TPG's industry leading Reps and Warranties insurance underwritten by Lloyds, London that is included in the cost for loans which have been audited and qualified in QC Review. To learn more about TPG, [click here](#).

Quandis responded to the White House request to partner with Banks and Servicers for New Military Personnel Program. Quandis has an existing standalone military search service that is currently in use by foreclosure attorneys, servicers, banks, lenders and third party outsource providers. Organizations can learn more about the new Quandis Servicemember Outreach (QSO) website by [clicking here](#).

Valuation Link, a national Appraisal Management Company which provides appraisals and valuation products to lenders, servicers and investors in all 50 states has developed a new product for the Home Equity, Default Management and Servicing spaces. Valuation Link Desktop is a USPAP and Interagency Guideline complaint appraisal product that is far less expensive with a much faster turn time than a traditional appraisal. For more information, visit the [Valuation Link website](#).

Accurate Group, a leading provider of real estate appraisal, title and compliance services, announced the launch of its eSign™ closing solution. Accurate eSign is designed to help mortgage lenders streamline loan closing and improve the borrower's experience. Accurate eSign combines documentation, process flows and secure e-signature technology in an easy-to-use web-based platform. The solution is compliant with the Uniform Electronic Transaction Act (UETA), the Electronic Signatures in Global and National Commerce Act (E-Sign Act) and standards set by the Mortgage Industry Standards Maintenance Organization (MISMO). For more information, visit [Accurate Group](#).

B2R Finance has recently made program changes to its residential rental lending program. B2R Finance is a commercial real estate lender that finances portfolios (5 door minimum) of SFR's, condo's (fractured ok), townhouses, 2-4 units, apartment buildings and mixed use with up to 40% commercial. Some recent changes are: Interest Only option now available up to 60% LTV, Underwriting to appraised values after 90 days seasoning, Foreign Nationals LTV increased to 75%, Non-Recourse with NO cash management up to 60% LTV, and Lowered credit score requirements. Download its [program flyer](#) for additional information.

DocMagic, Inc. announced that it has acquired the assets of Doc-Tech Corporation, dba Document Express, a boutique document preparation company known for its exceptional customer service. The acquisition comes on the heels of DocMagic completing the purchase of award-winning eSignSystems in October. Doc-Tech's customers will continue to enjoy the Elite Docs Series experience, and the company officials report that it will not require any change to their user experience.

Indecomm, Mortgage U's Integrated Disclosure Training Package for the TILA-RESPA Integrated Disclosure Rule includes three comprehensive modules which explain the regulations in simple, practical terms. The Microsoft Word documents and PowerPoint presentation provide an overview of the regulation and line by line details of the Loan Estimate and Closing Disclosure forms, reducing the complexity for the operations and sales teams on the front lines. The training package content can be customized by the lender and shared with other professionals in the client's organization. Click the link for more information on [indecomm](#).

Mortgage Harmony Corp., the provider of Loan Reset, Acquisition and Retention Software, announced it has officially changed its name to Rate Reset effective immediately. The name change is part of a re-branding initiative to better align the Company's name with its current product offerings and future strategy. Rate Reset's Loan feature empowers borrowers to "reset" their mortgage or auto loan in seconds on a

secure, customized website with a few "clicks" of a button and an e-Signature and without the cost and hassle associated with refinancing. To view the press release, [click here](#)

SOFTPRO Closing and Title Software has made available The Title Report's Best Practice Providers Special Report. This report provides title agents with the tools and resources needed to put a comprehensive compliance program in place. Click the link for your [free download](#).

Looking at the markets, everyone was yapping about the FOMC meeting announcement yesterday. Remember that all the rates that the Fed can set remained unchanged - now everyone frets about when it is going to raise short term rates (probably the middle of next year). But it is **important to know** what the Fed thinks about recent events. And it is good to know that the Fed will continue to reinvest principal payments and maturing Treasuries which will be rolled over at auction.

The Fed indicated that labor market conditions "have improved further with solid job gains and a lower unemployment rate". Inflation has been running below the Fed's longer term goals but is expected to rise gradually with the improving labor market - certainly wage growth has been lacking. The effect of lower energy prices is expected to be transitory but the committee stated that it continues to monitor inflation developments closely - this is new language. For grammar junkies there was little change in the language from the FOMC in its statement with the exception of the addition of being patient and yet still retaining the "**considerable time**" language. The addition of this language does not clarify the Fed's intentions but does give it wiggle room on either side.

After everyone sliced and diced the announcement and the grammar and the nuances and the hints, away went the equity markets. Unfortunately rates slid higher - but not by much. The 10-yr. T-note dropped .625 in price and closed at a yield of 2.15% (after being below 2.10% this week) and 30-year agency MBS prices sold off/worsened about .250.

But we've had some news this morning: weekly Jobless Claims were at 289k, down 6k from a revised 295k. Jobs are indeed important, and the Census Bureau tells us that 90.1% of firms in the private sector (i.e., non-government jobs) each employ no more than 20 workers, employing 19.2% of all private sector workers. 0.4% of firms in the private sector (i.e., less than 1/2 of 1% of firms) each employ more than 500 workers, employing 50.6% of all private sector workers.

Later we'll have, at 10AMEST, the December Philly Fed Index (+40.8 last), and November Leading Indicators (expected lower from the +0.9% increase in October). After the Jobless Claims number the 10-yr is at 2.17% and agency MBS prices are worse than Wednesday afternoon by roughly .125.

Jobs and Announcements

Most mortgage company videos are often a hit and miss affair. But I think this one from [LoanStar Home Lending](#) is very clever and well written and produced. The video shows off LoanStar's "[awesome closing gift](#)" - you gotta watch this and note what the pizza delivery guy does before he exits the scene. Oh, and the actors are a loan officer and the marketing staff at LoanStar - you'd never know they weren't paid thespians! According to LoanStar's CEO Mike Baldwin, the closing gift promotion is really making positive impressions with customers and referral partners. "This promotion is part of the marketing strategy that is making LoanStar stand out and has quickly become one of the big reasons loan officers are joining his fast growing mortgage bank throughout the country."

And since 2001 **Paramount Residential Mortgage Group (PRMG)** has been a leading privately held mortgage banker "built by originators for originators". With numerous accolades under their belt including being ranked no. 2 of the top 50 companies to work for in America, they actively are hiring experienced Correspondent / Wholesale Account Executives in the western United States, including Northern and Southern California, Oregon, Washington, Utah, Colorado and Alaska. To learn more about PRMG in this region contact [Paul Lucido](#), National Marketing Director. Inquiries and/or questions about other markets, please email you@prmg.net.

And from Emeryville, CA, recently came news out of **National MI**: Jay Sherwood will be promoted to president of NMI Holdings, Inc. and its subsidiary company, National Mortgage Insurance Corporation (National MI) effective January 1. Glenn Farrell, a 33-year veteran of accounting and consulting firm KPMG LLP, has been named the new chief financial officer (CFO). Current President Bradley Shuster will remain the chief executive officer (CEO) of National MI and chairman of the board of NMI Holdings, Inc.

Genworth Mortgage Insurance has become the first private mortgage insurer to partner with Axacore, a leading document management platform, in a deal creating synergies among both firms' mutual customer base. Lenders who use the Axacore platform directly or through one of Axacore's OEM partners now have access to seamless one-click ordering of Genworth non-delegated mortgage insurance from within the Axacore system. This deal will allow many lenders access to one-click ordering of Genworth non-delegated mortgage insurance from within the Axacore system.

The mergers and acquisitions in the banking world continue unabated. Just in the last week we've seen some major deals hit the wires cumulating with news that UMB Bank (\$16B, MO) will acquire the holding company of Meridian Bank (\$720mm, AZ) and Meridian Bank (\$433mm, TX) for about \$183mm in stock or roughly 1.6x tangible book - but there were several more. Renasant Bank (\$5.7B, MS) will acquire Heritage Bank of the South (\$1.8B, GA) for about \$258mm in stock. In Minnesota Anchor Bank (\$1.4B, MN) will acquire Voyager Bank (\$337mm, MN). Easthampton Savings Bank (\$1.0B, MA) will acquire The Citizens National Bank (\$333mm, CT) for about \$51mm in cash or roughly 1.26x tangible book. In Iowa the Security National Bank of Sioux City (\$829mm, IA) will acquire First Trust & Savings Bank (\$121mm, IA). First Peoples Bank (\$72mm, GA) will acquire The Greenville Banking Co. (\$26mm, GA). Up in New York the Bridgehampton National Bank (\$2.2B) will acquire Community National Bank (\$945mm) for about \$141mm in stock. Northwest Savings Bank (\$7.9B, PA) will acquire The Lorain National Bank (\$1.2B, OH) for about \$183mm in cash (50%) and stock (50%) or roughly 1.98x tangible book.

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