

Fee Structure Changes; Trends in VA Lending and Overlays; TRID survey

By: Rob Chrisman | Tue, Mar 1 2016, 10:57 AM

I head to Atlanta today for a conference on preventing fraud, and decided to see what its housing market has been up to recently. It turns out that Atlanta's market is experiencing the same **improvement & lack of listings** that many other urban areas have been seeing - many folks, you and old, want to live near the downtown. Average and median sales prices for 11 metro Atlanta counties continue to outpace last year's figures, according to the Atlanta Board of Realtors. The median sales price (half above, half below) for Atlanta in January 2016 was \$213,000, a 9.2% increase from last January. The average sales price was \$275,000, up 8.7% from the previous year. Demand saw a 3.3% jump from last year and January residential sales were at 2,694. Supply dropped 3.8% from January 2015. New listings were down almost 7% from January 2015 and up 40.4% from the previous month. Unfortunately I also came across this story - how do you like this quote in the press regarding the impact of lending on Black & Hispanic neighborhoods: "High-cost lenders are **targeting these communities**, preventing them from building wealth to pass on to their children."

Effective with new registrations on and after February 15, 2016, **Pacific Union's Administration Fees** for Non-Delegated Jumbo, Specialty and Manual Underwriting products have **increased**. This change is a result of the increased time and effort spent on these files. Administration Fees for Conventional Standard and Government Standard products remain unchanged. In addition, Administration Fee titles for all Non-Delegated products have been revised to clearly indicate when each fee will apply. As of February 24th, Pacific Union Financial is accepting 90-day locks for a flat adjustment of .625 to the 30-day price.

Required as of Friday, February 19th, 2016, **Stearns began implementing changes to its Appraisal Fees** by following a *flat fee structure*. This move will eliminate a majority of up charges and additional fees charged by the AMCs, and improve the accuracy of the Loan Estimate. This approach will provide a much greater certainty of the appraisal fee to be charged to the consumer, so fees can be disclosed accurately up front. The new flat fee schedule will be posted in SNAP 2.0 under Forms in the Appraisal Section.

Wells Fargo Funding requires a copy of the service provider list in the Closed Loan Package. An increasing number of Closed Loan Packages that do not include the written list of settlement service providers or include a list that is either completed incorrectly or is outdated (e.g., references to the Good Faith Estimate or RESPA on the list for a Loan with an application date on or after October 3, 2015) have been received on an increasing level. In addition, an updated service provider list must be provided to the consumer within three business days of a new fee being added to the list of "Services You Can Shop For" on a re-disclosed LE.

Flagstar Bank announced effective as of February 26 the LTV/CLTV/HCLTV will be improved to a maximum of 95% for its Doctor Loan program.

Many renters are beginning to buy again due to new loan programs making it easier for first-time homebuyers to qualify for a mortgage. With the drop in mortgage-insurance premiums, FHA purchase originations increased more than 30,000 a month last year from 2014, translating into more than 250,000 first-time homebuyers entering the market. FHA loans also accounted for 22 percent of all loan originations in December, up from 17 percent a year earlier. The reduction in FHA annual mortgage-insurance premiums last year will save borrowers about \$900 a year. Although, the rise in FHA loans does bring added risk if there is another housing crash. Home prices are on the rise and many borrowers have been seeking government-guaranteed loans, with small down payment requirements. FHA loans that are at least 90 days delinquent were up slightly, with an increase of just 0.05 percent in fiscal 2015 from a year earlier. Many lenders have also dropped their minimum credit score for an FHA mortgage to as low as 580 from 640.

VA has published, M26-4, VA Servicer Handbook, on its Web Automated Reference Material page. [For viewing, click here.](#)

Karen Deis, publisher of www.MortgageCurrentcy.com, says that **VA has clarified a rule** that a non-borrowing spouse cannot be added or take title to the home after the loan has closed. They can only be added to the title IF they also sign the deed of trust. Otherwise the title must remain in the name of the original VA borrower only. (Cir. 26-16-01) "VA claims that this rule has been around a long time-but mortgage companies have forgotten about it-so they issued another reminder. Be sure to let borrowers know at application that if they want a non-borrowing spouse to be on title, they'd better be available at closing to sign the necessary documents. They could be very frustrated with you if they assume they can add the spouse at a later date and you didn't explain this fully during the loan process. You may want to create a separate disclosure that you have advised them of their options."

Effective March 2nd, **M&T is removing all credit policy overlays** with regard to acceptable qualifying ratios (removing DTI caps) for both FHA 203(b) and FHA 203(k), and defaulting to FHA printed guidance as per FHA Handbook 4000.0. In lieu of imposed credit policy caps, M&T's daily rate sheet will now reflect loan pricing adjusted in consideration of the FICO/DTI combinations being delivered to M&T.

Caliber Home Loans has added several major enhancements to their Wholesale and Correspondent VA loan products. AVMs are no longer required for IRRRLs for primary residences, and maximum cash-in-hand has increased to \$100,000 for owner-occupied loans with 90-100% LTVs. Lastly, maximum loan amounts increased from \$1 million to \$1.5 million. These may exceed the VA County Loan Limit as long as borrowers satisfy the entitlement requirements.

Turning to trends in locks & rates, the Fannie trading desk put out some interesting numbers yesterday. "Lender's reported a tapering off of volumes last week as compared to the previous holiday shortened week. Lenders were posting zero point 30 year primary rates anywhere from 3.625% - 3.875%. Using 3.625% as the prevailing rate, the primary/secondary spread is 108bps compared to 118bps the week of February 15. Lenders have reported they have **cut margins** in order to keep rates relatively flat. Origination flows continue to be solidly in the 3.0 coupon. March best execution analysis continues to slot gross note rates (GNRs) between 3.50% - 3.875% into the 3.0 coupon while GNRs of 4.00%-4.50% best ex into the 3.5 coupon."

Not much to report from yesterday in the good ol' bond markets, so I won't waste your time. U.S. Treasuries ended the session slightly higher in a "curve-flattening" trade as pending home sales for January and February's Chicago PMI both missed expectations. The January blizzard that hit the East Coast affected the report, but additionally, higher prices and low supply mean that some buyers may be holding back.

Today we'll have some numbers that typically don't move rates and politics has definitely become a topic of conversation in mortgage circles: will any candidate impact the regulatory burden faced by lenders and in turn consumers? At 10AM EST we'll have January Construction Spending and the February ISM Index. We closed the 10-year at 1.74% Monday and this morning rates are pretty much unchanged - which is fine for lenders trying to close pipelines this month.

Jobs and Announcements

In retail news [Peoples Home Equity](#) has brought in [Jeremy Forcier](#) as Senior VP of Production, Western United States - congrats! "Recognized annually as a Top 100 originator, Forcier adds his deep experience to the PHE sales team. 'I'm at the point in my career where I get satisfaction from helping others achieve success. As a CORE coach, I help elevate originators on a daily basis, and I now have a wonderful opportunity to help everyone at Peoples Home Equity do the same.' PHE's Vice President Jack Williamson adds, 'Jeremy's approach syncs well with our efforts to deliver transparent, compliant advice that helps us grow as we help homeowners succeed. He's the best of the best. Any time a guy who can go anywhere joins your team, you know you're doing something right.' If you're a retail LO or branch manager in the Western United States and looking to advance with a company that values balanced personal and professional growth, contact Jeremy at 415-717-7155 x01."

In wholesale/correspondent news [Banc Home Loans](#) recently hired three new TPO Sales Managers in charge of hiring and recruiting TPO Account Executives throughout their regions. [David Blazek](#) has been hired on as the TPO Western Regional Sales Manager, [Wes Meyer](#) is the new TPO Eastern Regional Sales Manager, and [Diane Goetz](#) has joined as the new Northern California Area Sales Manager. These new additions are part of the exciting national expansion of Banc Home Loans' TPO division. This new team is seeking top-notch AEs responsible for developing business from Wholesale Mortgage Brokers as well as Delegated and Non-Delegated Mortgage Bankers. If you are an experienced Wholesale or Correspondent Account Executive interested in being part of this exciting expansion, please contact [Ryan Zaro](#), Sr. Talent Acquisition Manager at (949)265-4016.

On a national retail scale [Hamilton Group Funding](#) announced the hiring of Kevin Dilday as Senior Vice President - National Production Executive, reporting to Mark Korell, President and CEO. According to Korell, "Kevin is a very experienced and dynamic addition to our executive team, and will initially focus on accelerating our growth in the Southeast and Mid-Atlantic markets." Contact [Kevin Dilday](#) with questions! Hamilton Group Funding is a Florida-based independent mortgage company which is licensed in 15 states and has funded over \$1 billion in the past two years.

And Luther Burbank Savings announced the expansion of its lending team with the addition of Tim Sorenson, who has joined the bank as Senior Vice President, Director of Retail Residential Lending. Mr. Sorenson will lead the Luther Burbank Mortgage division of the bank, which offers an innovative blend of portfolio lending, mortgage banking and mortgage brokering, according to Jason Pendergist, President - Consumer and Commercial Banking for Luther Burbank Savings.

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This is the last week that you'll be able to participate in STRATMOR's Spotlight Program survey addressing "[4-Months of TRID - Impact and](#)

Experience." STRATMOR Senior Partner Dr. Matt Lind tells me that over 60 lenders have thus far completed the survey and they are expecting this number to grow to more than 70 by the time the survey closes at the end of the week. As I noted last week, this strong response is not surprising since what lender wouldn't want to know the answer to such questions as: How well did the LOS vendors meet TRID requirements? What's been the overall experience thus far? What process changes have lenders implemented? What's worked well? What hasn't? What's TRID cost and how have these costs been absorbed? What surprises Matt most based on initial results is that independent lenders appear to have fared much better implementing TRID than banks. As I noted last week, taking this survey costs nothing. You pay a modest fee only if and when you choose to view and download survey results, which are expected to be available by mid-March. This way you know how large the survey response has been before purchasing. My view is that participating in this survey is a low cost way to compare your own TRID experience and implementation with that of your peers. You will likely learn a lot!

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