

Servicing Update - Where are Values and Why?; AUS and CRM Products

By: Rob Chrisman | Tue, Apr 17 2018, 9:10 AM

One of the things that impact servicing values is foreclosure laws, and rates, in certain states. Foreclosures have dropped, thankfully the number of borrowers in trouble has dropped, but certain loan vintages, and certain states, are seeing an increase in [higher foreclosures](#). “Meanwhile we are beginning to see early signs that some post-recession loan vintages are defaulting at a slightly elevated rate, a sign that some loosening of lending standards has occurred in recent years.”

Servicing Update

Mortgage servicing is the channel to watch right now for **tech disruption**. “With no one stepping up to transform the stagnant industry for so long, [TMS](#) is a welcomed change. As a [TECH100 winner](#), the fintech company continues to deliver on its promise to create a lifelong relationship with borrowers through its total homeownership solution that goes well beyond the closing table. TMS just took it up another notch with the release of its **new mobile application** that allow users pay their mortgage, access their account and see statements and transaction histories. The app marks the first app of its kind in the servicing space, most notably for its feature that allows users to upload and submit documents for their loan directly from their mobile phone. And this is only version 1.0, with version 2.0 and 3.0 to add features that don’t exist in the servicing and mortgage world yet.”

Deals in the Works

Emily Hoefft from Phoenix Capital put out “Project Genesee \$50M per Month Freddie Mac Flow MSR Offering” - bids due April 17th. 100% FHLMC S/A, 94% Fixed 30, 6% Fixed 15, Avg. Bal \$229K – \$322K, 79% Purchase Originations, 100% retail originations, 88% Single Family/PUD properties, 94% Owner Occupied properties, 51% VA, 29% MD, 8% NC (by loan count), wAvg FICO 740, wAvg LTV 84.

Steve Harris with MIAC Analytics offered up its “Deal 401501,” consisting of a 30-year fixed rate bank portfolio sale. 31 loans totaling \$20.2 million, 4.083% weighted average coupon, 74% approximate LTV. Want to bid on a commercial portfolio? Steve has a 44 loan, \$117 million package, 4.34% coupon.

If you want to buy **57 REO loans in Ohio**, step right up: Incenter’s Tad Dahlke wants to hear from you. 57 loans, \$1.1 million, or how about a recent \$18 million jumbo pool (24 loans, 4.41 GWAC, 70% original LTV, FICO 773, DTI 34), or \$907k of closed-end seconds (14 loans, 7.04% GWAC, 85% original CLTV, 17 WALA, 724 FICO, 81% owner occupied, across the nation but 35% in California). Or how about a \$7.8 million pool of jumbo ARMs? 8 loans, GWAC 4.6%, LTV of 95%, 771 FICO, 29% DTI, all California.

MIAC reports that, “And, as expectations for rising rates are solidifying, we’re seeing a **considerable increase in buyer interest in... MSRs**. The ongoing price appreciation was attributable to more favorable economic conditions as well as tightening OAS spreads reflecting more aggressive investor appetite for MSRs. (There is an) awakening of MSR bidders who continue to bid at very attractive levels. With lower coupons at or near the proverbial CPR floor, and with refinancing activity fading, subsequent increases in primary mortgage rates begin to have a de minimus impact on MSR value. When this occurs, servicers increasingly rely on earnings rates as a source for future upside in MSR values.

“The MBA further reinforced its economic sentiment when it recently increased its **end-of-year 30-year fixed mortgage rate projection from 4.80% to 4.90%**. While this comes as unwelcome news to mortgage originators, the impact on MSR values and the resulting natural hedge has been nothing but positive and unlike previous starts and stops, appears to have some staying power.

“(For) large offerings as deals containing \$2 billion or more in unpaid principal balance...of the numerous “large” agency trades observed, execution levels generally ranged from a low of 3.7x to a high of 4.6x. As important, with numerous deals executing at levels of north of 4.5x, those levels are no longer the outliers but instead the new norm for mostly larger agency deals that by February observation, contained a blend of agency product emanating from well-capitalized sellers many of whom had national footprints and MSR’s that contained weighted average note rates that were 25 basis points or lower than prevailing primary mortgage market rates.”

MIAC’s note continued. “Smaller conventional packages categorized as \$500 million or less experienced an uptick in trading volume as well but at prices that “on average” ranged anywhere from 5 to 15 basis points lower than the bid prices obtained on larger offerings.

“Trading levels on mostly newer ‘at-market Ginnie Mae offerings,’ comparatively speaking, continue to lag the conventional agency transactions and still range in the mid 3 multiple range. As with all transactions, Ginnie Mae execution levels are heavily influenced by

service fee level, geography, deal size, borrower credit quality, counterparty strength, and potential exposure to hurricanes and wildfires.”

Capital Markets

Pretty quiet out there with U.S. Treasuries ending Monday little changed. Geopolitical tensions faded after the Friday night missile strike on Syria by the U.S., the UK, and France didn't provoke any counter measures from Russia, **suppressing concerns about a broader conflict** in the region.

Besides a bew of Fed speakers throughout the day, today's economic calendar kicks off with March housing starts and building permits: +1.9% & +2.5%. Coming up are March industrial production and capacity utilization, seen at +0.4% and 77.9% versus +0.9% and 77.7% previously. We start the day with the 10-year yielding 2.84% and agency MBS prices unchanged from last night's close.

Employment, Personnel Moves, and Products

JMAC, a progressive industry wholesale lender, is looking to add exceptional Senior Account Executives to manage outside sales accounts in Arizona, Los Angeles, Northern California, Oregon, Idaho, Colorado, Las Vegas, Utah, Texas, Ohio, Maryland/DC, New Jersey, Virginia and Florida, in addition to Inside Sales Account Executives in Orange County, CA. In the wholesale lending business for more than 20 years, “JMAC Lending provides an extensive line of industry-leading jumbo and Non-QM products, exceptional service levels, a dedication to purchase business and the ability to communicate directly with everyone from the company president to underwriters. JMAC Lending is a delegated jumbo and Non-QM lender, and is a Fannie Mae, Freddie Mac and Ginnie Mae Approved Seller/Servicer. To learn more about these opportunities, please contact us in confidence. Call 949.345.8810 or email Will Holburn.

TPO originators should know that Norcom Mortgage introduced the new “Norcom 100” Down Payment Assistance program! With the Norcom 100 program, borrowers can receive an FHA first mortgage on a home and a forgivable or repayable second mortgage of 3.5% of sales price or appraised value, whichever is less. The second mortgage can be used for a down payment and the terms are based on the borrower's HUD's Area Median Income (AMI) requirements and qualifying income. Norcom is a direct lender licensed in over 40 states. For more details please contact Kyle Keagan, VP, Third Party Originations.

Currently there is a lot of noise in our industry about digital lending and we are constantly inundated with the latest short-term “hack” for social media and Facebook ads. Which is why National Mortgage Professional Magazine is very excited to be hosting their latest complimentary webinar titled “How They are Closing Loans from Facebook Ads...” with Carl White and Chris Johnstone, marketing experts who have a proven track record in the industry for many years. During the event, you are going to look behind the scenes of 3 successful Facebook marketing campaigns that are working right now to generate funded loans at an excellent ROI. You will be shown the entire campaigns including the targeting, ads, and lead capture processes. By the end of the event, you will have the full outline of an excellent system for converting real estate and mortgage leads using Facebook. [Click here to register for this FREE webinar.](#)

“Land a deal faster with GUS Access for USDA loans from Stearns Wholesale.

We make it easy for our brokers to sell more green acres to qualified buyers. Before you can plow through that USDA loan, you need to get approval from the government's Guaranteed Underwriting System (GUS)—and with Stearns, it's simple. We're giving you direct access to run GUS independently from our SNAP 2.0 app, so you can qualify borrowers upfront based on USDA DTI and income limits and assign findings directly to Stearns. Plus, proactively identify loans that need manual underwriting due to a ratio waiver OR ensure that the loan receives an Accept/Eligible with our minimum credit score of 620. Ready to see your loan portfolio grow? Plant some seeds with GUS Access from Stearns and reap the benefits of more accurate loan approvals and increased success. Want to learn more? Let us know!”

Despite being a top salesperson, something about delivering a presentation (usually with little time to prepare) to a group of even just five people—that your mind has morphed into an audience of 17,000 people, 34,000 eyes, and 255,000 cell phone pings competing for their attention—puts a big ‘ol lump in your throat. That's why on Wednesday, April 25th from 10-11 AMPST/1-2 PMEST, Sierra Pacific Mortgage is offering a free, fun, and informative webinar entitled “12 Simple Ways to Nail Your Presentation.” You'll learn how to nail an engaging, virtually painless presentation with just 12 simple steps! [Click here to register.](#)

Media Center has launched Usherpa, its new marketing CRM platform. Usherpa is the same CRM that Media Center customers have loved for 20+ years but supercharged with new features and upgraded technology to meet the needs of today's Loan Officers and Real Estate Agents. Read the [press release](#) to learn more about how Usherpa will change the game for mortgage and real estate industry professionals.

PlainsCapital Bank National Warehouse Lending, a subsidiary of Hilltop Holdings (NYSE: HTH), is looking for mortgage bankers and lenders that offer renovation products and programs. PlainsCapital Bank National Warehouse Lending currently funds multiple renovation

programs and products with little to no additional requirements. “Whether it is a FNMA HomeStyle, FHA 203K Full, Limited or even an USDA Rural Housing renovation loan, PlainsCapital Bank National Warehouse Lending wants to be your preferred warehouse provider for these programs and products. Please ask us about our competitive rates, utilization and deposit incentives and other ways that we can reduce costs and time to exceed your loan funding needs in 2018. If you are interested in learning more about PlainsCapital Bank National Warehouse Lending please contact Pamela Robinson, SVP National Sales or Deric Barnett, EVP National Warehouse Lending.”

Kyle Kamrooz of Cloudvirga writes: “Automated Underwriting Systems (AUS) take different approaches when it comes to analyzing mortgage application data and returning feedback on the basis of which lenders can originate mortgage loans. For loan teams who find themselves wondering, ‘should I run this loan file through Loan Product Advisor® or Desktop Underwriter?’ my response is, ‘why not both?’ Cloudvirga is pleased to introduce single-click, dual-AUS submission of loan data to both GSEs’ AUSs — with no separate log-ins and no extra screens. Our mortgage point-of-sale (POS) software works behind the scenes to run loan data through both AUSs concurrently, without adding manual review tasks or interrupting a loan team’s preferred origination workflow. This industry-first feature, developed in collaboration with Freddie Mac, responds to the industry’s need for greater loan fungibility in the secondary market by letting lenders decide on a per-transaction basis what path is best for a given loan. Loan teams increase their odds of getting GSE feedback in one location while eliminating the 10 different screens and separate logins typically required to run both Loan Product Advisor and Desktop Underwriter. And borrowers benefit, too, because dual-AUS submission can uncover opportunities like an appraisal waiver that’s available on certain loans through one GSE but not the other. Those kinds of discoveries can save borrowers time and money and make loan teams into superheroes. To learn more about single-click, dual-AUS submission and other recently added features that make Cloudvirga a cut above the rest, drop Kyle a note or see him at #MBATech18.

View this Article: <https://www.mortgagenewsdaily.com/opinion/04172018-loan-servicing>