

Non-QM Product, Construction Webinar; Lender and Bank Mergers

By: Rob Chrisman | Wed, Nov 28 2018, 8:52 AM

Sorry for the length of the commentary today, but there's a lot going on. In most of the U.S., the 2019 maximum conforming loan limit for one-unit properties will be \$484,350, an increase from \$453,100 in 2018. There is more detail below. Although modestly good news for lenders, as noted yesterday, jumbo mortgage rates are very attractive relative to conforming rates in many areas, so some argue the conforming mortgage limit is currently somewhat less meaningful. What is more meaningful, besides the new URLA/1003 coming at us, or the creator of SpongeBob SquarePants passing away, is Amazon. Amazon customers control about 75% of total US household wealth, [according to a Bain and Co survey](#). That's a lot of leverage and data on buying habits, should it decide to go into the residential biz.

Lender Products and Services

Imagine increasing your borrower NPS by 25% in less than two months. That's exactly what happened for a regional credit union that implemented Maxwell's **digital mortgage point-of-sale solution**. Maxwell continues to be the leading digital mortgage solution for small- to mid-size lending teams looking to improve their borrower experience and increase profitability. I've seen firsthand the results and impact Maxwell can have across many different organizations, from independent lenders to banks and credit unions. Their platform enables teams to easily launch an all-in-encompassing digital experience to their borrowers, while providing industry leading tools and integrations to help improve loan officer efficiency across the organization. To learn more about Maxwell visit www.himaxwell.com or [request a demo here](#).

Here's a webinar on "Construction Lending in the Age of TRID: A Community Banker's Guide." TRID has been a complicated and sometimes confusing force in lending since it was brought into effect in 2015. Understandably, the assumptions and concerns regarding workload increases and new requirements under TRID have led some community bankers to forgo construction lending altogether. On November 29 at 10AMPST, join Land Gorilla to understand the history, myths, and realities regarding TRID, find the impact it's had on community banks regarding construction lending, and learn how to leverage technology to overcome any possible hurdles in this new age of lending. [Register today!](#)

ARMCO Boosts QC Process Efficiency and Security with Latest ACES Upgrade - Single sign-on supports company's strategy to best support enterprise-level customers - ACES Risk Management (ARMCO), the leading provider of enterprise financial risk management solutions, has announced new product enhancements that increase QC process efficiency and security for lenders and servicers using its auditing platform ACES Audit Technology™. The top features of this upgrade include the addition of single sign-on capability, and integration with DataVerify. [Access the full press release](#).

Deephaven Mortgage, a leading Non-QM lender, shines the light on Non-QM through its loan programs & technology, aimed at making loans responsibly **for millions of Americans locked out of the market**. The primary mortgage origination market continues to experience challenges in the form of margin compression, low inventory, and declining volumes. Originators are actively evaluating the introduction of Non-QM products to help offset some of the current market dynamics. Deephaven continually evaluates its products knowing the target market is significant. Studies show 16+M self-employed Americans (Bank Statement Loans), 83M Millennials (Non-Warrantable Condos), 75M Baby Boomers (Asset Depletion), and 57M Americans earned more in 17' than 16' (1 Year Alt Doc), and these are just a few underserved segments that represent a significant opportunity for originators. To find out more about how Non-QM can grow your business, contact Deephaven Wholesale or Deephaven Correspondent. (Sources: Bureau of Labor Statistics, CNN.)

"Here's a hi-tech breakthrough in lending to self-employed borrowers. Amidst rising interest rates and declining origination volume, lenders must cast a wider net for customers, a growing number of which are self-employed. To capitalize on this trend, lenders need a simpler, faster way to underwrite mortgages for Americans who are their own bosses. To this end, Freddie Mac has integrated fintech vendor LoanBeam's technology with Loan Product Advisor®, our automated underwriting system, to introduce the first and only integrated self-employment income solution for the market. LoanBeam's software uses optical character recognition technology to extract and digest a borrower's tax returns and other financials, and then calculate a total income figure that aligns with Freddie Mac's guidelines. This integration offers lenders several advantages, including an automated review of the accuracy of qualifying income, eliminating the need to chase down unnecessary documents that support residual/excess income and certainty that the income calculation is eligible for representation and warranty relief." [Learn more](#).

Non-Depository and Depository M&A News

Just to clarify on yesterday's announcement of the sale of [Leader Mortgage](#) to Firststar Bank - this is not the same Leader Mortgage that is a division of [Leader Bank](#), which is a roughly \$2 billion mortgage lender in the greater Boston area.

Guaranteed Rate announced that it will acquire certain assets of Honolulu HomeLoans (HHL) and Hawaii Lending Alliance (HLA). G-Rate will license new branch locations in downtown Honolulu and several other locations and maintain its existing branch locations in Honolulu and Aiea. "I am thrilled that Honolulu HomeLoans and Hawaii Lending Alliance are becoming part of Guaranteed Rate," said former HHL President and CEO Anders Hostalley, who joins Guaranteed Rate as a Regional Manager, continuing to lead that business unit. "Many of the former HHL/HLA loan officers joining Guaranteed Rate are fluent in international languages including, Vietnamese, Ilocano and Tagalog."

Depository banks are out of control! The M&A in the last four weeks has continued unabated. During this time it was announced that...

Florida's CenterState Bank Corp. (Nasdaq-GS: CSFL) [will acquire](#) Birmingham, Ala.'s, National Commerce Corp. (Nasdaq: NCOM) in a \$850 million combination, creating a Southeastern regional bank with branches in Florida, Georgia and Alabama and combined deposits of \$12.8 billion.

Simmons Bank (\$16B, AR) will acquire Reliance Bank (\$1.5B, MO) for \$62.7mm in cash (37%) and 4mm shares of stock (63%) or about 1.59x tangible book. Silicon Valley Bank (\$55B, CA) will acquire investment bank Leerink Partners (MA) for \$280mm in up-front cash and \$60mm to be paid over 5 years. BancorpSouth Bank (\$17B, MS) will acquire both Grand Bank of Texas (\$345mm, TX) for about \$51.75mm in cash (21%) and stock (79%) and Merchants Bank (\$221mm, AL) for about \$37.5mm in cash (21%) and stock (79%). This is an aggregate price to tangible book of about 1.65x. Advia credit union (\$1.7B, MI) will acquire Golden Eagle Community Bank (\$150mm, IL). BankFirst Financial Services (\$974mm, MS) will acquire FNB Of Central Alabama (\$271mm, AL). In Tennessee FirstBank (\$5B) will acquire 11 TN and 3 GA branches from Atlantic Capital Bank (\$2.7B) for a 6.25% deposit premium and a 0.68% discount on purchased loans. The branches hold \$602mm in deposits and \$381mm in loans. In Kansas Guaranty State Bank and Trust Co (\$273mm) will acquire The Jamestown State Bank (\$17mm).

In Texas Amarillo National Bank (\$4.1B) will acquire Lubbock National Bank (\$1.1B), and American Momentum Bank (\$1.1B) will acquire Commercial State Bank (\$676mm). In Illinois Heartland Bank and Trust Co (\$2.9B) will acquire State Bank of Lincoln (\$345mm), and Byline Bank (\$4.8B) will acquire Community Bank of Oak Park River Forest (\$326mm) for \$42mm in cash (16.5%) and stock (83.5%) or 1.65x tangible book. First Midwest Bank (\$14.8B, IL) will acquire wealth management investment advisor Northern Oak Wealth Management Inc. (WI). The First (\$2.5B, MS) will acquire Florida Parishes Bank (\$382mm, LA) for \$86.1mm in stock (100%) or about 1.90x tangible book. In Massachusetts North Easton Savings Bank (\$553mm) will merge with Mutual Bank (\$518mm). Peoples Bank (\$4.0B, OH) will acquire The First Commonwealth Bank of Prestonsburg, Inc. (\$311mm, KY) for \$45.4mm in cash and stock or about 1.98x tangible book. Evansville Teachers FCU (\$1.5B, IN) will acquire American Founders Bank, Inc. (\$88mm, KY). Citizens Bank (\$124B, RI) will acquire wealth management firm Clarfeld Financial Advisors LLC. In Iowa Fidelity Bank & Trust (\$816mm) will acquire State Bank (\$378mm). Enterprise Bank & Trust (\$5.5B, MO) will acquire Los Alamos National Bank (\$1.3B, NM) for \$213mm in cash (18%) and stock (82%) or 2.02x tangible book. In Nebraska Heartland Bank (\$442mm) will acquire both Jefferson County Bank (\$42mm) and The First National Bank of Fairbury (\$144mm). In Indiana Horizon Bank (\$4.1B) will acquire Salin Bank and Trust Co (\$918mm) for \$135.3mm in cash (18%) and stock (82%) or about 1.62x tangible book. Peoples Bank (\$4.0B, OH) will acquire The First Commonwealth Bank of Prestonsburg, Inc. (\$311mm, KY) for \$45.4mm in cash (25%) and stock (75%) or 1.98x tangible book.

Orrstown Bank (\$1.6B, PA) will acquire Hamilton Bank (\$525mm, MD) for \$58.5mm in cash and stock or 1.31x tangible book. Software company Kony will acquire the innovation unit of Umpqua Bank (\$26B, OR) known as Pivotal. (Pivotal is a software-as-a-service company that connects customers with their financial institution through a personal banker where they can communicate via voice, video and text chat.) In New Jersey OceanFirst Bank (\$7.8B) will acquire Capital Bank of New Jersey (\$483mm) for \$80mm in stock (100%) or about 1.73x tangible book. Blackhawk Bank (\$772mm, WI) will acquire The First National Bank of McHenry (\$175mm, IL) for \$23mm in cash (100%). In South Dakota First Savings Bank (\$740mm) will acquire The Roberts County National Bank of Sisseton (\$54mm).

Conventional Conforming Loan Limits

FHFA, which oversees, uh, oversees Freddie and Fannie, announced an increase to the **maximum conforming loan limits** for single-family mortgages eligible to be acquired by Fannie Mae and Freddie Mac in 2019 to \$484,350 from \$453,100. This reflects the average increase in FHFA's House Price Index (HPI) of 6.9% since 3Q17. The maximum for high-cost areas increased by the same percentage, to \$726,525. (High cost areas are defined as those where 115% of the local median home value exceeds the baseline loan limit. The cap is set at 150% of the baseline loan limit.) After holding flat starting in 2006, conforming loan limits have now increased three years in a row. Officially the new cap becomes effective in 2019, but some lenders are jumping the gun.

Does this help private MI companies? Not so much, since the industry average home price is closer to \$250,000.

Capital Markets

The U.S. 10-year closed Tuesday at 3.06%, where it began the week, on another day that lacked any market-moving news. And Donald Trump talking trash about the Federal Reserve doesn't count. The only news of note was a report President Trump is expected to meet with China's President Xi Jinping over dinner on December 1. (Trump has said he expects to raise more tariffs on China – that should help the digestion.) As far as economic releases went, the Conference Board's Consumer Confidence Index dipped slightly in November, though the previous mark from October was the highest reading since 2000. In housing, the Case-Shiller 20-City Index rose 5.1% in September on top of last month's 5.5% increase while the FHFA Housing Price Index for September increased 0.2% on top of last month's increase of 0.4%.

This morning we learned that MBA mortgage applications for Thanksgiving week were +5.5%, refis less than 38%. Next up was the 2nd update on Q3 GDP (expected to downtick to 3.3% from 3.5%, it was unrevised at 3.5% with final sales also falling 0.2% to 1.2%). The advance trade deficit widened \$1 billion, and wholesale inventories rose. **Ahead are October new home sales and the Richmond Fed's manufacturing and services indices.** We also have some Fed speak, with Fed Chair Powell speaking on "The Federal Reserve's Framework for Monitoring Financial Stability" at noon. Today begins with the 10-year yielding 3.06% and Agency MBS prices nearly unchanged.

Jobs, Promotions, and Personnel Moves

Verity Search a well-known search firm in the industry, helps lenders procure top notch Managers, Support and Production talent. President Jim Boghos believes times are changing and like lenders, the search firms must also now evolve. "As margin compression has affected the lenders, recruiting firms must also now adapt. Those who don't will experience a shrinking business. For years lenders have struggled with the risk of paying 3rd party recruitment fees. Announcing POP, (Partner Origination Platform) by Verity Search. We are proud to offer this cutting-edge concept in mortgage production building." Recruiter and Lender goals and objectives are aligned. Verity is filling a major gap in the business without charging exorbitant up-front placement fees. This shared risk model has already seen tremendous early success. "POP removes limitations by ensuring the lender investment associated with opening new branches. The failure rate is now all but eliminated. We are rewriting the rules of recruiting engagement. Verity becomes your trusted partner and guarantees your growth".

NBT Bank is searching for a Director of Residential Lending. This is an exciting opportunity to join a growing organization and build out the Residential Lending department. The ideal candidate will be a team player with 10-15 years management experience in mortgage banking and will have successfully led the growth of company. Recently named the Regional Winner for New England in MONEY Magazine's Best, [NBT Bank](#) is a full service community bank approaching \$10 billion in assets and operates through a network of more than 150 branches across 6 states in the Northeast. For further confidential questions, please contact AVP Ali Brained.

With loan originations forecasted to be lower in 2019 and more pressure on margins, are you looking for a well-respected visionary SVP/C-level banking/mortgage executive with a proven track record to improve overall business results and maximize operational and technology efficiencies? This well-respected business leader has proven expertise across areas of mortgage operations and servicing, technology, risk and vendor management, business strategy, financial analysis and mergers and acquisitions. Please contact me.

What if changing jobs was less stressful? What if you could switch companies and not lose any momentum? What if you had a team by your side to make every phase of your transition simple and fast. What if moving your business to a Top 10 National Purchase Lender was all it took to achieve your career goals? [PrimeLending](#) takes the "what if" out of the equation with first-rate recruiters who make your needs their priority, offering support through every step of the process. You can feel confident making a move with PrimeLending recruiters Peter Briggs and Bobbi Jo Wiggins guiding the way. Peter, who works with Uly Kim in the Southern California and Kelly Lee in Northern California, and Bobbi Jo, who covers South Texas with Joe Thompson and North Texas with Dawn Robinson, are mortgage industry veterans with the expertise, the dedication and the knowledge to make your move to PrimeLending easier than you could ever imagine. If you're always wondering "what if" about your career, it's time to connect with Peter or Bobbi Jo today.

Considering a change? At MortgageRight, we set ourselves apart by offering lower rates, better pricing and higher compensation! We're making a name for ourselves across the nation by operating with thinner margins than other industry players. We saw the rising interest rate environment coming ahead of time and decided in advance to put several key strategic factors into place that would help our producers win in a market like this one! Very simply, we can offer lower rates and/or a higher comp, and we can back our claims up 100%! But don't take our word for it. Check out this recent example: We recently on-boarded a branch manager who was able to increase his comp by 50BPS AND offer 1/8 better RATE to his customers! Give us the opportunity to show you how our model can help you win more deals in any environment. We'll be happy to put any candidate in touch with recent hires and existing LOs to discuss our strengths, see what we have to offer, and hear our vision for the future. For a pricing engine walk through, contact Mike Russo (866-425-5456) or [visit our website](#).

[On Q Financial](#) announced the promotion of Shane Miller, to the role of Senior Vice President – Eastern Divisional Manager. In his new role, Miller will lead the company's Eastern states through growth and service, as well as expanding On Q into untapped markets.

Valuation Partners announced that Jason Kitch will join its sales team in the Northeast Region as VP, responsible for business development and client services in NY, NJ, PA, DC, MD, DE, CT, RI, MA, VT, NH, MN, and WV. "He has served as an originator, a mortgage insurance account executive and manager, and also spent 10 years as a correspondent representative in the Northeast."

Congrats to Carolyn Covington has joined [Infrrd](#) as the Director of Mortgage Business. Infrrd is the world's leading provider of Intelligent Data Capture for the Enterprise. "Its proprietary blend AI Enabled Computer Vision, NLP and Predictive Algorithms automate the extraction of structured, unstructured data and image content providing deep insights to guide business decisions and save time for banks, credit unions, as well as any type of mortgage company."

View this Article: <https://www.mortgagenewsdaily.com/opinion/11282018-third-quarter-gdp>