

Capital Markets, Condo Products; LO Turnover Study; Conv. Conforming Changes

By: Rob Chrisman | Fri, Jan 25 2019, 8:29 AM

For me last week included Orange County and Connecticut, this week Memphis and So Cal, and next week Atlanta. I find it curious when a flight attendant says, "We've begun our initial descent into (wherever)." Why initial? I hope there isn't another decent after this one on a flight. There are plenty of industry vets fearing another "decent" by mainstream residential lending in credit quality, and even the public sees it when the WSJ publishes, "No Pay Stub? No Problem. Unconventional Mortgages Make a Comeback: Lenders are turning to borrowers with harder-to-document finances, helping drive growth in [the kind of home loans panned for its role in housing meltdown.](#)"

Lender Products and Services

Community Banks and Credit Unions: If you would like to turn your construction loans into a true one-time close, construction to permanent loan, [Crescent Mortgage Company](#) is here to assist. You make the construction loan, administer draws, collect the fees and interest like you do today. Crescent underwrites the permanent phase prior to construction with a single close transaction. At completion, your borrowers may modify to a 30-year fixed rate, saving them duplicative taxes, fees and closing costs. One Loan, One CD, One happy customer. Crescent Mortgage Company is in its 26th year serving Community Banks and Credit Unions. If interested contact Fowler Williams, CMB, President and CEO. (Crescent lends in all states except NY and HI.)

Looking for ways to grow your business? Freddie Mac is collaborating with clients to deliver automation and insights that provide a competitive edge. Cut back on documentation and reduce time to close with Loan Product Advisor® automated income and asset assessment capabilities. Save borrowers time and money with ACE appraisal waivers, now available for certain condo unit loans. Grow your condo business with Freddie Mac's unit-level condo exception tool, Condo Project AdvisorSM. Get greater efficiency with simpler collateral QC and underwriting in Loan Collateral Advisor® [Get The Freddie EdgeSM](#).

Is your TPO Platform not meeting your customers' needs or are you starting a WHOLESale channel? ReadyPrice can help. Wholesale is expected to double in the next 24 months so it's time to get into (or up) your TPO game. The ReadyPrice all-in-one Broker Portal, Pricing Engine, LOS and Wholesale CRM platform is fully configured out of the box, and up to 80% less expensive than other heavy, cumbersome competitors. It comes complete with deep Fannie integrations and was designed with the Fannie seller in mind and can be stood up in a couple of weeks. The ReadyPrice LOS/PPE has funded over 300k units for \$70 BILLION and is leading the way forward for today's mortgage bankers as we "utilize" essential mortgage tech. Call us at (408) 357-0931 or email hello@readyprice.com to get a free demo and see how we can help your RETAIL and WHOLESale channels.

NAMB News

Registration for NAMB All-In is officially open to all members! The broker community has been abuzz about NAMB All-In for weeks and now you can see for yourself how the innovative platform cuts through the clutter to give you the tools you need to simplify your origination process and close more deals. Whether you choose to connect seamlessly with top integrated wholesalers or export your 3.2 file to wholesalers of your choice, NAMB All-In allows you to run your business, your way. Are you ready to go All-In? Visit www.nambai.com to sign-up.

LO Turnover Study

Do you know if your top originators are leaving at a faster pace than originators working for your peers? According to STRATMOR's Originator Census, originator turnover in 2018 was 28.6 percent, and the rate varied dramatically for the top 20 percent versus the bottom 20 percent. What is your originator turnover, overall? Find out the answer to this question and more by participating in the 2019 STRATMOR Originator Census survey, now open for registration for Retail and Consumer Direct channels. Participants receive a customized summary report comparing their company data to industry averages. To participate in the survey, or to learn more about the Originator Census study, visit the [Originator Census](#) page on the STRATMOR website or send a note to originatorcensus@stratmorgroup.com.

Lender and Investor Conventional Conforming Changes

Below is a sample of what companies have been doing with guidelines and procedures relatively recently. Looking at the root of these

changes, periodically someone, or some entity, floats a plan to transition Freddie and Fannie out from under entire government control. This time their regulator (the Federal Housing Finance Agency) says it will announce a plan within weeks to [take them out of conservatorship](#). Whether or not it will grab Congressional attention is another matter.

Wells Fargo Funding has updated its incidental cash to the borrower requirements for Conventional Conforming rate/term refinance transactions to allow sellers to follow Fannie Mae or Freddie Mac guidelines. Wells is also expanding its eligible Market Classifications for non-conforming loans with LTVs greater than 80%.

Wells Fargo Funding has made Policy Updates: Super Conforming loan amounts greater than \$1,000,000 are not eligible on Conventional Conforming loans. Also, exceptions from Freddie Mac Condo Project Advisor are not eligible on Conventional Conforming loans.

In response to [Freddie Mac Guide Bulletin 2018-16](#), MGIC continues to insure mortgages with sweat equity as a source of down payment and those involving community land trusts and properties with resale restrictions. [View the MGIC underwriting guidelines for details](#).

PennyMac Correspondent posted the following announcements: [18-59: DU RELEASE: Version 10.3](#); [18-60: Freddie Mac Bulletin 2018-18, 19, and 23: Updates to Rental Income, Condos, and Automated Income and Asset Assessment](#).

PennyMac Correspondent has posted [Announcement 18-48](#). Topics include Freddie Mac Bulletin 2018-15 and 2018-16 as well as other various updates.

PennyMac posted [Announcement 18-52](#): Conventional and Jumbo LLPAs.

Mountain West Financial announced the introduction of 2-4 units to the Fannie Mae HomeReady program. The highlights include: High Balance eligible, Purchase loans and rate/term refinances (no cash-out), 85% Max LTV/CLTV for 2 Unit properties, 3% Minimum borrower contribution for LTVs >80% and 75% Max LTV/CLTV for 3-4 Unit properties.

Effective immediately, Sun West Mortgage Company, Inc. will accept lock requests per the new 2019 Conventional loan limits published by Fannie Mae and Freddie Mac. Sun West has updated the Underwriting Guidelines to accept the new loan limits. To access the guideline for wholesale channel, [click here](#). For correspondent channel guideline, [click here](#).

Don't miss out on a potential appraisal waiver option or the best underwriting conditions for your borrower. Instantly generate and compare a side-by-side LP and DU findings with UWM's one-click AUS.

Aligning with Freddie Mac and Fannie Mae, loan files which do not include a Form 1008/1077, AmeriHome requirements are clarified as follows: Underwriter Name: For all Fannie Mae and Freddie Mac loans, if a Seller chooses to deliver a loan file to AmeriHome without a Form 1008/1077, the Seller must provide alternative documentation identifying the underwriter name.

Project Type Code: For all Fannie Mae and Freddie Mac loans secured by a unit in a condominium or PUD, Fannie Mae and Freddie Mac require the Project Type Code be provided in the loan file. If a Seller chooses to deliver a loan file without a Form 1008/1077, the Seller must provide alternative documentation identifying the Project Type Code.

AmeriHome announced its new Freddie Mac HomeOne product offering. HomeOne provides up to 97% purchase and no cash-out refinance LTVs, and TLTVs to 105% with an Affordable Seconds® mortgage. In addition, AmeriHome has added the FHA Sponsored Third-Party Originator option for its Non-Delegated Underwriting Program. Sellers may now elect FHA eligibility under a Principal/Authorized Agent or Sponsored TPO relationship.

Due to lack of demand, Mountain West Financial is no longer offering adjustable rate mortgage options for HomeReady.

Wells Fargo Funding aligned with Freddie Mac's requirements for conventional Conforming rate/term refinances without project reviews. Wells recommends documenting the loan being refinanced is owned by Freddie Mac with a screenshot or printout of the Freddie Mac loan number from the [Freddie Mac Loan Look-Up Tool](#).

Plaza Home Mortgage now has Home Possible® with Super Conforming limits! Review the [updated guidelines](#). Also, the minimum credit score for all Manufactured Housing transactions with Plaza has been reduced from 660 to 640.

PRMG has some [updated Product Profiles](#) which include changes to tax return requirements with Agency Products using DU, DU Refi Plus, and Agency Texas Home Equity.

Mountain West Financial Wholesale posted the following: Conventional loans reserved on or after January 7, 2019, must be run through Freddie Mac Loan Product Advisor (LPA) and receive a purchase eligible Accept through LPA. GSFA will no longer allow loans that are underwritten utilizing Fannie Mae's Desktop Underwriter (DU). This change impacts Platinum Conventional DTI and other real estate ownership guidelines: Conventional debt-to-income ratio will be 45% max regardless of LPA findings. Borrowers cannot own other real

estate at time of closing.

Capital Markets

Economic data released recently remained positive, however due to the federal government shutdown only part of the picture is visible. **December's retail sales and housing data were not released** due to the US Census Bureau and the Bureau of Economic Analysis being affected. The Fed and Bureau of Labor Stats, however, are unaffected as well as the regular academic and private sources of data. Both the Philadelphia and New York Fed's manufacturing reports were positive for January. The National Association of Home Builders reported a **small uptick in builder optimism** as easing mortgage rates are seen as supporting demand and mortgage purchase applications increased 9.1 percent for the week of January 11. Labor data remains positive although any effects from the shutdown should begin to make their way into the numbers this week. Initial unemployment claims declined by 3,000 to 213,000 for the week ending January 12. Core producer inflation for the previous twelve months increased 2.8 percent while core consumer inflation increased 2.2 percent, closer to the Fed's 2 percent inflation target.

Looking at the rate markets, let's keep it short and sweet. The U.S. 10-year closed Thursday yielding 2.71%, continuing the trend from Wednesday as Treasuries across the curve exhibited similar movement. After the European Central Bank made no changes to its policy stance and pledged to keep rates unchanged through the summer, ECB President Mario Draghi acknowledged that economic risks in the eurozone are higher than most would like. A separate report noted that the German government has reduced 2019 GDP growth estimates. The People's Bank of China is currently prohibited from buying government bonds, but policymakers could resort to unconventional measures if growth in China continues to decelerate, potentially linking treasury bond management and monetary policy because current liquidity injections are not yielding enough results.

In the U.S. today's economic calendar is empty, with December **durable goods orders and new home sales postponed due to the partial government shutdown**. There should be more chatter throughout the day and over the weekend before next week's meeting of U.S. and Chinese officials to discuss trade. We begin today with Agency MBS prices worse nearly .125 versus Thursday's close and the 10-year yielding 2.73%.

Employment and Opportunities

[Mountain West Financial](#), a west coast wholesale lender since 1995, has a rare opportunity for the right candidate. "We are seeking an experienced leader to serve as our Senior Vice President of Wholesale Production. This person will be responsible for all aspects of our wholesale production channel. MMF has remained committed to a strong culture of serving the community and has a large selection of products designed with that goal in mind. We are also known for having excellent technology tools and operations support staff. All candidates must have a proven leadership, sales, and forward-thinking skill set. This position reports directly to the President and Board of Directors of MMF. For a confidential interview with a stable company with great opportunity, contact Gary Martell at garym@mwfinc.com."

Riivos, the mortgage value chain management company that helps mortgage originators drive top financial performance, is growing and looking for talented, team players with a startup mindset who thrive in fast-paced, entrepreneurial environments. Competitive salaries, benefits, learning and career growth opportunities, and a culture that supports having a work-life balance! Professional Services Consultant: BS/BA with 3+ years of work experience in FP&A or accounting, in mortgage banking or financial services, to work on all aspects of client software and services projects. Executive presence, strong engagement, customer interaction skills required. [Apply here](#). Sales Director: Bachelor's degree, 5+ years of experience selling financial software and services and/or SaaS solutions with a proven track record of building a pipeline and meeting/exceeding sales quotas in an enterprise software sales environment. Engaging disposition a plus! [Apply here](#). And if you're attending the #MBAIMB19 in San Francisco next week, drop by and visit Team Riivos at Booth 29!

Where do you see 2019 taking you? What about your business? "Start the year off right by tapping into a successful brand like Motto Mortgage, the very first national franchise of mortgage brokerages in the U.S. With our unique mortgage-in-a-box solution, we do the heavy lifting by giving you the foundational tools you need to jump start business from the get-go. No starting from scratch. No jumping through hoops. No reason to not give it a shot. From franchise setup assistance to compliance training to professional marketing, you're already one step ahead of the competition when you join the Motto Mortgage network. Contact our team at mottomortgage.com/franchises or call 866.668.8649 to learn more about how Motto Mortgage can transform your business in 2019."

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