

Broker, Non-QM Products; Lenders and Investors React to VA and FHA Changes

By: Rob Chrisman | Fri, Feb 22 2019, 8:53 AM

In the good news category, we can all knock “lumber prices” off the list as a hindrance to builders. Prices are down 25% in the last year. Is it “easier” to be a builder, or home buyer data source, than a lender? Zillow has found that being a mortgage lender [isn't a cakewalk](#) in recent months and has replaced CEO Spencer Rascoff (a co-founder who served as CEO for nearly a decade and oversaw the transition for Zillow as the home buying platform moved into mortgage lending and buying and selling homes) with co-founder Rich Barton. In other senior management changes, congrats to Steve Smith, Stearns Lending's [new president](#).

Lender Products and Services

For banks and credit unions looking for wholesale relationships, [Gershman Mortgage](#) offers a Non-Delegated Broker or Correspondent relationship depending on the bank's business model. Gershman Mortgage will increase profitability, reduce risk and keep loans compliant by preparing initial disclosures, closing disclosures and all product and state-specific disclosures. Our technology is cutting edge and we will process, underwrite, prepare the closing documents and wire funds to the title company. Clients tell us that Gershman Mortgage is user-friendly and has a full menu of mortgage products including conventional, FHAVA, USDA, and Jumbo. Gershman Mortgage is located in the states of Missouri, Illinois, Kansas, Colorado, Iowa, Nebraska, Florida, Texas, Oklahoma, Arkansas and Kentucky. To learn more contact Charlie Nager (314-854-9523).

American Pacific Mortgage has chosen Loan Vision to help gain visibility into its financials and offer better communication with APMs more than 175 branches. Prateek Khokhar, Chief Financial Officer at American Pacific Mortgage expressed, “The visibility Loan Vision has given into our financials, the ability for our branches to have real-time financial data, understand how to get to that, and the ease of getting to that information has been a huge success. All our branches, the whole company is excited that we have this tool; they appreciate it. And that's been our biggest win overall.” Read more about these changes [here](#), then contact Carl Wooloff to schedule a live demo.

Caliber Home Loans, Inc. CEO Sanjiv Das has written another article to highlight how the **current housing market has a major impact on the broader economy**. Published last week, the op-ed titled “3 reasons why the housing market isn't as strong as it seems,” lists economic indicators that warn of a shift in the nation's economy overall. Das says, “Housing investments make up as much as 18 percent of the US growth rate, according to the Association of Home Builders. So, what happens in the housing market is quickly felt across our country.” Das is a 30-year mortgage industry veteran and was recently named a “Top 25 Industry Leader & Influencer” by The MReport. In 2018 Caliber Home Loans funded over \$40 billion. Read the full article by Sanjiv Das [here](#).

On Q Financial is dedicated to ensuring all home buyers have a smooth and simple home buying process with its innovative tools and technology including its \$1,000 15 Day On Time Closing Guarantee and Simplicity mobile app. Now, for a limited time, On Q is offering a **NEW Price Match Guarantee** to provide Originators with another tool to bring in more business and to help borrowers feel more confident in their home purchase. On Q's mission is to simplify the mortgage process to make the dream of home ownership a reality – for everyone. Learn more about On Q's [Price Match Guarantee](#).

[Silvergate Bank](#) continues its expansion in the Non-QM market with the addition of Steven Klein, V.P. National Warehouse Lending, Manuel “Manny” Rodriguez, Correspondent Sales Director (West), and Amy Pabarcus, National Product and Sales Support. Additionally, the Bank has appointed Mbnique Whitney to Officer, overseeing Correspondent Credit. Silvergate Bank offers both Flow and Bulk Correspondent deliveries, and Warehouse financing facilities up to \$100M: [SilvergateCorrespondent.com](#).

Clarification

ON the TIAA/U.S. Bank deal, I received a note from TIAA's Elizabeth Anderson. “TIAA Bank will concentrate on originating home mortgage loans directly through digital capabilities and Correspondent Lending channels. Correspondent Lending will continue to serve as a key origination channel for TIAA Bank.” Thank you, Elizabeth. American Banker reports that TIAA Bank plans to close roughly 65 mortgage origination offices across the country.

Lenders and Investors React to FHA and VA Changes

The Department of Veterans Affairs (VA) implemented new rules for cash-out refinance loans with applications dated on or after February

15. For example, a disclosure and net tangible benefit analysis that must be provided to the borrower within three day of application and at closing.

FCM is aligning with Ginnie Mae pertaining to loan seasoning requirements on VA Cash Out Loans. Ginnie Mae requires that all refinance loans meet the following seasoning requirements: A loan is considered seasoned on the later of the date that is: 210 days after the first monthly payment is made to the note date of the new loan, and six monthly payments have been made on the loan prior to the note date of the new loan.

The PennyMac Correspondent came out with [19-15: Revision to Announcement 19-14: Updates to VA Cash-Out Transactions](#).

Wells Fargo Funding is updating its closed loan package delivery requirements for VA Loans to include: Initial and final VA Statement and Lender Certification (when a Lender Certification applies) evidencing the Veteran received the information required by VA at application and closing for all VA IRRRLs. Documentation evidencing the loan passed the NTB test and the Veteran received the information required by VA at application and closing for all cash-out refinances. Additionally, Conventional Conforming loans originated using Freddie Mac's LPA automated asset and income modeler are now eligible for purchase.

For all VA cash-out refinance transactions locked on or after February 15, US Bank Correspondent Lending's UniteUS website will be configured to only allow the most conservative LTV calculation. If your LTV (calculated off the base loan amount) exceeds 96.7%, you will need to contact the Client Support team for assistance in completing the registration/lock. Have the following information available: loan application date, appraised value/NOV, base loan amount and financed VA funding fee.

The Mr. Cooper and Pacific Union team issued a reminder regarding Non-Delegated Correspondent Government Loan Transitions. On February 1st, Pacific Union transferred all FHA and VA case numbers and appraisals to existing Mr. Cooper institution IDs.

MMF Wholesale [published information](#) regarding the recent updates to VA cash out refinance transactions.

For Mountain West Financial reservations locked after January 14, the amount of down payment assistance (DPA) available for GSFA Platinum FHA loan transactions with a borrower FICO 640-659 will increase by 0.5%. DPA will be available as 2.5% or 3.5% of the loan amount. The assistance options for FHA borrowers with FICO 660+ remains unchanged at 3.0% or 4.0%. It also posted information applicable to CalHFA as follows: effective for loans locked on and after February 1, CalHFA is making the following revisions: For all CalHFA loan programs, CalHFA will use the lender's credit qualifying income, calculated per GSE and FHA, for CalHFA's income limits. To validate the income calculation used, CalHFA will need the final AUS and FHA: 92900-LT with Chums# and income calculation breakdown. Conventional 1008 with income calculation breakdown. This change does not affect the income calculation method for CalHFA's Mortgage Credit Certificate (MCC) program, nor the fact that an MCC cannot be used for qualifying purposes when used in conjunction with a CalHFA first mortgage.

See the new [CalHFA Loan Submission Checklist](#) for a complete list of items to be uploaded.

Additionally, CalHFA will no longer allow non-occupant co-signors on FHA loans. The allowance of non-occupant co-signors on Conventional loans was previously eliminated. Non-occupant co-signors and non-occupant co-borrowers are not allowed on any CalHFA loan. A new [Borrower Affidavit and Certification](#) has also been introduced which includes the borrower self-certifying that they are a first-time homebuyer.

In December, VA provided two new cash-out refinance categories, Type I and Type II, along with extensive guidelines and requirements for each. The new rule also applies to all refinancing of construction loans (construction-to-permanent), regardless of whether there is a change in the principal amount. All VA loan transactions delivered to AmeriHome must be eligible for VA guaranty. Therefore, VA loan transactions with applications taken after February 15 (as indicated by the application date), must meet the new requirements as set forth by VA. AmeriHome is accepting these changes without overlay.

loanDepot Wholesale's [announcement](#) includes information on VA Cash-Out Refinance LTV Calculation Changes and state expansion for Nebraska. loanDepot [posted Government program guideline updates](#).

In October loanDepot updated its [VA IRRRL NTB Policy](#) to remove the following: from the Veteran's Comparison Statement section: In the case of an increased principal and interest payment due to lower term, or changing from ARM to Fixed rate, it is not necessary to show the recoupment in month; however, all other fields must be completed. (Loan Depot's [October 26th weekly reminder](#) includes Jumbo Advantage Program Updates, Equity Access/TCF Reminder, VA IRRRL Appraisal Reminder, EAD Matrix regarding Non-U.S. Citizen Borrowers and Condo PUD Co-Op Fast Facts.)

loanDepot Wholesale/Correspondent [posted an announcement](#) regarding the VA new policies for cash-out refinance loans.

[Royal Pacific Funding](#) offers VA loans that allow a FICO down to 550 (exceptions apply), manual underwriting and REFER eligible allowed.

(It also has the Home Possible product with up to 97% LTV, no reserves required, and non-occupant borrower allowed.)

LoanStream Mortgage has VA loans with scores [down to 580](#) low & high balance, no price adjustments on cash out > 90% with 620 score and manual underwrites are available to 600 score.

Don't forget that Sun West Mortgage Company, Inc. accepts lock requests and underwrites Government Loans per the new 2019 National Conforming and High Balance Loan Limits. The updated loan limits are available in the Underwriting Guideline: To access the guideline for wholesale channel, please [click here](#). To access the guideline for correspondent channel, please [click here](#).

PRMG began accepting the new loan limits on government products 1/1. PRMG provides a version of the disclosure that can be used in the Resource Center, as a part of the VACash Out and IRRRL worksheet document. Additionally, VA further clarified its requirement in Circular 26-19-05 and added the pay history requirement for loans being refinanced within 1 year from the date of closing. [PRMG has updated its Product Profiles](#).

Plaza has [summarized](#) the notable changes. Plaza offers both the VA Energy Efficient Mortgage and the VA Renovation Loan Program.

And Plaza announced a VA Renovation Loan Program that will help veterans buy and upgrade homes; an increasingly popular strategy in today's high-cost, tight inventory housing market available now through its National Correspondent and Wholesale channels. It allows qualified borrowers to purchase a home with no down payment requirement and finance up to \$50,000 in improvements all in one loan. The program can also be used for refinancing up to 100 percent of the after-improved value of the home. The VA Renovation Loan Program is typically more affordable than alternative financing. Jeff Leinan, SVP, National Wholesale Production of Plaza Home Mortgage, stated, "This innovative program gives these borrowers the flexibility of buying less expensive homes that may need work and financing the purchase and the upgrades in one affordable loan."

FAMC Correspondent [National Bulletin 2019-04](#) includes updated VA Guaranteed Refinance requirements.

Capital Markets

Would a Chinese/U.S. trade deal stimulate our economy, in turn pushing rates higher? Perhaps. The U.S. 10-year closed Thursday yielding investors 2.69% as **Treasuries across the curve saw yields increase** with the market responding to reports that officials from the U.S. and China are working on six memorandums of understanding that would pave the way to a final trade deal.

Today there is no scheduled news, but instead is dominated by a laundry list of Fed speakers including Atlanta Fed President Bostic, New York's Williams, San Francisco's Daly, Fed Vice Chair Clarida, St. Louis' Bullard, Philadelphia's Harker, and Governor Quarles. We begin today with Agency MBS better/higher by .125 and the 10-year yielding 2.66%.

Employment and Business Opportunities

A premier lending industry vendor is searching for a National Account Executive to sell its full suite of Appraisal Management Solutions and market the exciting new [Verisite Plus report](#). The position can be located anywhere in the U.S. and will be responsible for targeting and soliciting new clients, conducting product presentations, closing, and providing information follow-up of all Appraisal Management products. Our ideal candidate possesses 2+ years of proven success in national mortgage sales of products such as appraisal, Title or PMI. Must be experienced calling on C-Suite executives. Excellent oral and written communications skills are necessary to build on existing industry relationships and cultivate new lead sources. Compensation is a combination of base plus commission, quarterly bonus opportunity, generous PTO package, health and dental, and 401k with company match. Send a resume to Anjelica Nixt and please specify the opportunity.

On the M&A front an institutional buyer has expressed interest in acquiring the shell of a Fannie Mae/Freddie Mac approved seller servicer that is closing or dissolving due to current market conditions. An ideal target would be one with relatively small delivered volume/ trailing liabilities. Direct inquires, from principals, not brokers, contact Anjelica Nixt for a confidential introduction.

Fast growing, national Correspondent Lender (offering delegated best effort and mandatory products that are 100% retained) seeks 2 high-performing and accomplished sales managers to cover territories in the following states: Washington, Oregon, Idaho, Montana, Northern California and Colorado, Utah, Wyoming. If you're looking for a company that offers leading edge products, technology and support, you need to explore this opportunity. Candidate must live in the sales territory and have existing correspondent relationships. Confidential inquiries should be addressed to Anjelica Nixt for forwarding on to the principals; please specify the opportunity.

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