

Broker, Digital, Customer Retention Products; FHA, VA, Ginnie Changes

By: Rob Chrisman | Thu, May 30 2019, 9:01 AM

My cat Myrtle's direct exposure to the falling stock market is minimal. Mine, however, has become a sense of concern as I watch the value of my holdings get clocked, reminding me of the proverbial question lenders debate: would they rather have a strong economy and higher rates, or a not-so-strong economy with lower rates? At some point down payments and borrower confidence are negatively impacted, as are some occupations (like farmers, after news yesterday that China put [U.S. soybean purchases on hold](#)). During the layoffs of 2018 a lender keeping its in-house attorney was a real luxury. Some did, but once again we unfortunately see the grim reality of differences in pay between genders. The average annual salary of corporate counsel in all positions across all industries increased 4.4% from 2017 to 2018, [Phillip Bantz reports](#). The average total compensation last year for all women in-house counsel was \$313,782. For men it was \$368,000.

Lender Services and Products

Lending managers should always be focused on attracting and retaining top originator talent, especially in a constrained and challenging market. Your technology can play a big factor in your ability to do this; the right platform will enable your LOs to be more productive and efficient, and it will also empower them to trust your organization with their future. Maxwell's digital mortgage point-of-sale stands out from other digital mortgage providers by providing a platform that entire teams of LOs can easily incorporate as a natural extension of their process, allowing them to accomplish more every day, delight their referral partners, and attract new business. Maxwell was intuitively designed based on input and feedback from 1,000+ LOs, and it shows in their adoption rates and their ability to have an impact in businesses faster. [Request a Demo](#) to learn more about Maxwell, today.

Mortech, a Zillow Group business, will be hosting an upcoming webinar, "Mortech Protection - Using Predictive Analytics for Mortgage Customer Retention" on June 5th at 1:00 PM CST. The webinar will discuss opportunities for mortgage growth using Mortech's predictive analytics platform. Using a proprietary prediction model, the platform periodically identifies the likelihood that addresses within a lender's database will be listed for sale within 90 days. With the majority of today's home sellers looking to buy their next home at the same time, most sellers will be in need of a new mortgage to finance their next home. Using Mortech Protection's pre-MLS data, you can better align yourself to be the first lender to reach out to these home sellers. [Register today](#) to see how Mortech Protection can help you effectively target your outreach marketing to customers likely to need a new mortgage at an opportune time with relevant messaging.

Here is a free webinar titled, "Standing up Successful Construction Loan Programs." This Land Gorilla webinar provides lenders a solid foundation of strategies, tools, and resources to start or scale CTP lending. Learn the business considerations many lenders face, key differences in CTP programs, and the profit landscape. These foundational strategies will help establish how your CTP product operates internally and supports consumers externally. [Watch now](#).

Informative Research recently announced their new division Informative Research Data Solutions (IRDS), which provides big data analytics, modeling, and business intelligence to improve consumer targeting and retention strategies for lenders. "The market is at a crossroads right now," explained Sean Buckner, CEO and President at Informative Research. "Informative Research has access to more data than most in our market space – data that lenders can capitalize on to help offset the negative market impacts on their bottom line. With Data Solutions, we can help our clients work through that data and develop viable and profitable strategies around it." IRDS incorporates a unique blend of credit, public record, property, and marketing datasets that are processed and accessed using the latest big data technologies and services. They offer Prospect Insight, Prospect Triggers, Risk and Retention Triggers, Borrower Intelligence, and MLS Triggers, among other services. Reach out now for more information!

How leading lenders think about technology. For in-house teams who are still looking at, evaluating, and testing digital lending tools, Blend has compiled a guide of our customers' collective advice. We hope it shines some light on what we know can be an incredibly intimidating process. [Get your guide](#).

Mortgage brokers – do you have a secret weapon? "The Answer" from Quicken Loans Mortgage Services (QLMS), was utilized 30,000 times in the last month alone, so it's not a secret anymore. This tech-enabled tool is like having an underwriter available to answer your questions, anytime, day or night. You don't even need to send an email or make a phone call, because your question can be answered immediately. The top questions loan officers asked in the last week were "What payment can be used for a student loan to qualify?" Not only can you get an instant answer to questions like this, but you can get your clients approved quicker and focus on what matters most – growing your business. Reach out to your QLMS account executive for more details, or connect with [QLMS here](#) to learn how the fastest-growing mortgage lender serving the needs of brokers, regional banks and credit unions can help grow your business.

FHA, VA, HUD, Ginnie News

The industry is still nattering about Ginnie Mae's [recent report](#) on non-depository lenders. Ginnie's priorities are risk management, monitoring new issuers, policy efforts, and watching prepayment issues on its **\$2.1 trillion** of outstanding securities. Ginnie, with less than 200 employees, must understand various issuer business models, develop stress models, and keep a close eye on 4-5.5% coupons. These "up" coupons are watched for unusual patterns of loans paying off early that have been originated less than six months ago, 6-12 months ago, and 12-24 months ago. After all, early payoffs impact investor opinion about the product that Ginnie is issuing.

And hey, newly approved issuers should know that if they don't issue a Ginnie security within 18 months, well, you've got some explaining to do after you receive a letter asking you to leave the program.

Ginnie Mae published a Request for Input (RFI) as it considers making **changes to the parameters governing loan eligibility** for pooling of mortgages into its security. This RFI is a part of the agency's continuing effort to monitor and support the market performance of the Ginnie Mae mortgage-backed securities (MBS). The publication of the RFI follows policy changes already implemented by Ginnie Mae and the Department of Veterans Affairs (VA) to address abnormal prepayment patterns in some mortgages pooled in Ginnie Mae MBS that negatively affect MBS pricing, to the detriment of home mortgage loan affordability. The RFI may be viewed [here](#).

Ginnie Mae announced [Leadership Staff Appointments](#).

FHA **notified lenders of an inconsistency** in its SF Handbook update issued on March 27, 2019. The update highlights corrected borrower qualification language for the FHA-HAMP option in Section III.A.2.k.v.(B)(2) of the SF Handbook. The correction to the qualification criteria is in bold below and should read as follows: (2) Borrower Qualifications The Mortgagee must ensure that the Borrower meets the following eligibility criteria for the FHA-HAMP Option: The Mortgagee's calculations show that the resulting monthly Mortgage Payment not exceeding 40 percent of the Borrower's gross monthly income can be offered, provided that either: the Borrower(s) existing front-end ratio is greater than 31 percent; or 85 percent of the Borrower's surplus income is insufficient to cure arrears within six months. The criteria noted above will be incorporated into a future update of the SF Handbook. In the interim, mortgagees should continue to utilize the correct evaluation process in the Loss Mitigation Home Retention Option Priority Waterfall in Section III.A.2.j.iii.

FHA published [Mortgagee Letter \(ML\) 2019-08](#): Construction to Permanent and Building on Own Land Programs, to revise and clarify its policy for each program. This ML provides revisions that separate the two programs according to the "one-time close" feature of the Construction to Permanent (CP) program and the "two-step close" structure of the Build on Own Land (BOOL) program (either separate or builder-financed construction and an ultimate FHA "take out" mortgage after construction completion). The guidance also addresses the use of the borrower's equity in the land for the purpose of satisfying the borrower's Minimum Required Investment (MRI) in both programs.

FHA issued a [waiver](#) of its policy on the timeframe for completing the inspection of properties prior to closing or submitting the mortgage for FHA insurance endorsement in the March 23, 2019, Presidentially-Declared Major Disaster Area (PDMDA) due to the Iowa Severe Storms and Flooding declaration (DR-4421). Mortgagees can find more information about FHA's PDMDA policies, as well as the 203(h) Mortgage Insurance for Disaster Victims Program and the 203(k) Rehabilitation Mortgage Insurance Program, on the FHA Resource Center's [Online Knowledge Base](#).

FHA published a notice in the Federal Register (FR) ([Docket No. \(FR-6163-N-01\)](#)) of all completed administrative actions taken by HUD's Mortgagee Review Board during the period from October 1, 2017, through November 14, 2018. The FR Notice provides a description of, and the cause for, the Mortgagee Review Board's administrative actions against HUD-approved mortgagees in 17 fact-based cases and 31 annual recertification violations.

To maintain production of FHA forms that are concise, easily understood and continue to reflect FHA's statutory and regulatory program requirements; FHA is seeking public feedback on proposed changes to its loan-level certifications, annual lender certifications, and the Defect Taxonomy. The proposed changes streamline the certification statements while continuing to hold lenders accountable for compliance with all HUD eligibility and approval requirements. The proposed updates are now posted on the [Single Family Housing Drafting Table](#) (Drafting Table) on [hud.gov](#).

NewDay launched [Operation Home](#), a program that utilizes VA-guaranteed mortgages and seller-paid closing costs to put active-duty and veteran servicemembers military families into homes with as little cash out of their own pockets as possible.

U.S. Bank [issued SEL 2019-20](#) for its Correspondent and HFA channels. Topics include multiple FHA updates, PITIA and DTI to include monthly assessment amounts, U.S. Bancorp employee loan exceptions, pre-funding income verification, collection and non-mortgage charge off accounts, disaster declaration updates and condo review reminders.

With [Mortgagee Letter 2019-01](#), FHA revised its requirement for employment, income, and asset accounts to permit the use of TPV services.

MMF Wholesale will follow the guidance per the FHA revisions effective immediately and will accept third party verification services.

[Read the MMF wholesale bulletin for details.](#)

Find out what's new with LDWholesale. [New information updates](#) include loanDepot Jumbo Advantage Matrix, loanDepot Advantage Lending Guide and VA Interest Rate Refinance Reduction Loan.

Freedom Mortgage Wholesale is now offering Improved Lower FICO LLPAs for VA, FHA and USDA

Ditech Correspondent Funding posted information regarding the new process for [requesting VA appraisals](#). Additionally, Ditech posted an announcement about [VA Underwriting guideline changes](#).

First Community Mortgage posted a new [Wholesale Announcement 2019-15](#). Guideline updates are specific to FHA, VA and Jumbo products.

AmeriHome is offering a temporary buydown option available for 30-year fixed rate products in certain Fannie Mae, Freddie Mac, FHA, VA and USDA programs. A new temporary buydown product codes will be available in Correspondent Connect and the applicable program guides. A new temporary buydown LPA will be included on the rate sheets. VA is in the process of extensively updating the VAlenders Handbook. Per a recent AmeriHome announcement, unless VA provides a more stringent requirement, AmeriHome will require that loans meet the new requirements effective with loan applications dated on or after the respective dates as outlined by VA

Carrington Wholesale offers [VA IRRRL products](#) which include no minimum FICO, no appraisal and no income documentation. [For detail, view the Carrington Wholesale VA IRRRL guidelines.](#)

Mountain West Financial, Inc. will be following the guidance set by VA with respect to accepting third party verification services. It is now acceptable to use "The Work Number" verification service for all VA loan applicants. A current paystub is not required with an automated employment verification if the automated verification includes all required information. The veteran cannot be charged a fee for the verification.

Capital Markets

Low rates = forecast slow economy. Treasuries rallied Wednesday, including the 10-year closing at 2.23%, as **trade and growth concerns continued to fuel safe-haven buying interest**. China has threatened to use rare earths exports in trade war, fueling global growth jitters and an overnight risk-off trade which saw the 10-year yield easily blow through Monday's 2.26 percent low by the open. Treasuries, backed by the full faith and credit of the government, have seen yields drop recently as investors are willing to accept less return on their investments in these times of geopolitical uncertainty and global growth concerns in exchange for less risk. The rally over the last week or so has led to a further inversion between the 3-mo bill and 10-yr note yield, which has fed into broader growth concerns as the spread is at its **widest since the financial crisis**. The CME FedWatch Tool now shows prevailing expectation for two rate cuts by the end of January 2020. Further fueling global growth concerns were threats from the Trump administration of penalties against EU over Iran sanction workaround; EU leaders attempting to choose a candidate to replace EU Commission President Jean-Claude Juncker in time for the next leader summit on June 21-22; and Germany's Unemployment Rate rose in May, the first increase since 2013.

Today's heavy economic calendar has already had several economic releases out, including initial claims for the week ending May 25 (+3k to 215k), Q1 GDP - Second Estimate (3.1%), Q1 GDP Deflator - Second Estimate (1%), and Advanced International Trade in Goods for April (\$72.12 billion). Pending Home Sales for April is the only scheduled release not out yet. Additionally, Treasury will announce the auction sizes for next week's 3- and 6-month T-bills; and will auction \$40 billion 1- and \$35-billion 2-month bills. We begin today with Agency MBS prices better .125 versus Wednesday's close and the 10-year yielding 2.25%.

Employment

"In today's competitive environment, technology is the difference between getting by and staying ahead. As a mortgage broker tech start-up, we've built the technology needed to succeed in this industry and are now seeking experienced MLOs in the DC, Atlanta, and Hoboken markets to join our growing team. Backed by some of the same investors as Airbnb, Compass, and Lemonade, and with a leadership team of mortgage industry vets and software engineers, we're pursuing one simple mission: to make getting a mortgage as simple, fast, and transparent as any other online transaction. If you see the industry moving in the same direction as we do and have at least three years of experience and a strong desire to leverage technology to improve the mortgage experience for your clients, contact Anjelica Nixt."

"Looking to join a company where you can maximize your opportunities and grow your business? Want to be part of a fast-growing, top-

ranked mortgage workplace with cutting-edge technology partnerships and a centralized team of loan experts who move loans efficiently and close on time? Top-ranked Inlanta Mortgage, Inc. is looking for loan officers at locations throughout the country with the right stuff to join our team of exceptional loan officers. Make plans to stop by our invitation-only reception at the MasterMinds Summit in Las Vegas on June 5th and learn more about what makes Inlanta one of the Nation's Leading Mortgage Companies. For an invitation, contact Inlanta's Shaun McGuire or Beth Juergens, Directors of Branch Development, or visit Inlanta's career page to learn more about a career at Inlanta."

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