

Compliance, Broker, Non-QM Products; Tariffs and Their Effect on Rates

By: Rob Chrisman | Fri, Jun 7 2019, 8:55 AM

Today is National Doughnut Day, but those in financial services are probably more interested in U.S. equities having their second-best day of the year Tuesday after Federal Reserve Chairman Jerome Powell said the central bank was receptive to cutting interest rates to ease the effect of trade tensions on the economy. Powell said the Fed will "act as appropriate to sustain the expansion." Say what you will about the tariffs, many are quick to point out that it is convenient that President Trump (like nearly every president before him) has been trying to have the Fed reduce short term rates, but has also been the one creating the trade tensions. Aside from those holding mortgage servicing, due to prepayment risk, most lenders are just fine with the lower rates. (More in the cap markets section.)

Lender Products and Services

"Announcing IMPAC's biggest pricing special ever and the launch of iPrice Mobile! Now is the time to take advantage of our June pricing special, offering a 50 BPS pricing enhancement on all of our Non-QM loan products including Bank Statement, Investor, Agency Plus and Asset Qualification. iPrice Mobile – get Non-QM loan pricing anytime, anywhere. Now available for the first time on the App Store for Apple and Google Play for Android devices, iPrice Mobile makes pricing your loan easier and more convenient than ever. Try it now! If you're not an approved broker with us yet, get started or submit your [broker application](#) today. It's time to experience Non-QM done right."

[NewRez Wholesale](#) recently launched a new Product and Pricing Engine! "Our broker partners now have a self-serve lock desk and consulting service at their fingertips. Quickly find the right product by filtering through product groups and/or loan terms. Lock the desired loan scenario right from the search screen. Contact your AE today to learn how the Product and Pricing engine can help you close more loans."

Simplify your underwriting process with Loan Product Advisor asset and income modeler (AIM). Through the expertise of third-party service providers, AIM automates the manual processes of assessing borrower assets and income. AIM reduces the burden of traditional documentation, speeds up the loan origination process and helps you close loans faster. Freddie Mac is working hard to bring you solutions that create efficiencies for your business and improve the borrower experience - giving you a competitive edge. These capabilities are available now. Gain greater efficiency in your underwriting processes with [AIM](#)- get [The Freddie EdgeSM](#).

"[Caliber Home Loans, Inc.](#) is excited to grow our digital enhancements and be part of the initial group of lenders integrating with ARIVE. ARIVE, a fully integrated broker environment will allow Caliber Wholesale's business partners to shop all of our products ranging from conventional, government, and non-agency loan products with one platform. Partners can check price and run eligibility, and upon selecting the best Caliber product for their borrower's needs, can create the loan! We look forward to offering improved efficiencies and streamlined process for our business partners. Please contact your account executive or newclientinquiry@caliberhomeloans.com for more details."

Expanded Products, Misc. Underwriting Changes

Have you ever had a borrower apply for credit and be denied because of their credit score? Consumers should be aware that if a financial institution uses a credit score to deny a consumer loan, the Fair Credit Reporting Act (FCRA) requires the financial institution to provide the applicant with [9 specific pieces of information](#).

[AHL Wholesale](#) now offers Verification of Employment ONLY.

Ditech has a new 12 Month Bank Statement program "NINE". Self-employed borrowers and borrowers earning rental income can be qualified using 12 months bank statements rather than tax returns. Count on the NINE Bank Statement Calculator for an easy and accurate way to determine eligible deposits and income. Ditech's eligibility and underwriting guidelines for the [Expanded Criteria products](#) have been revised effective for all loans with an application date on or after May 31, 2019. All loans submitted using prior guidelines must be submitted for review by July 1, 2019. The LTV, credit score and DTI ratio requirements have been enhanced. Also added, the addition of the No Income No Employment (NINE) documentation type. As a reminder, all loans must be submitted to ditech for underwriting. Delegated underwriting is not permitted.

Citadel Servicing Corp. offers Non-Prime Lending with No Reserve Requirements. "Qualify Your Borrowers" with Citadel's [ONE Month Bank Statement Program](#).

ACC Mortgage offers a [NIVA Investment Program](#) - No Income and No Reserves Required for Investment Properties.

loanDepot Wholesale has expanded its 40 Year Interest Only Program with the following changes: expanded LTV options, minimum FICO score 680 to 95% LTV, maximum DTI's expanded to 50% under certain scenarios, non-occupant co-borrowers are now eligible for Purchases and R/T Refinances and more. [Refer to its Announcement for additional changes highlighted in yellow.](#)

[LoanStream Mortgage](#) announced a new Credit Grade on its NanQ Product Line: LoanStream "Select". And LoanStream has updated its NANQ guidelines and has introduced its NANQ ONE Program.

There were enhancements to Excelerate Capital's Diamond Plus Program that included .50% base rate improvement, pre-payment payment reduction and no reserves 1.5M limit, but the loans had to fund a few months ago. Contact Rachael To for what they're up to now.

Mountain West Financial Wholesale [posted a new alert](#) referencing multiple UW guideline additions and changes. Topics include manufactured home requirements, seasonal income, commercial use, single entity ownership in a project and mortgage with less than 1-year seasoning. Mountain West Financial Wholesale underwriting guideline changes have been implemented within the [UW Manuals/Product Matrices](#). Topics include Ineligible Income, Maximum Properties Owned by Borrower, Escrow Holdbacks, Commission Income and more.

Land Home Financial Services offers programs that allow utilization of personal banks statements for income verification as well as [Non-QM Foreign National loans](#). Contact Mark Sheridan.

PRMG announced several expansions to the Expanded Access product, primarily to the AA Credit option. Some of the enhancements on the AA credit grade include that the DTI is now allowed up to 50% without additional restrictions, maximum cash out increased from \$1 million to \$1.5 million, first-time home buyer restrictions removed, interest only now allowed on non-owner occupied and second homes and max number of financed properties increased from 10 to 15. Refer to its profiles for additional information. Due to the updates PRMG had made to its Expanded Access product, it has been split into two separate profiles. One for AA credit only and the other for B and C credit. The A credit grade has been eliminated, as the B and C credit grades have been significantly expanded.

The PRMG [Resource Center](#) has received numerous updates. These changes include appraisal forms, training/instructional material, USDA forms and links and Bond/Housing Authority/DPA products. PRMG [Product Profile Update 19-34](#) includes changes to Agency Portfolio, FHA products-condos, VA and VA High Balance, USDA, Ruby Jumbo, Closed-End Seconds, Niche Conforming and Jumbo and Niche Alternative Access, CalHFA Conventional and WHEDA Advantage FHA and Conventional.

If you are looking for a faster and easier Condo approval, check out the Freedom Mortgage Wholesale [Condo Advantage](#).

Citi Correspondent Lending's Credit Policy Overlays document has been updated based on recent credit policy updates. [Various overlay changes include Removals, Modifications and Additions](#). And it [posted a bulletin](#) with information on credit policy updates which include HomeReady and Home Possible Updates, verifying Social Security income, rental income lease agreements, Alimony and maintenance payments and second homes LPA transactions.

US Bank Correspondent/HFA [Seller Guide Update SEL-2019-021](#) covers multiple credit underwriting topics.

The PennyMac Correspondent Group posted information regarding [Overlay Updates](#).

Plaza offers a [High Balance Access Loan Program](#) that bridges the gap between conventional conforming loans and jumbo, "giving your borrowers more options to decide how they want to finance their home." Program features include: Purchase up to 90% LTV with no MI; refinance up to 80% LTV. Min 680 FICO; Max 43% DTI. Loan amounts from \$484,351 to \$726,525. DU@ Approve/Ineligible due only to loan amount. Eligible for primary residences and second homes.

Buyers with Recent Chapter 7 or 13 Bankruptcies, Foreclosure, etc. have buying options with [Carrington Wholesale Non-QM loans](#). Carrington is offering improved pricing on its Carrington Flexible Advantage and Carrington Flexible Advantage Plus loan programs to reflect the following: Price improved by 25 bps across the board (Carrington Flexible Advantage). Price improved by 50 bps across the board (Carrington Flexible Advantage Plus). [View its Matrix for more information.](#)

Capital Markets

The International Monetary Fund and the Federal Reserve have separately warned that intensifying trade tensions and tariffs are endangering growth of the US and global economies. The IMF says it is crucial that the US resolve its dispute with China because [the global trading system is being undermined](#) by use of tariffs to put pressure on China. And as economist Elliot Eisenberg points out, "The widening tariff wars are a double whammy for banks. First, falling interest rates are squeezing the gap between what banks charge

borrowers and what they pay depositors, known as net interest margin, which necessarily discourages lending. Moreover, as firms and households get nervous, **they borrow less and that reduces loan demand.** Not surprisingly, bank shares fell 10% in May as trade tensions with China and Mexico skyrocketed.”

Aside from some yield curve movement, despite starting off with a nice rally Thursday was a bit of a dull day and the U.S. 10-year closing unchanged at 2.12%. Markets received positive domestic data and **uncertain international readings.** The Federal Reserve Bank of Atlanta's Q2 GDP Now forecast was revised upward, nonfarm business sector productivity increased in Q1 while unit labor costs decreased (indicating muted inflationary pressures), and the trade deficit narrowed to \$50.8 billion in April as exports fell off less strongly than imports since March, though the monthly deficit level has not changed much over the past year.

Internationally, Fitch cut Mexico's sovereign rating and revising the outlook to “Stable,” while Moody's cut the country's outlook to Negative from Stable, and news outlets reported no concrete progress in U.S. discussions with Mexican officials. The Reserve Bank of India cut its expectations for FY20 growth in India. Oh, and President Trump reiterated that he will decide whether to impose a 25 percent tariff on \$325 billion worth of imports from China shortly after the G-20 meeting at the end of June.

The **May employment report kicked off today's calendar:** nonfarm payroll +75k (weak), unemployment rate unchanged at 3.6%, and hourly earnings +.2%. There is little else of consequence aside from two Fed District presidents scheduled: San Francisco's Daly and Richmond's Barkin. Fed speak goes quiet after Barkin as they enter their traditional blackout period ahead of the June 18-19 FOMC meeting. After the weak employment data we begin today with Agency MBS prices better by .250 and the 10-year yielding 2.07%.

Jobs, Promotions, Transitions

Amid-size independent residential mortgage lender in southern New Jersey (easy commute from Philadelphia) is seeking a qualified candidate for the role of VP of Compliance with the following experience and expertise. A minimum of 5 years in mortgage banking in regulatory compliance. This role will be required to have a strong working knowledge of federal mortgage compliance (including but not limited to Fair Lending, S.A.F.E. Act, HMDA, and RESPA), state mortgage compliance and state examination preparation, management, and remediation, experience in the administration and change management of a compliance management system (CMS), experience in the administrative management of a MLO compensation program, Anti-Money Laundering, and consumer complaint processing, and the ability to manage, change, and create policies and procedures. Candidates looking to work within a dynamic and supportive culture should inquire about this role with Anjelica Nixt.

Homespire Mortgage Corporation, one of the country's fastest-growing independent mortgage companies currently licensed in 35 states and DC, is pleased to announce it has been approved as a seller/servicer by the Federal National Mortgage Association (Fannie Mae). “We are very proud to be recognized as a seller and servicer by Fannie Mae,” said Michael Rappaport, President of Homespire Mortgage Corporation. “Homespire Mortgage continues to expand its national presence thanks to the hard work our employees have dedicated to our ongoing growth plans. This distinction allows Homespire Mortgage to expand its product offering and retain mortgage servicing rights. Homespire Mortgage was founded in 2006 in Gaithersburg, MD. The company is already an approved Freddie Mac servicer and has plans to obtain its Ginnie Mae approval in 2019. Homespire Mortgage continues to receive national recognition – being named among the list of “America's Fastest Growing Companies” the past two consecutive years by Inc. 5000 and “Best Mortgage Companies to Work For” by NMN.

Orion Lending is elevating its growing business with the addition of Tracey Corbett, Senior Vice President of Business Strategy. With an established reputation in the Wholesale market regarding effective technology and consistent broker satisfaction, Orion is making yet another impact with this exciting addition. Tracey is bringing her 20+ years of experience in tactical strategies and process enhancements to further strengthen the Orion experience. Her enthusiastic passion for the mortgage industry will drive new product development for Orion's portfolio and enhance their proprietary broker portal, STAR. Tracey brings exquisite technical expertise to implement strategic initiatives and manage corporate projects. It's a new dawn on the horizon for Orion, and their newest senior leader, Tracey Corbett.

Guaranty Home Mortgage Corporation announces the addition of Todd Carte, VP Eastern Regional Manager to the staff. “Todd brings more than 25 years' experience in mortgage lending throughout the nation. We are excited to have a seasoned industry veteran join the GHMC family,” stated Chip Adkins, SVP. Carte will focus his efforts on developing a comprehensive and strategic plan aimed at increasing regional and national sales for GHMC. Carte joins GHMC after 10 years as a Divisional VP of Wholesale and Non-Delegated Lending at a major retail lender where he was responsible for the bank and credit division, developing and initiating sales strategies and recruiting and developing staff. Guaranty Home Mortgage Corporation, one of the nation's top home loan providers is expanding its presence nationwide as demand for mortgages increases. The Murfreesboro-headquartered mortgage company is a locally owned, billion-dollar mortgage lender. The company markets mortgages nationally.

PRMG Retail continues to experience accelerated growth and expand their national footprint by opening 3 new branches during the month of May! Along with the drive and ambition to bring the American Dream of Homeownership to all cities across the country, PRMG has now

opened its doors in Honolulu, HI; Oakbrook Terrace, IL and Sacramento, CA. Ranked No. 1 for mortgage companies employing over 500 employees by Mortgage Professional America (MPA), Voted TOP 5 of the 50 Best Companies to Work for in America, NMP Visionary Organization 2017, CAMP Corporate Affiliate of the Year 2017, TOP 25 of 100 Mortgage Companies in America, Top 25 Companies to Work for Minorities and Women by NAMMBA and MORE! PRMG is Built by Originators for Originators™ and is devoted to continuously growing their retail platform. If you are a motivated Loan Originator who wants to be progressively better, contact Chris Sorensen (909.262.0452).

View this Article: <https://www.mortgagenewsdaily.com/opinion/06072019-tariffs-and-interest-rates>