

# Broker, Digital, Appraisal Products; First Bank and Roosevelt Ink Deal

By: Rob Chrisman | Tue, Jun 25 2019, 9:08 AM

Guys with an eyepatch and three fingers sell the best fireworks. Who does the best job selling mortgage products to consumers? Regulators, Agencies, and investors have seen the percentage of bank fundings drop and non-bank originations move higher over time, and by some estimates now account for 60% of residential volume. In the conferences that I have attended over the last several weeks this, and the increase in broker business, is a big topic of conversation. Here's a piece [on the STRATMOR site](#) about banks, non-banks, and market share. (Switching from mortgages to deposits, the nine biggest banks today hold almost 50% of all deposits vs. 6% for the more than 4,000 banks with <\$1B in assets. Back in 1994, those same smaller banks held 25% of banking assets.) S&P Global Market reports US bank branch closing hit a record level last year of 3,023. So far through May 29, bank branches closed have reached 965 or about 1,408 annualized. Lots more bank and M&A news below.

## Lender Products and Services

"Quicken Loans Mortgage Services (QLMS) is celebrating the first anniversary of its wildly successful Pinnacle Partnership program. Pinnacle members enjoy free 5-day rate lock extensions, access to the exclusive Fresh Start program that helps clients improve their credit, exclusive industry events that combine education and networking, and world class marketing and recruiting advice. QLMS is the fastest-growing lender serving brokers, and because of unsurpassed benefits like Pinnacle, will more than quadruple its 2018 volume this calendar year. Pinnacle Partners have learned that they're Stronger Together with the industry-leading and exclusive capabilities QLMS provides, and have grown their businesses by leaps and bounds. Join QLMS's fast growing partner base and let us prove to you how its technology, marketing and service can accelerate your business. [Connect with QLMS here](#) or contact your QLMS account executive to learn how you can become a Pinnacle member and grow your business."

"[Vendor Surf](#) is celebrating its 18-month anniversary in style: averaging 11,000+ monthly page views and 49.4% weekly traffic growth in the past 6-months. Beyond revolutionizing sourcing of vendor partners using over 3,000 unique search filters and delivering real-time results, consider investing in yourself via the industry's most robust calendars of events, conferences, webinars and training. Many are free, or very affordable. Let us post your calendar items for free. Check us out to see why May was another record-setting month. Schedule a quick demo [HERE](#)."

"Mortgage lenders, are you frustrated by extended appraisal turn times and high appraisal costs? Partner with [Accurate Group](#) to quickly transform your mortgage appraisal process. Contact Frank Guamera to learn how we are helping lenders transform their residential appraisal processes with the latest digital and mobile technologies. Lower costs, faster turn times and happier borrowers are just a step away – contact us today."

Today's loan officers need a marketing solution that empowers them to capture the attention of prospects and customers and delivers the "wow" factor. J.G. Wentworth Home Lending found success with the Total Expert Marketing Operating System® (MOS), establishing a partnership to help their salespeople grow their business. "The mortgage industry will continue to have challenges and Total Expert will aide us through those challenges," said Jena Norton, Sr. Marketing Manager at J.G. Wentworth Home Lending. [Watch the video case study](#).

Unleash a Firestorm of Fitness and operate at Peak Performance. FIT! FAST! FORWARD! is the theme for Todd Duncan's [Sales Mastery Event this year \(click for 2-minute video\)](#). Invest four days with industry experts and walk away with the daily routines and best practices needed to advance your effectiveness. Dominate prospecting! Laser-focus priorities! Close more business! Join over 2,000 sales professionals and leaders at the Sales Mastery Event to become FIT! FAST! FORWARD! and take your business and your life to the next level. [Learn more and secure your seat today!](#)

[Informative Research](#) added new integration enhancements within [LendingQB](#), providing better functionality and more capabilities for users. Clients can now order up to 7 different credit reports, including the popular SoftQual solution, which can decrease a lender's credit spend by up to 40% and help prevent poached leads. Additionally, users can easily order and retrieve supplements, view billing reports, order Flood Certifications and PreClose Monitoring, and remove an applicant. "Informative Research has never shielded away from utilizing the Open API to the extent it was designed for. The underlying factors for integrating with LendingQB has always gravitated towards their commitment to customer satisfaction," said Tim Nguyen, CEO and Co-Founder of MeridianLink. "We are looking forward to seeing what more they can do for our clients in the future." [Click here](#) for more details on the integration!

**Mergers, Acquisitions, Bank News**

One wonders if the folks at Homestreet Bank regret [selling its retail mortgage banking segment to Homebridge](#), given low rates and swelling, profitable pipelines. Phase one of this included the mortgage loan production branches and fulfillment functions in Washington, Oregon, and Idaho. (The second phase includes locations in California and Hawaii.)

Last night [STRATMOR](#) sent me another M&A deal, and this is unique: an independent mortgage bank (IMB) buying a bank origination channel. Rushmore Loan Management Services (RLMS), one of the nation's fastest growing, non-bank, mortgage servicers is [acquiring the First Bank Correspondent channel](#). At the close of the acquisition, during the third quarter 2019, the correspondent channel will be rebranded as Rushmore Correspondent Lending Services. Bill Scammell, who will continue leading the correspondent channel, states, "We are very excited to join the Rushmore platform, build this business to a larger scale and take advantage of new opportunities such as having a strong appetite for government loans. These are highly complementary businesses, and we fully expect that joining Rushmore will enable us to accelerate the growth of the correspondent channel." In this acquisition, Rushmore Loan Management Services will take ownership of the assets of the FirstBank correspondent channel ([FBK](#)) including the channel's proprietary technology system, Fusion. At the close of the transaction all existing counterparty agreements in good standing will remain in effect, and Rushmore intends to ramp up the Correspondent volume to acquire more servicing assets. STRATMOR served as advisor for the transaction.

Looking at the number of bank M&A deals for each year finds 278 in 2015, 241 in 2016, 255 in 2017, 259 in 2018 and an annualized 220 for this year. But lots in June! So far in June there many bank M&A deals have been announced. In Texas Prosperity Bank (\$22.3B) will acquire LegacyTexas Bank (\$9.4B) for \$2.1B in cash (15%) and stock (85%) or 2.16x tangible book. In Ohio Consumers National Bank (\$550mm) will acquire The Peoples National Bank of Mount Pleasant (\$79mm) for \$10.3mm in cash (50%) and stock (50%), and Waterford Bank (\$748mm) will acquire Clarkston State Bank (\$219mm, MI) for \$34.8mm in cash (25%) and stock (75%). In Illinois 15 bank holding company Wintrust Financial (\$32B) will acquire STC Capital Bank (\$277mm) for \$47.7mm in cash (50%) and stock (50%) or 1.55x tangible book.

In Alabama, River Bank & Trust (\$1.1B) will acquire Trinity Bank (\$152mm) for \$27.1mm in cash and stock or 1.84x tangible book, and Regions Bank (\$128B) will acquire investment firm Highland Associates, an advisor of not-for-profit healthcare entities and others and manages \$26B in assets. In Pennsylvania S&T Bank (\$7.2B) will acquire DNB First (\$1.2B) for \$206.1mm in stock (100%) or 2.07x tangible book. In New Jersey Columbia Bank (\$6.8B) will acquire Atlantic Stewardship Bank (\$961mm) for \$137mm in cash (100%) or 1.67x tangible book.

In Iowa Libertyville Savings Bank (\$348mm) will acquire Farmers and Traders Savings Bank (\$21mm). In Wisconsin The Bank of Brodhead (\$153mm) will acquire Farmers & Merchants Bank, of Orfordville (\$57mm). Multi-bank holding company Dickinson Financial Corp (\$2.7B, MO) will acquire KCB Bank (\$255mm, MO). In The Grand Canyon State, Arizona Federal Credit Union (\$1.7B) will acquire Pinnacle Bank (\$236mm). Santa Cruz County Bank (\$668mm, CA) will acquire Lighthouse Bank (\$314mm, CA) for about \$68.9mm in stock (100%) or roughly 1.65x tangible book. CorTrust Bank (\$886mm, SD) will acquire First Minnesota Bank (\$347mm, MN). Main Street Bank Corp (\$454mm, WV) will acquire First Colorado National Bank (\$68mm, CO). Lowry State Bank (\$52mm, MN) will acquire The First National Bank of Osakis (\$68mm, MN) for an undisclosed sum.

With banks it is a numbers game. At the end of 2014 there were 6,509 FDIC insured financial institutions and as of the end of 2018 there were 5,406. Analysts use a 1% decline in financial institutions per quarter (4% per year). Pacific Coast Bankers Bank reports that bank mergers show merger premiums fell from an average 47% in 2010 to 23% in 2018.

Regional and community banks are definitely feeling pressure to consolidate these days to gain deposits, market share, and economies of scale that can help with digital strategies. Merger partners are feeling heightened demands from investors to prove that a deal can result in cost savings and better results. This bottom-line pressure appears most clearly in deals involving publicly traded banks or financial companies, where investors recall some of the mega mergers of the past that turned out to be major disappointments. For example, the recent \$28B offer by BB&T for SunTrust came in at a 7% premium, a fraction of what such deals were commanding not that long ago. For community banks, mergers tend to revolve around the need to better compete with larger banks on issues like technological advances and new deposit capture.

And, like mortgage companies, the big keep getting bigger. Just three banks (JP Morgan Chase, Bank of America and Wells Fargo) now account for nearly 50% of all newly opened deposit accounts. Regional and community banks and all banks feel the need to bulk up to help stay competitive. This heavy competition and the need to provide services to a greater number of ever-pickier customers only add to the pressure. We can expect to see more deals coming.

On the flip side, [U.S. Bank will close 13%](#) of its full service branches in Chicago (21 of 156), following similar actions by Bank of America (closed 16 branches), JPMorgan Chase (-18) and Fifth Third (-50). While Fifth Third's was mostly related to an M&A event, the other banks cite changing customer banking behaviors and accelerated migration toward digital and mobile.

In the 1st quarter the FDIC tells us that there were 5,362 insured institutions in the U.S. vs. 5,607 as of the same period last year. That is a smaller number, but it is still large when you look globally. Canada and Mexico only have about 88 and 48 banks, respectively. Germany has 1,800 banks, followed by Italy (580), France (400), UK (300) & Japan (199).

## Capital Markets

U.S. Treasuries began the week **back in rally mode** with the 10-year closing -5 bps to 2.02% ahead of event risks later this week that include Fed Chair Powell today, G20 starting Friday, and the month-end Treasury supply. The big news was another weak economic report from Germany. The Ifo Business Climate Index decreased in June with the Manufacturing sub-index falling for the eleventh time in the past twelve months. There was the usual U.S./China trade chatter after the U.S. Commerce Department blacklisted five more Chinese companies on Friday that "pose a significant risk of being or becoming involved in activities contrary to the national security and foreign policy interests of the United States." Separately, but adding to geopolitical uncertainty, the Trump administration announced sanctions on the office of Iran's Supreme Leader Ayatollah Ali Khamenei.

The prospect of lower interest rate levels is impacting **investor interest in higher coupons**. Why would an investor want to pay 105 for a loan, or pool of loans, that might refinance in three months and the investor would receive 100 back? So refinance and convexity risks have increased, and spreads (the difference between MBS and Treasury yields) opened wider versus the treasury and swap curves. This impacts the price action of Ginnie, Freddie, and Fannie securities against each other, as well as various coupons behaving differently (pricewise).

After a quiet domestic calendar to start the week, things pick back up today, especially for data pertaining to the housing market with the April home price indexes from the FHFA; the latest S&P/Case-Shiller print; and new home sales for May all slated for release. The Senate Banking Committee will hold a hearing on "Should Fannie Mae and Freddie Mac be Designated as Systemically Important Financial Institutions?" later in the day as well. And the Joint Center for Housing Studies of Harvard University will release the 2019 "The State of the Nation's Housing" at noon in Atlanta where **Atlanta President Bostic will participate in a panel on housing**. The rest of the calendar includes consumer confidence; Philadelphia, Richmond and Dallas Fed PMIs for June, and Fed Chair Powell will speak in NYC. In addition to Bostic and Powell, New York's Williams will give remarks before the OPEN Finance Forum and Richmond's Barkin and St. Louis' Bullard both take the stage later in the day. We begin the morning with Agency MBS prices a shade better and the 10-year yielding 2.00%.

## Employment

**NewRez** is seeking dynamic and knowledgeable mortgage loan originators in Central, Northeast and Southwest Ohio. Opportunities are available for growth minded individuals in multiple roles. "NewRez's Joint Venture platform provides hard-working loan officers a tremendous opportunity to grow their business as a Preferred Lender inside some very busy real estate offices," said Vince Daino, VP of Recruiting and Business Development. "Our loan officers receive extensive support from our joint venture partners and close more deals as a result of it." The NewRez family brings over thirty years of experience in the JV space and is growing. As an industry leader in mortgage fulfillment, origination technology, and marketing support, NewRez continues to grow and invest in fulfilling our customer's dreams of homeownership. If you are looking to grow your career, contact Vince to learn more about this role and other open positions available within NewRez.

Congratulations to Mike Azzarello, CMB for beginning his term as MBA of Florida President at their 66th Annual Convention on June 19th. Mike is an industry veteran and currently Southeast Sales Director for Caliber Correspondent Lending.

View this Article: <https://www.mortgagenewsdaily.com/opinion/06252019-lender-m-a>