

Capital Markets Products; New Programs From Agencies, Lenders, and Investors

By: Rob Chrisman | Wed, Jun 26 2019, 8:35 AM

When I grow up, I want to own... 16,000 single family homes? Yes, [here's an article](#) about how artificial intelligence has helped a landlord, and fund, accumulate that portfolio of rentals. It is a safe bet that a) the fund won't be coming to you for a loan, and b) those are 16,000 homes that first-time home buyers won't be viewing in an open house. And this is only one real estate investment firm. What about the size of those homes? From 1980 to 2009, the size of the largest 10 percent of houses increased [1.4 times as fast](#) as the size of the median house. In 1973, newly built houses had an average of 507 square feet per resident, which by 2013 rose to an estimated 971 square feet per resident. Some of this, the paper contends, is because while Americans are pursuing larger and larger homes, the size is not making them satisfied in those homes, as other neighbors are also pursuing larger homes. Basically, people with larger homes are more satisfied, but that does not last if larger homes pop up nearby.

Lender Products and Services

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Floify just released a powerful set of CRM webhooks, which now allow lenders to connect various third-party CRMs to their Floify account. And as most LOs know, a high-quality mortgage CRM is a critical piece of software for keeping their prospects, customers, referral partners, and other contacts all organized in a central location. Floify's new webhooks now provide mortgage pros with valuable time-saving functionality, including seamlessly creating new contacts in their CRM from a Floify loan app or loan file, syncing milestones, and syncing emails and SMS messages between platforms. These webhooks are being released on the heels of Floify's existing native integrations with leading CRM solutions, including Jungo, MLO Shift, and Floify's soon-to-be-released integration with Shape Software. To learn more about Floify's new CRM webhooks or integrations, [book a live demo](#).

Altisource's Premium Title™ and Springhouse® Valuations now offer a hybrid solution, HomeVal, offering combined title search and valuation data for lenders. HomeVal can help lenders reduce vendor oversight and accelerate a HELOC loan closing through consolidated delivery of title and valuation information in one report. HomeVal also offers customizable options and pricing for title and valuation needs. Learn about this solution at [HomeVal](#).

New Products and Residential Offerings

Who has the best construction-to-perm product in the biz? Not Fannie Mae, but there's a reason. Fannie offered one to the "Financial Crisis/Great Recession," but lost money on it so ended the program. (Why would anyone want to offer something they lost money on?) The Agency re-engineered things and came up with the "One Time to Close" program which is now on hold. Insiders say that Fannie sees the need for the product, but apparently it needs some more work. Ten miles away [Freddie Mac offers something up](#) that may be of interest.

An article in the Wall Street Journal last week mentioned Freddie and Fannie's high-end manufactured home products. What is surprising is the article mentions that Fannie Mae "plans to buy 250-500 loans through the program in 2019." This is a drop in the bucket in terms of overall lending volumes but given how complicated the process is, the Agencies want to be methodical. But given that about 7% of the homes in the U.S. are manufactured and growing, it is good that the Agencies are recognizing the segment. Warren Buffett's Berkshire Hathaway owns Clayton Homes, and Clayton "sells about 42% of the (97,000) manufactured homes in the U.S. and provides financing on about 21% of them." There are plenty of jokes in the industry about "if it has a trailer hitch, we don't lend on it" but F&F's programs allow appraisers to compare manufactured homes to those built on-site. The homes must have pitched roofs.

Did someone say appraisal waivers? Of course AMCs and the appraisal business wishes that the term was never invented. Rumor has it that **about 10% of Freddie/Fannie loans have their appraisals waived**.

How's your non-owner product offering? Investors from private equity firms to mom & pop real estate speculators accounted for 11% of U.S. home purchases in 2018, per CoreLogic. If one believes the stats this is twice as high as pre-crash. The Blackstone Group and Starwood

Capital Group come to mind. A recent WSJ article noted that “strong rental demand, online home buying technology, and low interest rates that make other investments less appealing have fueled investor appetite.” Unfortunately a good chunk of these non-owner homes are in markets that first time home buyers would typically be in. And a good chunk are all cash deals, not helping lenders.

Of course lenders are aware of this. For example, California’s Land Home Financial Services offers a down payment assistance program for manufactured homes. (“3% Minimum borrower cash investment required, based on the appraised value or sales price, whichever is lower, 2% Power Purchase contribution is in the form of a Grant, no repayment required, not limited to first-time homebuyers, 30 Year fixed rate loan term, reduced mortgage insurance, Power Purchase Plus Includes LPMI, income limits apply, certain designated geographic areas have no income limits.)

Guild Mortgage has launched [Guild-to-Go](#), a mobile application providing a direct connection between Guild loan officers and real estate agents. Designed to provide more transparency and efficiency throughout the loan process, Guild-to-Go allows the company’s real estate partners to connect directly with their preferred Guild loan officer from any mobile device or select a loan officer by location through the app’s built-in map feature. Once registered, agents can refer their clients to Guild to start the loan application and pre-approval process with a few simple clicks.

Guild-to-Go generates customized, on-demand pre-approval letters, allowing agents to submit offers faster for their buyers. Agents also can track the status of their customers’ files throughout the loan process with real-time updates and status notifications from application to close.

Guild Mortgage also launched a [new mortgage option](#) in partnership with Airbnb that considers short-term rental income from Airbnb as an acceptable source of qualifying income on refinance applications for owner-occupied primary residences. Guild’s refinancing option is available to all U.S. hosts who own their home, list their primary residence on Airbnb and are interested in refinancing their mortgage. The property can include up to four units or be located in a planned unit development. The host’s existing mortgage does not need to be with Guild. Available to qualifying borrowers in all states in which Guild provides mortgage financing, the refinancing option offers loans with up to 97% loan-to-value ratios for rate and term refinances and up to 80% loan-to-value ratios for cash-out refinances. A minimum credit score of 620 and debt-to-income ratio of no more than 50 percent are required to qualify.

SunWest has introduced new proprietary products for its wholesale and correspondent channels. Its Electra Portfolio Full Doc, Electra Portfolio Enhanced Doc and Electra Portfolio DSC products are designed for underserved borrowers who are unable to obtain financing through agency loans.

Plaza Home Mortgage has added California co-ops as eligible properties allowable on 7 programs, and its FHA203(k) and VA Renovation loan programs now allow manufactured housing as an eligible property type. Review its updated [FHA203 \(k\)](#) and [VA Renovation](#) guidelines for specifics.

Citizens Bank launched “a suite of digital tools that help make the total home buying experience more seamless and efficient than ever. The new [Your Home Rewards from Citizens Bank™](#) program, an online home shopping portal, which allows customers to browse home listings across the country and matches them with a local real estate agent, integrating shopping for a home and applying for a home mortgage for a more streamlined buying experience. Qualifying customers can earn up to \$6,500 in rewards. A digital loan platform which brings increased speed and flexibility to the application process via a collaborative online portal that provides web-based document collection and validation of asset, income and tax data through secure sign-on, a responsive checklist and task reminders to keep you organized and on track, real-time co-browsing with your loan officer to assist with filling out the application.”

In the Non-QM world, [Sprout Mortgage](#) launched an automated underwriting system (AUS) known as ACORN. Michael Strauss, President of Sprout Mortgage said, “With ACORN, our clients can now confidently inform their borrowers that they have been pre-qualified for a mortgage loan or know with certainty the details behind why they were not. This is just another way we are committed to helping our clients to better serve their borrowers and expand their market share.”

Capital Markets

U.S. Treasuries **closed Tuesday with another rally**, including the 10-year closing -3 bps to 1.99 percent (after touching a low of 1.982 percent), but not before seeing some intraday volatility. Treasuries posted new highs after the release of weaker than expected New Home Sales for May missed expectations by nearly 60k, a weaker than expected Consumer Confidence for June, and speeches from St. Louis Fed President James Bullard and Fed Chairman Jay Powell in which both expressed openness to a rate cut. Bullard said point-blank that this is a good time for an “insurance cut” but did rule out the need for a 50-basis point cut, while Powell noted that the outlook has changed since early May but monetary policy should not overreact to short-term swings in sentiment. After the speeches, the implied **probability of a 50-bps rate cut at the July meeting decreased** to 36 percent from 43 percent.

Geopolitical news continued to dominate market headlines, with Reuters reporting that President Trump will meet with China's President Xi in Japan on Saturday, reports a new British Prime Minister will be named on July 23, and the ECB Vice President saying that the effects of negative rates must be watched closely as falling growth expectations could weaken the banking sector. Iran remained in the news, with its leader stating that the U.S. had effectively closed the door on diplomacy.

Today's calendar began with **mortgage applications for the week** ending June 21, which saw an increase of 1.3 percent from one week earlier and refs +3%. Recall that last week bond markets reacted to a more dovish FOMC statement and forecast, causing Treasury yields to fall after the meeting. This week saw mortgage rates drop again for most loan types, leading to an increase in refinance activity. The 30-year fixed rate has now dropped in three of the last four weeks and reached its lowest level since September 2017. Despite these lower rates, purchase applications decreased 2 percent, but were still considerably higher than a year ago. Ahead are durable goods orders for May, advanced economic indicators for May, and remarks from San Francisco President Daly. We begin the day with Agency MBS prices worse .250 versus Tuesday's close and the 10-year yielding 2.02%.

Employment

Rouvaun Walker has joined ClearEdge Lending as VP of Sales to lead the company in its next phase of growth into the Northwest region. Rouvaun is a 30-year veteran in the mortgage industry and has closed \$10 billion in his career. He has led successful production teams at MortgageIT, EverBank, and most recently sales with Banc of CA to name a few. His vast depth of knowledge has led Rouvaun to a proven track record for growing divisions from scratch and building solid clientele all while consistently meeting or exceeding profit goals. Rouvaun looks to do the same as he leads the company's efforts to open a full-service office and expand its Non-QM presence in the Northwest and the Bay Area. Those interested in a growth-oriented career with ClearEdge Lending should email Rouvaun Walker for outside sales. We're hiring for credit and operations positions located in the Walnut Creek area.

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