

# Digital, Broker, Capital Mkts. Products; FHA and Down Payment News

By: Rob Chrisman | Thu, Jul 11 2019, 9:09 AM

In honor of World Population Day today, the Census Bureau tells us that the world's population will hit 7.58 billion this month. But why believe that? Or anything "experts," like actuaries or scientists, tell you? There is a lot of real news out there, and a lot of rumors, and the Stearns Chapter 11 has wholesale tongues wagging. Quicken tested the MSR market with a \$10 billion servicing sale this year? Ask your rep, could be just a rumor. United Wholesale selling servicing to NewRez on a regular basis? Ask your AE for the scoop – could be another rumor. (Both amounts would be small compared to the \$11 trillion of outstanding residential servicing.) And PenFed Credit Union notifying 100+ mortgage employees in the Alexandria Virginia office that they need to move to San Antonio, Texas, in the next four months or receive a severance package? Darned if I know – ask them yourself.

## Lender Products and Services

Sometimes, things you need appear before you know you need them. That doesn't very happen often with tech development, but sometimes it does. In this case, Eileen O'Grady, Founder and CEO of EMO, LLC, a mortgage and mortgage fintech industry veteran, has a unique offering. Eileen is representing a client who is marketing exclusive rights to a digital volume of business requirements for Regulatory Compliance, Investor (Freddie & Fannie) Compliance, Loan Origination (for Fannie, Freddie, FHA, VA, and USDA Rural Housing loan programs), and Loan Servicing or Quality Control/Auditing spaces. It is a rich, up-to-date, annotated compendium of content, rules and processes and audit procedures that would speed time-to-market for mortgage fintech companies, and would save product managers, business analysts, tech analysts and developers FTE years in requirements gathering and application development. This could convert to millions of dollars in savings on IT project budgets. If interested in learning more about this windfall, or to see examples, please reach out to Eileen to request a Solicitation of Interest Memo.

In a changing and challenging market, your secondary marketing holds the keys to profitability. [In a recent case study](#), First Bank realized a net profitability increase of 52 basis points after implementing pipeline hedging and best execution loan sales with MCT. They also experienced an 8-basis point lift from new bid tape AOT delivery channels and 12 basis points through investor set optimization. According to Andrew Stringer, Director of Secondary, "MCT's BAM platform allows me to accomplish my tasks with a small team. If I had to prepare, send, receive, and manage bid tapes by hand I would probably need to hire another person."

Beyond the bottom-line results, MCT offers clients transparency and boutique-style service that's hard to find between the FinTech's and Wall Street these days. [Learn more about the profitability and efficiency gains](#) that come through leveraging secondary marketing software and an expert team from MCT.

Tired of your servicer not providing the level of service your customers deserve? Well if you're planning to attend the CMBA Western Secondary in San Francisco, July 15-17, be sure to set up a meeting with the [TMS Team](#) to find out how they're taking the sub-par out of subservicing. Reach out to them at [subservicing@themoneysource.com](mailto:subservicing@themoneysource.com) to set up a time!

Every superhero needs a sidekick and every broker needs a partner who has their back. Brokers who have Quicken Loans Mortgage Services (QLMS) as their sidekick now have two new tools they can utilize. Through QLMS' partnership with Waymark, brokers can create custom, professional videos designed to be shared online and on every social platform. This means it's possible to reach wide audiences and extend your reach in a few clicks. QLMS also has a partnership with Exclusive Marketing Agency, who helps brokers with web site creation, social media management, lead generation and more. Additionally, all QLMS partners have access to Marketing Hub, the lenders' collection of tried and tested marketing materials ranging from social media posts to direct mail pieces. If you're not a partner already, you can [click here](#) to connect with QLMS, your new sidekick.

Floify continues to integrate their mortgage point-of-sale platform with the critical technology solutions that lenders use every day. Floify's recent integration with Microsoft® OneDrive® joins their existing connections with Dropbox™, Google Drive, and Box to further help lenders automate the uploading and organization of loan documents in their cloud storage solution of choice. Coupled with Floify's intuitive borrower interface and intelligent prompts and reminders, the platform is helping originators completely streamline and simplify their loan document management processes – generating tremendous ROI and freeing more hours in the workday to create new business opportunities and strengthen relationships. [To see for yourself how Floify can help you take your business to the next level, book a live demo.](#)

Todd Duncan is giving away a FREE VIP TICKET (\$1900 Value) to his Sales Mastery Event in San Diego, California on October 14-17. [Click](#)

[here for a chance to win the 4-day VIP TICKET](#) and join Todd Duncan and over 2,000 professionals and gain access to life-changing keynotes, thought-provoking panels, and vendor networking to get your business and life FIT! FAST! FORWARD! VIP Benefits include: 4-Day Access to the Sales Mastery Event, Priority Seating, Digital Access to 2019 Sessions, Free E-Course by Todd Duncan, \$250 Gift Card for Training Tools and Resources, an Exclusive Cocktail Party with Todd and Deb Duncan, and a lot more! Contest ends on Thursday, July 18th. Enter to win now!

## FHA and Down Payment Assistance News

Loan officers continue to report that plenty of potential home buyers (and thus potential borrowers) can afford the monthly mortgage payments but lack the savings for a [down payment](#). But investors in mortgages in the secondary markets love "skin in the game" with high down payments. Thus the rise of government-funded down payment assistance programs. The FHA tells us that **more than 13% of borrowers who used the FHA program** so far in 2019 **received government help with the down payment**. There are more than 2,500 programs around the country, and somewhere north of 10% of current borrowers are using a program per a Freddie Mac survey. Let's hope property values don't start to head south. Some programs forgive the money, usually viewed as a second loan, others require repayment.

Is there **any land to build houses on**, even if renters had the down payment resources? Repeatedly Zelman's Land Development Surveys show strong demand for entry-level product. Land price appreciation has moved higher, its overall acquisition demand index is strong, and often the largest improvements were for entry-level finished lots, entry-level raw land, 'C' location finished lots and 'C' location raw land. (Zelman's studies also look at the level of development activity, lot supply, the level of development activity outside of 'A' locations, finished lot prices, development costs, and keep an eye on municipal fees which are a wildcard and could push higher.)

Remember on April 25 in low down payment news, HUD, dba the FHA, agreed to a 90-day stay in implementation of [Mortgagee Letter 19-06](#) (regarding down payment assistance) to have a 90 day comment period. The flurry reminded the industry that there are lots of options out there for low down payment loans. By my simple-minded calculations, and by [Mortgagee Letter 2019-07](#), July 23rd is "the date."

Recall that earlier this year the FHA announced it was tightening standards for certain programs, targeting the Chenoa Fund, run through a mortgage corporation () owned by the Paiute Tribe of Utah. Chenoa sued HUD, which in turn delayed possible implementation of the new rules for 90 days until July.

Per Ditech Correspondent's [Announcement CF2019-040](#), its Conforming, VA and FHA underwriting guidelines are being updated.

Find out how much your borrower could receive using the Land Home Financial Services GSFA Platinum Down Payment Assistance Program. Land Home also offers a 21-day purchase guarantee. Contact [mark.sheridan@LHFS.com](mailto:mark.sheridan@LHFS.com) for details (925-246-2396).

Some argue that if the borrower can't save enough for a down payment in the first place, then you probably shouldn't be buying the house. "I have qualms with anybody getting a loan who can't put some down payment down themselves. Those types of borrowers typically are one water heater away from missing their payments, going into default, maybe losing the house to foreclosure," said Rick Sharga a while back, EVP at [Ten-X](#), an online real estate sales and auction company. Sharga said that if a borrower can't fund the down payment alone then he or she is **likely not financially ready for the investment**.

He was not, however, entirely against the [crowdfunding platform](#). "If crowdfunding is a way to augment a down payment or to make a bigger down payment than you could make yourself, because then it will keep your monthly payments down or it will help you qualify for a loan that you might not have gotten without the crowdfunding, I could see the benefits of that," he added.

## Capital Markets

Markets waited tepidly all week for **Fed Chair Powell's first day of prepared remarks** and testimony before Congress (yesterday was the House Committee on Financial Services, and today is before the Senate Banking Committee). U.S. equity prices increased, including the S&P 500 topping 3,000 and the 10-year closing +1 bp to 2.06 percent after his dovish statement noted many factors that could justify a fed funds rate cut soon, a move U.S. President Donald Trump has repeatedly demanded. Chairman Powell said bad news from around the world outweighed good news at home. The minutes of the Federal Open Market Committee meeting of June 18/19 were released as well, which showed support within the FOMC for a more accommodative policy (read: a fed funds rate cut in July). It should be noted, the reaction to the Minutes was muted, since Chairman Powell provided a more current view during his testimony.

The FOMC judged that uncertainties and downside risk factors had increased significantly in the weeks before the mid-June meeting, weighing on economic outlook. Several participants/possible voters noted that a near term cut in the fed funds rate could help cushion the effects of future shocks to the economy and was therefore appropriate from a risk management point of view. Powell noted a number of concerns specific to the U.S. economy, including inflation consistently running below the FOMC's symmetric 2 percent target, the drop of

forward-looking inflation expectations, the fact that some demographic groups and some parts of the country still face economic challenges, a slowing in business investment; a slowing in housing investment, a slowing in manufacturing output, unresolved trade tensions, low labor force participation in the U.S. versus other comparable economies, and an increasing level of uncertainty coupled with a decline in business confidence. He also noted that international economic conditions have deteriorated and there is cause for further concern about Brexit. **The implied probability of a 50-basis point rate hike on July 31 rose to nearly 29 percent** from around 3 percent yesterday.

Today's busy calendar already began with CPI in June (+.1%, core +.3%) and initial jobless claims for the week ending July 6 (209k). Fed Chair Powell returns to the Hill for a second day when he testifies before the Senate Banking Committee on the semiannual monetary policy report. This afternoon, we have the June Treasury Budget; and a \$16 billion 30-year Treasury bond reopening. Additionally, there are several Fed Speakers scheduled outside of Fed Chairman Jay Powell, including New York Fed President Williams; Atlanta Fed President Bostic; Richmond Fed President Barkin; Minneapolis Fed President Kashkari; and Governor Quarles. We begin today with Agency MBS prices worse .125 and the 10-year yielding 2.09%.

### Employment, Business Opportunities, and Transitions

"True innovation means making talent your #1 investment," according to Citizens Bank CEO Bruce Van Saun. It may sound cliché but the long-term success or failure of any company almost always ultimately comes down to talent. Attracting the right talent is among the biggest challenge facing most lenders as they transform to meet shifting customer needs, keeping up with technology demands and reinventing oneself as new disruptions come along. Learn about the steps we are taking to develop and retain talent across our company. If you're looking to build your future with a company that is winning in the mortgage marketplace, apply at [Citizens Bank](#) today!

[Planet Home Lending](#) is pleased to announce that [Brian Kedzior](#) (NMLS #1002187) has joined the company as an Area Sales Manager in Chicago. Kedzior has amassed a significant sphere of influence during his more than two decades in the industry. At Planet, he'll focus on raising brand awareness and adding producing loan originators and branches in the Great Lakes region. "Chicago is a target market for Planet, and we foresee multiple branches there because of the demand for renovation, first time homebuyer and mixed-use mortgages," said Planet SVP, Eastern Division Manager Fobby Naghmi. To find out why more mortgage professionals are joining Planet Home Lending, contact Brian Kedzior.

AMCs and Title Companies: Due to continued growth, [Accurate Group](#) is looking to acquire appraisal management and title/closing businesses throughout the U.S., with particular emphasis in the Western U.S. By becoming part of Accurate Group, your teams will gain access to the latest digital and mobile technologies and be on the leading-edge of revolutionizing real estate lending processes. Please contact Paul Doman to learn about Accurate Group's approach to acquisitive growth.

Congrats to Brenda Hedeem whom On Q Financial has brought on as a new Chief Financial Officer. Ms. Hedeem has over ten years of experience in finance and six years of experience in the mortgage industry, and she plans on "protecting net margins and streamlining processes to ensure On Q Financial maintains a culture that's efficient and solution focused."

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