

Comp, Broker, Compliance Exam Products; F&F Changes; The Fed and Rates

By: Rob Chrisman | Wed, Jul 17 2019, 10:04 AM

I encounter plenty of people in the mortgage biz, from part-time receptionists to owners, who are focused on helping consumers. It's a good thing! And they ask me about consumer education. ("Have you ever heard of a class for anyone on home buying or the home loan process?") One solution, and this is not a paid ad, is to invite them to set up a personalized (branded in your name, look/feel) financial locker through [FinLocker](#), which currently houses over 140 consumer-facing videos and includes goal setting, budget planning and more. Shoot President Brian Vieaux an email to learn more. If it helps just one potential borrower or kid in school, or saves you from creating 140 videos, why not?

Lender Products and Services

"The Customer Experience is critical. Today, everyone has been focused on the Digital revolution taking place within the mortgage life cycle. While speeding up cycle times and lowering costs are important, we must not lose sight of the key element that drives our business. The consumer, how do you lower costs while improving customer experience? That key focus is, 'Why?' Lenders and Servicers are partnering with [Sutherland](#). Our Design and Innovation Labs in San Francisco are a customer's centric think tank that allows us to uncover opportunities to increase our client's business. Whether you're trying to reduce withdrawal rates, increase portfolio retention or reduce call center volumes with Conversational AI, our focus is to pinpoint areas of improvement that keep your most precious asset, 'the borrower.' If interested in learning more, or obtaining a Whitepaper on how we recently helped a top 5 Lender, please contact Neil Armstrong (919-270-5324)."

Things are continuing to grow out on the farm! [RuralLiving](#) is expanding its Hobby Farm and Rural Resident programs in support of rural America. If you are looking to expand your business and markets, you should explore how RuralLiving programs might help your borrowers finance large acreage properties that do not qualify for conventional or USDA programs. Check out their lender update with their new additions to these unique programs.

Caliber Home Loans, Inc. continues to make Non-Agency loans more efficient and effortless for our business partners through innovations and technology. Caliber Smart Start is a game-changing tool that validates loan parameters against Caliber's portfolio program guidelines with just a few clicks of a mouse. Smart Start also takes the guesswork out of processing and documenting the loan file. This free tool reduces uncertainty and allows you to expand your product offerings and turn your pipelines faster. Fire up your Non-Agency production today by visiting www.CaliberSmartStart.com.

Lenders Compliance Group posted an article on its Mortgage FAQs website titled Compliance Management System – Exam Readiness. One of its subscribers was cited for a deficient compliance management program and asked for some urgent guidance. Jonathan Foxx, LCG's Chairman, wrote a response that you should read. He lays out the dangers in not being prepared, provides a whole set of important questions for self-assessment, and, as a solution, offers the CMS Tune-up!™ – one of many "mini-audits" that the compliance firm has pioneered – which LCG says is cost-effective, done relatively quickly, and offers "actionable findings." The article has links for presentations and appointments as well as for scheduling calls and audits. You can read the post [HERE](#).

National mortgage lender, NewRez, recently announced the launch of Preferred Lending Services, LLC ("Preferred Lending Services"), a new Joint Venture mortgage company operating in the Greater Tampa, Florida region. Led by industry veteran Bob Klorer, Preferred Lending Services is the 13th Joint Venture to be established in the NewRez partnership network. "We are thrilled to formally expand our lending footprint throughout the state of Florida with the launch of Preferred Lending Services," says Randy VandenHouten, SVP, Joint Venture & Retail Lending, NewRez. "Under Bob's leadership, and backed by the strength and expertise of NewRez and Shelter Mortgage, Preferred Lending Services will prove to be a great asset to the Greater Tampa community." For more information on the Shelter Mortgage Joint Venture platform, please contact Randy VandenHouten. To learn more about Preferred Lending Services, visit flpls.com.

"July 18th is National Mortgage Brokers Day, brought to you by Association of Independent Mortgage Experts (AIME). Why are we celebrating this day JUST for brokers - and why now? The age of millennial shifts the market towards a more economical versus emotional drive to purchase a home. After a 10-year industry lull, independent mortgage brokers began to rise back to the surface. In doing so, millennial home buyers realized the benefits of researching all of their options and started using brokers for their mortgage needs. This increased the independent mortgage broker share of the housing market from 8% to 15% in just a year and a half, according to data from Inside Mortgage Finance. This year, we're bringing you a number of ways to get involved and help spread the word that #BrokersAreBetter. See how you can show your support this #NMBD on [AIME's National Mortgage Brokers Day event page](#)."

Growing your team is a great accomplishment that also multiplies the number and complexity of LO comp plans. After acquiring several banks and absorbing MB Financial Bank's mortgage division in July 2018, Level One's own mortgage team doubled in size, spurring the decision to move from manual, spreadsheet-based commission calculation to LBAWare's full-featured compensation management platform CompenSafe. Said Level One Bank Executive Vice President, Consumer Banking Officer, Timothy R. Mackay: "CompenSafe created significant efficiencies for our payroll department, saving countless hours of manual labor and eliminating the risk of human error. Additionally, it has improved compensation transparency with our loan originators who now have the ability to login and view their pipeline and payroll information at any time." [Get the full scoop on how Level One leveraged CompenSafe to scale up here.](#)

Conventional Conforming Changes

Fannie Mae [Announcement SEL 2019-06](#) outlines changes related to HomeReady® income limits, clarifies requirements for compliance with Office of Foreign Assets Control Regulations, simplifies requirements for signed IRS Form 4506-T, updates its definition of relocation loans and disaster policies reminders.

Wells Fargo Funding announced it will not purchase Freddie Mac CHOICERenovation Mortgages.

A recent Fannie Mae [Servicing Guide update](#) outlines its escrow waiver policy and clarifies requirements for compliance with Office of Foreign Assets Control (OFAC) regulations.

Freddie Mac's Guide Bulletin [2019-7](#), explains its revised requirements for Home Possible® mortgages to state that, effective July 3, occupying borrower(s) must not have an ownership interest in more than two financed residential properties, including the subject property, as of the note date (or as of the effective date of permanent financing for construction conversion and renovation mortgages).

Plaza offers a One Time Close (OTC) Construction-to-Permanent Conventional Loan Program through its Wholesale Lending Division. Instead of securing separate construction financing AND permanent financing, borrowers can combine them into one single transaction.

Capital Markets

The Fed has publicly stated the concern with ongoing trade tensions weighing on business investment and slowing GDP growth, and **easing would be consistent with the Fed making efforts to meet the price stability side of its mandate.** But more accommodative policy would help support growth and hiring, putting pressure on remaining resource capacity in the economy and leading firms to raise prices. At issue for the FOMC is that slack is the part of the inflation equation that the committee can influence in the short term, but the undershoot in inflation remains centered in goods and services largely unaffected by slack. Prices in "acyclical" inflation categories have been running lower than cyclical areas in recent years, and are materially weaker compared to historic trends. Fed easing in the coming months should support higher inflation by driving the cyclically sensitive areas of inflation higher. With core inflation running below the FOMC's target for almost all of the current cycle and inflation expectations drifting lower, the price stability side of the FOMC's mandate needs all the help it can get. Yet, with acyclical inflation categories responsible for the bulk of the underperformance, rate cuts are unlikely to solve inflation's persistent shortfall on their own. Look for core inflation to continue to run below 2 percent through the second half of the year, even as the Fed likely provides some additional policy support.

Fed Chairman Powell's testimony before the House Committee on Financial Services left the markets expecting a rate cut on July 31st. Now the question becomes by how much? There has been discussion that the Fed may choose to go beyond the expected 25bps movement and cut by 50bps, however that may be too aggressive at this point. Most experts seem to believe the Fed will move 25bps this month and cut another 25bps later in the year depending on the prevailing economic conditions. **Inflation data in June continued to be below the Fed's target** as the Producer Price Index over the previous twelve months was up 1.7 percent and the consumer price index was up 1.6 percent over the same period. The Fed does not want to see the economy enter a deflationary cycle given that consumer spending accounts for 70 percent of the economy. Combined with the other downside risks surrounding trade and slowing global growth the Fed may feel the time is right to give the economy a little boost.

The treasury market took another hit yesterday, including the 10-year closing +3 bps to 2.12 percent following a **stronger than expected economic release in the form of June Retail Sales**, a recent trend that has seemingly diminished the prospect of a 50-bps rate cut at the July 30-31 FOMC meeting. Despite the largest YoY decline in June import prices in three years, President Trump saying we have a "long way to go" with China on trade (claiming he still has the option to impose tariffs on \$325 billion worth of Chinese goods), and dovish-minded remarks from Fed Chair Powell and Chicago Fed President Evans in which both said the Fed will act as appropriate to sustain expansion (read: two potential rate cuts regardless of a China deal), Treasuries seemed to be propelled in slinky-like fashion as they rebounded from recent overselling.

Today began with Mortgage applications decreasing -1.1 percent for last week, according to data from the MBA Weekly Mortgage

Applications Survey (adjusted for the Fourth of July holiday). Next up is housing starts and building permits for June (-.9% due to multifamily numbers, and -6.1% respectively), before the afternoon brings remarks from Kansas City Fed President George and the latest Beige Book. And looking at current conditions, Agency MBS prices are up a few ticks versus last night's close and the 10-year is yielding 2.09%.

Employment

MBA is hiring an Assistant Director of Member Engagement to add to MBA's dynamic engagement team. The incumbent develops, strengthens and manages personal relationships with executives at the Association's member companies in order to maximize the value of their MBA membership and engagement. S/he coordinates and facilitates integration in delivering enhanced member value and provides comprehensive account management and support, connecting members to the MBA resources that meets their needs, from engaging on policy issues to leveraging MBA's conferences, committees, networking groups, education, research and more. Contact Tricia Migliazzo if you have questions, otherwise you can [apply here](#).

"NEXA Mortgage is one of the nation's [fastest growing](#) mortgage broker, leading the way out of retail with growth across the country. If you are a LO, BM, or TL, contact NEXA now to experience why brokering is better. Many of our LOs have doubled their production within the first 3 months due to NEXA's solid support, compensation, underwriting (you don't really believe brokers lose control), [rates](#), products, leadership, marketing, technology, and processing (you will love our processing). Mark your calendars now to join our weekly WHY NEXA Zoom meeting, Thursday at 11am PST. Login on to [NEXA Support](#) and our support staff will place you in the meeting. If you can't wait to learn more, login now and ask for Michael Neill (480-643-9161) or email Michael. Currently in 9 states, submitted in 14 more and will add any requested. NEXA Mortgage, the leader in WHY Brokering is Better!"

A leading mortgage technology company is seeking a National Account Manager with a proven track record of success in working with consumer direct lenders. The ideal candidate will have a minimum of 3+ years in selling B2B services and technology. You may work remote, so organization and accountability are a must. Frequent travel across the US to meet and present to potential clients as well as participate in trade show opportunities will be required. Create and deliver effective presentations. Effectively manage pipeline, sales activity, and provide accurate forecasting. You must have a proven track record of success in a high-volume fast paced role. Previous experience in technology sales selling to financial institutions and C-Level executives. Pre-existing contacts in the mortgage and banking industry are a big plus. Send notes of interest to Anjelica Nixt.

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