

Pricing, Capital Markets Products; Vendor Tools and Capital Raise

By: Rob Chrisman | Wed, Sep 18 2019, 8:25 AM

This morning I find myself in Pittsburgh, PA for the [MBA of Southwest Pennsylvania](#). (Yes, I am bound for lunch at Primanti Brothers.) It turns out that the nearest farm to downtown Pittsburgh is only 20 minutes away, which is good for field trips, but it's that time of year when we're reminded of our dysfunctional government. (Not that it is confined to a particular part of the year.) We have the yearly notice of the suspension of USDA funding, and the issuance of Conditional Commitments (Form RD 3555-18/18E). Last week the USDA announced that funding will not be available for a short period (2 weeks?) at the beginning of FY 2020, which starts 10/1/2019, and that fees will not change in FY 2020. Don't forget that via a final rule published in the Federal Register ([84 FR 35003](#)), the Rural Housing Service (RHS) amended its Single Family Housing Guaranteed Loan Program (SFHGLP) for Combination Construction to Permanent Loans (single close loans) effective October 1, but is not retroactive.

Lender Services and Products

One warehouse lending organization gets noticed in the marketplace for doing things the right way. ResX Warehouse Lending is a division of Connecticut-based United Bank, a respected commercial lender with a long track record of building long-term relationships with its clients. ResX is new to the warehouse lending business, but if you haven't heard the name yet, it's only because they're not promoting themselves with every new trend or fad to hit the market. These are serious experts looking to build relationships with clients like you who are focused on sustainable growth...one relationship at a time. ResX Warehouse's clients rave about the lender's proactive approach. And that expertise is provided by seasoned, top-level professionals. Customers also love their commitment to delivering more effective and efficient processes. Combined with United Bank's full-service array of products and resources, ResX is the ideal platform for the correspondent focused on real growth. [Learn More](#).

You know us for our rates and programs, you love us for our service, now get to know our Renovation programs. loanDepot Wholesale makes Renovation lending easy. Our Renovation Lending Suite includes programs designed to accommodate both large and small home improvement and repair projects. Giving you more options for your real estate partners and clients to meet their homeownership needs. Flexible solutions that include FHA 203k Limited and Standard as well as FNMA HomeStyle®. loanDepot Wholesale – proud sponsor of improving homes across America. [Contact us today to learn more](#). Rates, terms, and availability of programs are [subject to change without notice](#).

Mortgage lending is an extraordinarily complex machine and requires lenders to engage in intimate relationships with vendors to keep operations running smoothly and optimally. As such, the contract review component of vendor management is critical to any lending operation's comprehensive risk mitigation strategy – the contract dictates the beginning, middle and end of the relationship. Thus, lenders should hold scheduled reviews of vendor agreements to ensure that they won't be rolling snake eyes in regard to their vendor relationships. Learn more about the 14 most critical vendor contract provisions in [MQMR's](#) free white paper, "[Rolling Sevens: The Top 14 Provisions Every Lender Should Examine When Reviewing Vendor Contracts](#)."

How can mortgage companies capitalize on opportunities presented with a great market and create a formula for success that works when the even markets start to decline? The answer is simple: move the middle. Invest in the development of the largest group of your loan officers who rank in the middle of your company's productivity, and remarkable things can happen. [The XINNIX System™](#) of Training, Accountability and Coaching provides solutions for increasing production in any market. Recently a national mortgage bank ran a pilot program with XINNIX to increase the production of an experienced loan officer group and saw a 57% lift in their business after completing an 8-week Performance Program. Loan Officers were divided into two different groups to complete either [EDGE™](#) or [IGNITE™](#). Read more in a new [case study](#), and [schedule a call](#) today to see how XINNIX can customize a plan to move your team to incredible production in any market.

In today's profitability challenged market, controlling costs and facilitating an outstanding borrower experience are top of mind. Thankfully, [FormFree's Passport](#), all-in-one verification technology, checks the asset, income, and employment boxes with one report. And as reported last month, Passport is now backed by a [closed loan pricing model](#), meaning lenders only pay full price on loans that make it to the finish line. For everything else, the cost is just one dollar. There's no better time to connect with FormFree than at the Digital Mortgage conference in Las Vegas, where you can find FormFree at kiosk #201 or meeting pod #630.

Unlock opportunity in a growing market with Loan Product Advisor® asset and income modeler (AIM) for self-employed borrowers. AIM for self-employed is Freddie Mac's solution to automate the manual lender process of assessing borrower income using tax return data. It's

also the industry's only AUS-integrated self-employed borrower income calculation solution. AIMfor self-employed makes it easier to do more business, close loans faster and get immediate income rep and warranty relief related to certain borrower employment income. Freddie Mac has teamed up with third-party service provider, LoanBeam®, in leveraging their expertise and powerful optical character recognition (OCR) technology to supply qualifying income for any applicant. Freddie Mac's broad release of AIMfor self-employed on March 6 is the next step in their journey to provide innovative technologies that can help lenders turn more borrowers into homeowners. [AIMfor self-employed](#) borrowers ... and get YOUR edge.

Vendor and Tech Tidbits

Time is running out to take the LOS Survey, the last survey in STRATMOR's 2019 Technology Insight Study. If you want insight into the functionality and resource requirements for the LOS available in the market today, participate in this survey and get the answers you need. It takes just five minutes to complete and lenders who participate receive the survey report for FREE. [Take the LOS Survey now!](#)

As technology evolves the mortgage process, lenders are presented with new opportunities to engage with borrowers. It becomes increasingly important for loan officers to capitalize earlier on opportunities to form relationships with homebuyers and clearly establish themselves as a trusted advisor. [In tomorrow's webinar](#), produced by the California MBA's Mortgage Tech & Marketing Committee (MTAM), industry experts from SimpleNexus and MobilityRE will explore the modern homebuyer journey and how loan officers can benefit from using technology to form stronger relationships with borrowers at each stage of the process.

[OptiFunder](#), the mortgage industry's first Warehouse Management System, announced the closing of its first round of external capital. Participants in the round include mortgage industry executives and FinTech PE partners. OptiFunder's revolutionary technology automates and optimizes the use of warehouse lines and other credit facilities for non-bank originators. Since launching earlier this year, OptiFunder has experienced very strong demand. In addition to the capital raise, Brian Abbott has joined OptiFunder as its newly created role of COO and will work closely with OptiFunder's Founder Michael McFadden to drive strategy and capitalize on its strong demand. Be sure to check out the company at this year's MBA Annual Convention.

Founded by mortgage veterans Josh Pitts and Jason Frazier, [Shred Media](#) has burst onto the scene as the industry's first "Attention Impact Agency." Shred has put out podcasts (Mortgage X/Shred X), has an online presence, is broadcasting live at industry events, is speaking on stage, and has added UWM, Home Point Financial, Equity Prime Mortgage, AFR, and The Mortgage List as AI Advisory Clients. Shred has also added a few strategic partners along the way that include Agentology, Sales Boomerang, and MobilityRE "with a focus on attention, impact, and relevance."

Here's a new abbreviated word for you: iBuyer. It's an "Instant Buyer," and Eric Lapin asks if online real estate buyers are [worth it for your business](#).

Capital Markets

Last Friday, [MCT debuted a new mobile app](#) for its capital markets software platform, MCTlive! The app allows users the flexibility to manage secondary marketing on-the-go, including pipeline coverage, best execution analysis, loan sale commitment, reporting, and much more. "Where some providers claim to put secondary marketing in the hands of their customers, MCT literally puts it in their hand," said Phil Rasori, COO of MCT. The app received a warm welcome at the annual MCT Exchange client conference, where over 300 attendees [reacted to its video debut](#) with applause and a buzz of anticipation. "I'm excited about managing secondary marketing with the MCTlive! mobile app," shared Andrew Stringer, Director of Capital Markets at First Bank. "As a busy professional and a new dad, the ability to react quickly to market changes whether I'm at a branch, a conference, or a coffee shop is a huge game changer."

The Federal Reserve took action to calm money markets on Tuesday, injecting billions of dollars in cash to quell a surge in short-term rates that was pushing up its policy benchmark rate and **threatening to drive up borrowing costs for companies and consumers**. The New York Fed announcement that it would conduct a repurchase operation for up to \$75 billion worth of assets after the effective fed funds rate hit the upper limit of 2.25 percent on Monday caused trading action to level out as the cash session progressed.

The 10-year yield closed -3 bps to 1.81 percent on the back of **better-than-expected economic data in the form of the Industrial Production and NAHB Housing Market Index** reports as market participants were concerned with position adjustments ahead of today's Fed events, and the central bank said it will inject billions again today in a repeat of yesterday's move. In other central bank news, the Reserve Bank of Australia's policy minutes from the September meeting show the bank remains open to additional easing.

In geopolitical news, Saudi Aramco says normal oil production capacity will be back online by the end of September after the attack over the weekend. President Trump blustered a China trade deal could happen before the election or after the election, but it will be harder for China if it happens after the election. And finally, the British Supreme Court is considering the parliament's allegation that Prime Minister Johnson

illegally prorogued the parliament, and a ruling is expected later this week.

The headline events of today's calendar come this afternoon, **with the latest FOMC decision** with the Statement and updated SEPs due for release, followed shortly thereafter by Fed Chair Powell's press conference. The Fed is expected to cut the range of the fed funds target 25 bps to 1.75-2.00 percent (1.75 percent to 1.85 percent in RRP / IOER) while the SEPs and Chair's comments will be closely scrutinized for further cuts in October and/or December should conditions warrant it.

Markets do receive other releases before then, and have already seen mortgage applications decrease 0.1 percent from one week earlier, according to data from the Mortgage Bankers Association's Weekly Mortgage Applications Survey for the week ending September 13, 2019. As I've mentioned over the past couple weeks, we witnessed mortgage rates react slower than yields, with just a 4 bps rise in the national average 30-year mortgage rate, while the 10-year yield rose about 35 bps over the course of last week. Later this morning brings housing starts and building permits for August. We begin the day with Agency MBS prices better by .125 and the 10-year yielding 1.77%.

Jobs and Promotions

Congratulations to John Fraas for being [promoted to Chief Executive Officer of Class Valuation](#)! Class Valuation, a top nationwide appraisal management and real estate collateral valuation company, has had an exciting couple of years since being acquired by Narrow Gauge Capital, and John Fraas has been at the forefront, leading operations as President during that time. This promotion represents former CEO, Mike Detwiler's, confidence in Fraas' ability to continue leading the organization towards their commitment to valuation innovation and world-class customer service experiences. Detwiler said, "We have been tremendously thoughtful in our investments in people, technology, and processes. I am confident there is no better person to continue to lead our innovation and growth initiatives than John Fraas."

[String Real Estate Information Services](#) is hiring!!! "We have immediate opportunities for experienced Account Managers who want to make a difference for their clients and be rewarded for it! At String, we combine an amazing reputation with a comprehensive service offering to make it easy for you to succeed. And as a subsidiary of [SitusAMC](#), your hard work will be rewarded with a competitive salary, excellent benefits and growth opportunities across the entire SitusAMC family. We are hiring Account Managers in Tampa, St Petersburg, Washington DC, Des Moines, Denver, New York, Southfield (MI) and virtual. For a detailed job description and to apply visit the [String careers page](#) or send your resume to Prashant Kothari."

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