

Non-QM, Affordable Housing, Income Products; Vendor News; What is Driving Rates?

By: Rob Chrisman | Mbn, Oct 21 2019, 8:19 AM

Great MLOs keep up on events not only impacting their loans but on events impacting the everyone else's loans as well. For example, the Supreme Court has agreed to rule on the constitutionality of [the CFPB's structure](#). Saturday's commentary discussed new developments for the transition away from LIBOR and toward SOFR. For any clients with adjustable rate mortgages the Treasury Department and the IRS issued proposed regulations to help taxpayers [avoid negative tax consequences](#) in the transition away from the London Interbank Offered Rate and other interbank rates. And many companies breathed a sigh of relief last week when FASB held a board meeting to discuss the comment letters surrounding the proposed extension to the adoption date of CECL. The board unanimously voted to adopt the language in the exposure draft, which [extends the effective date of CECL to 1/1/2023](#) for many calendar year end entities.

Lender Products and Services

From [Service 1st's](#) CEO, [Curtis Knuth](#), "Rob, a big thank you to your newsletter team as we've received a great response to our product launch at MBA Annual. To your readers that didn't see, we're launching a simple income determination solution saving FTEs 40 mins per loan file. e-Mail info@srv1st.com to schedule last minute meetings. Lastly, we're launching this same solution through NCS to our preferred Alliance Partner channel at the [NCRA Annual Conference](#) in Savannah, GA; Nov 5-7. To schedule meetings @ NCRA, please e-mail me directly at cknuth@ncstrv.com."

Lending solutions provider Data Facts recently announced it is offering a webinar to examine why you should really be taking a second look at Fannie Mae's Day 1 Certainty program. Data Facts will uncover how it's been changing the game for lenders, and why it's never been easier to implement D1C for your business. The free webinar is on Thursday, October 24th at 9am CT. Click [here](#) to save your seat. Keep [Data Facts](#) in mind as a trusted partner you can rely on for credit reports, fraud products, tax return and social security verifications, flood certs, lead gen products, and more. Talk with a live person and take advantage of their personalized support. Offering a variety of seamless LOS integrations (Encompass, Calyx, Byte, etc.) and a 100% US based customer support team, helps lending clients close more loans, faster and easier.

Take charge of your 2020 production and profitability numbers by getting the book [Conquering Shifts](#) into the hands of all of your originators as part of your business planning. There are several reasons I recommend this book. First, it provides a road map to origination success, second it provides numerous examples of mortgage originators who made the necessary shifts in their businesses to grow and win. Mike Hardwick, Churchill Mortgage. The authors, Cindy Douglas and Kathleen Heck have done a masterful job of both selecting and interviewing a variety of experts from different regions. What sets this book apart from others is that instead of simply teaching success principles or techniques, the reader sees exactly how they were implemented." Marty Preston, Benchmark Mortgage. For loan officers and senior management looking to boost production [Conquering shifts](#) is a must read. [Discount](#) pricing ends October 24.

Chenoa Fund: Helping Homebuyers Overcome Obstacles – Homeownership may be the cornerstone of the American Dream, but achieving it isn't easy. Even couples with steady jobs and solid incomes sometimes struggle to secure a mortgage, perhaps because of past medical or financial difficulties or high rents that prevent them from accumulating a down payment. State housing programs are intended to support such borrowers with down payment help or other assistance, but many carry restrictions that lock out qualified buyers. Some limit assistance to lower incomes, while others help only first-time buyers. Many frustrated borrowers have found an ally in the Chenoa Fund. With reasonable credit controls and borrower [education](#) through a HUD-approved [provider](#), Chenoa Fund programs are helping thousands of buyers escape the renters' trap and buy homes. The [Chenoa Fund](#) is administered by CBC Mortgage Agency, whose mission is to increase affordable, sustainable homeownership across the U.S.

Freddie Mac Single-Family is ALL FOR building the future of home. Affordable lending is evolving and Freddie Mac is ALL IN on providing solutions that enable emerging populations to achieve the dream of HOME. We are changing perceptions by developing products and resources that drive real opportunities for businesses while creating a renewed sense of access for borrowers. Read an [Executive Perspective](#) from Danny Gardner, Senior Vice President, Freddie Affordable Lending and Access to Credit, that highlights the value of education and strategic outreach to overcome barriers to homeownership. In addition, don't miss Freddie Mac's take on [The Future of Affordable Lending](#) in Housingwire. Learn more about [All For Home](#)SM, Freddie Mac's approach to affordable lending, and discover key insights to inform your business and take advantage of solutions and tools that will further enable your borrowers to make [Home Possible](#)®. All in. All of us. All For Home.

Exciting things are happening at [NewRez](#)! With the acquisition of Ditech into the NewRez family of companies now complete, we combine

the expertise and capabilities of the organizations to bring more than ever to our clients. NewRez Correspondent's national team remains focused on GSE and government business, now under the leadership of John Davis. Lisa Schreiber is leading the growth of a new, national NewRez Non-QM team, delivering more product choices and technology solutions. We look forward to seeing you at the MBA to share more about how we can support your success – find us in the Capital Ballroom at the Omni Austin Hotel Downtown. To make an appointment in advance, contact mba2019@newrez.com.

Vendor Updates

With hundreds of lenders vying for business from lenders, competition is fierce. Let's take a random sample and play some catch up on who is doing what out there.

Appraisal management software developer, Anow has announced the release of [Anow Enterprise](#), a cloud software suite that connects individual appraisal companies to form service networks that can efficiently provide localized service at scale. Anow Enterprise's order management framework enables a true peer-to-peer system, where any participant in the network can originate an appraisal order and route it to others.

Unison launched a home volatility index showing that American homes, considered a bedrock asset and the key anchor of many Americans' financial portfolios and retirement plans, are as volatile in value as a stock market index. New homeowners are particularly vulnerable to housing market risk, as they typically have the highest proportion of net worth locked in their home and are also the people taking on the most mortgage debt. For details, read the full [Unison Volatility Index Whitepaper](#).

First Allegiance is offering to develop property inspections to [meet the needs of its clients](#). Inspections include, but are not limited to, General Inspections, Occupancy Determinations, Property Condition Reports, Hazard, Insurance, Damage- storm, accident, other, Contractor Inspections- Quality control and more.

Fidelity National Financials' new [Digital Closing Hub](#) is now open. This resource, available to FNF title agents nationwide, was created as the company continues to lead the way on the ever-evolving topic of digital closings. This Digital Closing Hub is another step in the plan to create a better experience for consumers wanting to take advantage of full and hybrid digital real estate closings. It is education-focused and will ensure that FNF's independent agents have the knowledge and tools they need to utilize everything that adopting digital closings can give them and their customers.

Purchasing real estate auction properties just got easier for buyers with the Hubzu® free mobile app and SMS notifications. Buyers can find detailed property information, photos, receive auction alerts and place bids on properties. [Click to learn more](#).

NRL Mortgage is now offering FormFree's AccountChek automated asset verification to loan applicants. Bolstering borrower experience with AccountChek's convenient and secure electronic asset verification, AccountChek gives borrowers a convenient and secure way to verify their assets without having to print, scan or fax bank statements.

Capital Markets

Will the US consumer continue to spend heading into the fourth quarter? Last week we saw the first decline in retail sales in seven months due in part to a sharp decline in auto sales. Consumer confidence has stalled and job growth is slowing, albeit the unemployment rate is a very low 3.5 percent. With personal consumption roughly 70 percent of GDP, a slowdown in spending would have a significant impact on growth in the coming quarters. Industrial and manufacturing production is already seeing a slowdown, contracting 0.4 percent and 0.5 percent respectively in September. While part of the decline was due to the strike at GM, manufacturing output excluding auto production was still down for the month and has been down six of nine months this year. One bright spot in the economy is single family housing starts, which rose for the fourth consecutive month. Additionally home builder confidence was at a 20-month high in September. Still, housing by itself only accounts for about 4 percent of the economy and the slowdowns in consumption and manufacturing have **driven many market participants to expect a 25-basis point rate cut** to the fed funds rate following the FOMC meeting at the end of the month.

Prime Minister Boris Johnson **finally managed a new Brexit deal** with the European Union last week, three months after his "do or die" promise to get Britain out of the E.U. by the Oct. 31 deadline. Markets were temporarily buoyed by investors' optimism that the plan could actually get a nod from Parliament, but British lawmakers rejected Mr. Johnson's proposal in a rare Saturday session / vote, bringing the entire mess back to square one. Three possibilities remain: a no-deal exit from the European Union, which could be economically disastrous, a second referendum on whether to leave at all, or a general election that could put new leaders in power. In addition to the uncertainty surrounding Brexit, there have been several notable revolts and protests around the world, **forcing Treasury yields lower in the process**.

Remember, U.S. rates usually go down the more uncertainty in the world/markets, and vice versa. There are rallies & demonstrations around the world grabbing headlines and causing unrest: More than 500k people rallied in Barcelona, Spain, Chile declared a state of emergency after a transportation fare increase set off violence and looting, Lebanese protesters marched in Beirut and other cities calling for the government's overthrow, Haiti has seen weeks of violent demonstrations and left streets across the country barricaded because of a power struggle between its president and a surging opposition movement, and protestors continue to march in Hong Kong despite an official ban and attacks on the march promoters.

U.S. Treasuries ended last week on a mostly higher note, trading in "risk-off" fashion, though it was a dull session in general. Abroad, China reported its weakest year-over-year GDP growth rate in nearly three decades, while domestically, the Conference Board's Leading Economic Index declined in September, abetting the narrative of a developing growth slowdown for the U.S. economy.

Ahead of this week's FOMC blackout period, markets received some Fed speak on Friday. **Fed Vice Chair Clarida affirmed the U.S. economy remains in a good place**, despite "evident risks." Kansas City Fed President George said that her assessment of the economy does not call for a rate cut at this time, though this came after she voted against the rate cut in September. The fed funds futures market currently sees nearly a 90 percent implied likelihood of a rate cut being announced on October 31. This week brings central bank decisions from the Riksbank on Wednesday and the ECB and Norges Bank on Thursday.

Today is a light economic calendar, with no economic data scheduled for release. However, markets will receive remarks from Fed Governor Bowman, in addition to the results of a joint BoE, FRB, and ECB conference. Tomorrow brings September Existing Home Sales, before the midweek session reveals the August FHFA Housing Price Index. Thursday sees September Durable Orders and September New Home Sales, before the week closes with a Final October Michigan Consumer Sentiment Survey. We begin today with the 10-year yielding 1.77% after closing last week at 1.75 percent and Agency MBS prices are worse/down a few ticks.

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