

Compliance, Digital Products; Customer Service Trends; Capital Markets Steady

By: Rob Chrisman | Mbn, Dec 23 2019, 12:38 PM

There sure are lots of people, borrowing lots of money, for lots of houses out there! And the bump in activity is coming from non-bank lenders and is not coming from non-QM sources since government-related mortgage programs accounted for all of the growth in single-family mortgage servicing during the third quarter of 2019. Per [Federal Reserve data](#) released this month, the supply of one- to four-family mortgage debt outstanding climbed 0.8% from June to reach \$11.075 trillion as of the end of the third quarter. If anyone asks you, Fannie Mae, Freddie Mac and Ginnie Mae had a combined \$7 trillion of single-family mortgages outstanding, mostly in mortgage-backed securities pools, up nearly 2% during the third quarter, more than double the overall market increase.

Lender Products and Services

In warehouse personnel news, Texas Capital Bank, N.A. congratulates Joe Polacheck on his upcoming retirement from the bank at the end of the year after nine years of service. Joe built the Midwest region for the Warehouse Lending business from the ground up, and we're going to miss him. Join us in celebrating Joe – send him a quick note before he head's out on his next adventure!

When asked about how digital lending will change in 2020, Michael Oritz, co-founder of the Creative Artists Agency (CAA) and former president at Disney, said, "Bankers and financial service people will fully embrace digital services but will retain humanity by increasing interpersonal interactions in newly thought out ways." Blend spoke with 15 other industry leaders on the future of lending; dive into the conversations [here](#).

Velma.com's new solution, Connector by Velma®, has added an ECOA-Adverse Action compliance workflow. The new ECOA workflow tracks loans nearing the 30-day notification window and automates the LO file update. Multiple manual steps for the loan officer and the operations team are eliminated and no loans are missed. Best of all, no time is spent by anyone logging into the LOS! Exciting stuff; get more information [here](#).

Customer Service = Customer Retention

What is the real-dollar value of a delighted servicing customer? It's not an easy question to answer. Most servicers know their portfolios hold substantial revenue potential for repeat and referral business, but most aren't investing in their technology to improve the borrower experience. The difficulty with assigning real dollars to an improved servicing experience has led to a hesitancy to innovate — in fact, some of the most used servicing systems are more than 30 years old. In his December MortgageSAT Tip, MortgageSAT Director Mike Seminari describes three ways lenders can use technology to fuel servicing retention and in doing so, drive higher revenue. "Technology can fuel servicing retention by helping servicers improve the customer experience, creating more repeat and referral customers," says Seminari. "That means technology must help you to identify areas that are in the greatest need of improvement and give you the means to put the data into action." Check out the new [MortgageSAT Tip](#).

[CBCInnovis will join forces with Factual Data](#) as part of a brand unification. Affiliates since the 2015 acquisition of Factual Data, the combined organization will carry the Factual Data brand name. "This unified organization will allow us to focus our efforts on growing a singular, stronger market leading credit reporting agency backed by best-in-class customer service and technology," said Chief Operating Officer Ken Viviano. Both CBCInnovis and Factual Data are credit reporting agencies operating as part of the same family of businesses. Brands also include industry-leading DataVerify, which offers a single-source platform for data verification, fraud prevention, and compliance assistance.

In the world of appraisal technology, SimpleNexus has partnered with Reggora. The integration enables loan originators (LOs) to manage appraisals on the go within the SimpleNexus mobile app. Recall that SimpleNexus offered up an application program interface (API) and webhooks that enable mortgage lenders to establish real-time data syncing between SimpleNexus and non-integrated third-party systems, including customer relationship management (CRM) platforms and loan origination systems (LOSs). Lenders can leverage the API to instantly relay loan application data collected by the [SimpleNexus digital mortgage app](#) to a CRM for use in automated marketing campaigns.

Playing some catch up here, a [press release](#) discusses the partnership between First National Bank and Trust Company (FNBT) and Finastra. Finastra's open core platform, Fusion Phoenix, was chosen to replace FNBT's legacy system because of its ability to evolve in tandem with customer needs over time while reducing overhead and costs.

Mortgage document preparation vendor International Document Services, Inc. (IDS), announced it has integrated 4506-T Verification Services from QuestSoft Corporation, one of the nation's leading providers of automated mortgage compliance software, into idsDoc. With this integration, QuestSoft customers can now directly order 4506-T income verifications to be eSigned through idsDoc.

HouseThis app has added another new feature, a [Chrome extension](#) providing insight into real estate and financing activity about the area of any California property address you search on Zillow and Trulia. One can instantly discover useful real estate information, like how many homes are paid off, carry mortgages, have second loans, and more, as well as the average mortgage rate for the area.

Recall that Hubzu launched [a mobile technology features including a mobile app and SMS notifications](#). These features allow Hubzu users to further engage and interact during the search and online auction phases by receiving real-time notifications regarding auction outbids, auction end times, foreclosure auction alerts, auction bid prices and new properties. Bids can now be placed directly through the mobile app and via SMS, an industry-first feature, providing users the flexibility they need to remain connected during an active auction.

And OpenDoor announced the launch of [a new home buying service](#) that helps buyers find the right home and buy it at the best price, with a buyback guarantee that provides peace of mind. The previous integration with the Open Listings platform offers on-demand self-tours for any home on the market, all-cash offers, and a 90-day buyback guarantee. This service is currently available to buyers in Phoenix, Dallas-Fort Worth, and Raleigh-Durham.

Finicity and Ellie Mae announced that Finicity's digital Verification of Assets (VoA) solution is now available through Ellie Mae's Encompass Digital Lending Platform. "Integrating Finicity's VoA solution into Ellie Mae's Encompass platform streamlines the origination process for lenders enabling them to eliminate once-manual tasks and devote more time to customer service and business development. Using Finicity's VoA can shorten the application process by as many as 6 days." "Since implementing this integration, our closing times have been significantly reduced," said Torrey Larsen, Synergy One CEO. "Our loan officers are spending less time trying to verify assets and more time focusing on what really matters: our customers' futures."

Mortgage firms rely on dozens, sometimes hundreds, of third-party vendors. That means that real estate finance companies must entrust the private data of current and prospective borrowers to a variety of service providers. But how can a mortgage company be certain that their vendors are adequately addressing cybersecurity risks? One solution is a security rating now available through the Vendorly platform thanks to its [recent agreement](#) with BitSight®. Vendorly is now an authorized reseller of BitSight Security Ratings, which can help provide Vendorly customers with the ability to scale their vendor risk management programs quickly and effectively, regardless of their current security posture.

Capital Markets

Last week was light on rate movement, seemingly echoing the main impeachment defense proffered by Republicans: "So what?" Maybe it's because President Donald Trump seems certain to survive a Senate trial. Or maybe it's because home sales remain strong, as does consumer spending. This week figures to be even less important in the mortgage market, with most releases scheduled for today and tomorrow and many employees off their desks at some point or for the whole week due to the Christmas Day holiday.

Recent economic data continues to show the US economy continuing to expand despite many headwinds. **Leading economic indicators were unchanged in November**, however both the Coincident and Lagging indexes increased for the month and overall the data was better than October. Personal income also increased in November showing that the personal savings rate increased to 7.9 percent. Real GDP remained at +2.1 for the third quarter following the final revision. Industrial production picked up in November following the end of the UAW strike at GM. New housing starts increased to a 1,365,000 annual rate and single-family starts were at an annual rate of 928,000; the highest pace since January. Existing home sales declined slightly, however inventory remains at a tight 3.7 months' supply. As we close out the year, the US economy continues to expand despite deteriorating global conditions. While growth has slowed from one year ago, the Fed believes current monetary policy will provide enough support to maintain the current expansion.

Despite a relatively light economic calendar last week, the **markets had plenty of headlines to digest**. First, President Trump was officially impeached in the House of Representatives following in the footsteps of Bill Clinton and Andrew Johnson. For the most part, as noted above, the markets shrugged it off as it is unlikely that the Senate will follow suit. On the trade front, the USMCA continues to move forward which will provide some much-needed certainty for businesses operating in North America. Additionally, Boeing announced it would halt production of the 737 Max, which is estimated to negatively impact Q1 GDP by up to 0.5 percentage points. The announcement of a phase one trade deal between the US and China eased some of the uncertainty surrounding global trade although there are details to be finalized before the complete impact can be measured. Regardless, a reduction in tariffs and backing down from combative rhetoric should improve the economic outlook heading into the new year.

How about some good news from Washington?! The House **overwhelmingly approved the new United States-Mexico-Canada**

Agreement this past Thursday, the result of an unusual partnership between Trade Representative Lighthizer and Speaker Pelosi. The deal, which comes after nearly a year of negotiations, fulfills President Trump's pledge to revise the North American Free Trade Agreement. It also satisfies nearly every Democratic priority, including strengthening environmental protection and labor standards. The measure is expected to be considered for a vote in the Senate early next year. Separately, Congress approved \$1.4 trillion in spending on Thursday, averting a shutdown.

Things were not so rosy internationally, as Japan's cabinet office lowered its economic assessment for the fourth time this year, Japan's November CPI missed expectations, Hong Kong's November CPI dipped from the prior reading, Germany's January GfK Consumer Climate fell, and France's November Consumer Spending missed expectations. Fortunately, domestic personal incomes seem to be rising amidst relatively muted aggregate inflation pressures, and consumer sentiment beat expectations in its latest reading.

In the United States, ahead of tomorrow's early bond market close, today's calendar began with revised building permits for November, November durable goods orders, and the Chicago Fed National Activity Index – none of which really moved rates. Later this morning brings November New Home Sales and the results of a \$40 billion 2-year Treasury note auction, before tomorrow's \$41 billion 5-year Treasury note auction results. That is the only scheduled release for Tuesday as the bond market is set to close at 14:00 ET, 11AMPT, and be closed the following day for Christmas Day. When markets reopen Thursday, scheduled are releases for November Durable Orders, and the \$32 billion 7-year Treasury note auction, before the week closes with the rescheduled weekly jobless claims figures and a new two-week FedTrade schedule, totaling near \$2.7 billion. We begin the week with Agency MBS prices better a few "ticks" and the 10-year yielding 1.91 percent after closing Friday at 1.92 percent.

Opportunities

National Mortgage Lender NewRez announced today the formation of a new joint venture mortgage company to be added to its network of partners. NewRez and Shelter Mortgage Company, L.L.C., the NewRez business division focused on JV lending, have partnered with Atlanta Fine Homes Sotheby's International Realty, the exclusive Sotheby's International Realty® affiliate in Metro Atlanta. The new JV, to be named Legacy Home Mortgage, will be led by mortgage lending industry veteran Glenda Snyder. "NewRez and Shelter offer best-in-class service along with a broad product offering that our agents and homebuyers want and expect," said David Boehmig, President, Chief Executive Officer and Founder of Atlanta Fine Homes Sotheby's International Realty. "In seeking a partner, we recognized their market strength and reputation as the right fit for us and look forward to being a part of this successful JV operations model." For more information on the Shelter Mortgage joint venture platform, please contact Randy VandenHouten or go to newrez.com/joint-venture-retail.

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