

# Affordable Lending, First-time Buyer Products; URLA and Conventional Loan Amounts

By: Rob Chrisman | Fri, Dec 27 2019, 9:00 AM

If Freddie Mac and Fannie Mae didn't exist, would we create them now? Turkey will establish a new mortgage financing firm, [Birlisik İpotek Finansmanı AS](#), similar to U.S.'s [Fannie Mae](#), that will issue and sell mortgage-backed securities to facilitate housing ownership for lower income citizens. F&F certainly serve a purpose in the United States in the both the primary and secondary markets. Do you remember when mortgage companies and banks in the West sold their loans to Eastern investors? I doubt it, as that was about a hundred years ago. How about the Federal government intervening during the Great Depression, resulting in the formation of the Federal Housing Administration, the Federal National Mortgage Association (Fannie), and the Home Owner's Loan Corporation? VA loans sprang up during WWII. In 1968, the Government National Mortgage Association emerged, and in 1970 the Federal Home Loan Mortgage Corporation (Freddie) came along to help promote home ownership. Unwinding all that and returning to all "private capital" is unlikely, but footprints can certainly be reduced.

## Lender Products and Services

The holiday break is here and time to re-evaluate your process and how technology can help improve your efficiency in 2020. Digital mortgage providers like Maxwell can be impactful tools to drive efficiency for your team. Maxwell is specifically designed for small- to mid-size lenders where customization is desired and personalization from the loan officer is critical to achieving a satisfied borrower. Today, the Maxwell team reports that lenders on their platform are closing loans 45% faster than the national average, collecting docs 73% faster, and driving borrower satisfaction up over 25%. These numbers highlight how Maxwell increases efficiency, drives agent referrals, and offers true ROI on technology. To experience Maxwell, [click here](#) and set up time for your customized demo. Cheers to better lending in 2020!

There's no place like HomeOne for the Holidays! If you are an LO interested in the right product for a first-time homebuyer wanting the flexibility of conventional 3% down payment options, QLMS is here for you. HomeOne can be the gift of a lower down payment for clients who do not qualify for, or want, FHA or VA loans. It is the ideal tool for those looking for fixed rate purchase or rate/term refinance on non-high balance loans for one-unit primary residences. If you are not yet a partner with QLMS, [click here](#) to grow stronger together.

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 HomeSM, 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®.

## Conventional Conforming

It helps, to keep things in perspective, to see what the Agencies and a random sample of lenders and investors have been doing over the last month in terms of changes.

Time flies, and lenders must use the redesigned Uniform Residential Loan Application (URLA/Form 1003) and updated Desktop Underwriter® (DU®) Specification beginning on Nov. 1, 2020. Fannie Mae has published the [updated implementation timeline](#) and [supporting resources](#) as did [Freddie Mac](#).

Fannie Mae issued an [Updated Notice](#), replacing its November 6th Notice, regarding a provision of the Taxpayer First Act.

Freddie Mac has launched an automated eNote certification solution for third-party eNote custodians, which includes a system-to-system integration from [Freddie Mac's Loan Selling Advisor®](#). As a key component, this integration enables third-party eNote custodians to digitally compare the lender-delivered loan data with data included in the borrower's signed eNote, and to provide results of the certification to the lender. Freddie Mac will remain as an eNote custodian option for its Sellers and Servicers and will notify eMortgage Sellers and Servicers in advance of any changes to the custodian options.

Fannie Mae issued [Announcement SVC 2019-08](#) which revises and simplifies requirements. These include a payment shortage tolerance, adds contact information for reporting fidelity bonds and errors and omissions events, and more.

By now everyone knows that the loan limits in 2020 are increasing. The new loan limit for most of the country will be \$510,400, a 5.38% increase over the 2019 limit, and is effective for whole loans delivered to [Fannie Mae](#) and loans in MBS pools with issue dates on or after Jan. 1, 2020.

Fannie Mae's Selling Guide update [SEL 2019-09](#) announces clarifications to calculating monthly real estate tax payments, clarifies non-applicant debt policies, addresses bridge loan treatment in monthly debt obligations, publishes information on titling manufactured homes, removes requirements for assignments of mortgage for loans in Puerto Rico, simplifies capital markets processes, and more.

Sun West Mortgage Company, Inc. will accept lock requests per the 2020 Conventional loan limits published by [Fannie Mae](#) and [Freddie Mac](#) for both its Wholesale and Correspondent channels. Program guidelines are available in AllRegs ([Wholesale](#), [Correspondent](#)).

FAMC guidelines reflecting the new loan limits will be published to the Correspondent Lending Manual on January 6, 2020.

The PennyMac Correspondent Group posted a new announcement [19-65: Fannie Mae SEL 2019-08](#). And don't forget these three: [19-62: Conforming Condo Project Warranty Documentation](#), [19-63: Fannie Mae and Freddie Mac Conforming Loan Limit Increase](#), and [19-64: Update to Conventional LLPAs](#).

Lakeview Wholesale issued [Announcement W2019-31](#) outlining updates to Conforming Loan Limits.

Beginning December 16 Wells Fargo Funding allowed Sellers to enter into new Best Effort Locks and Mandatory Commitments at the 2020 conforming loan limits and change existing Best Effort Locks based on the 2020 conforming loan limits\* for Conventional Conforming loans. \*You don't have to wait to Lock Loans that will Close at the higher limits. Details are available on [Wells Fargo Funding website](#). In conjunction with eligibility of conventional Conforming Loans at the 2020 loan limits, effective 12/16 new Non-Conforming Best Effort Locks, relocks, and renegotiations must have a loan amount greater than the 2020 contiguous U.S. conforming loan limit, based on the number of units.

[PCF Wholesale](#) is accepting submissions with 2020 loan limits now on Conforming Loan Programs. The new base loan limit in most of the country will be \$510,400. The ceiling limit for most high-cost areas will be \$765,600.

FAMC is offering a new enhancement on Conventional Products - Student Loan Payments for Medical Professionals – LPA. Student loan payments that are in a period of deferment or forbearance may be excluded from the calculation of the borrower's monthly DTI if the borrower is currently enrolled in, or has recently completed, a medical residency program and/or medical clinical fellowship program.

Land Home Financial Service is accepting 2020 Conventional Loan Limits. Funding loans with the 2020 higher loan limits is acceptable in December 2019. Clear to Close may be issued prior to DU & LPA (12/04) updates, provided the "ineligible" message is due solely to the loan amount (the underwriter must ensure the loan amount meets the 2020 eligibility for the county in which the property is located & 2nd signature is required for any loan clear to close with an "ineligible" message).

The [FHFA](#) has announced the new conforming loan limits for loans purchased by Fannie Mae and Freddie Mac on or after January 1, 2020. The base limit will increase to \$510,400 and the high balance ceiling will increase to \$765,600. Plaza Home Mortgage will accept the new loan limits for new conventional conforming and high balance locks effective immediately.

FAMC Correspondent systems are now updated with the new 2020 Conforming loan limits, the manual process to lock loans is no longer needed.

## Capital Markets

This past year for the U.S. economy was a year of ongoing growth, but high uncertainty driven by trade policy along with weaker global demand. **A key element of the slowdown in U.S. GDP growth in 2019 was weaker business fixed investment**, dragged down by a weakening of the U.S. manufacturing sector due to weaker oil drilling activity, the six-week-long GM/UAW strike, the cancellation of orders at Boeing, weaker global demand, uncertainty about U.S. trade policy, the strong dollar, a flat automobile market, and range-bound residential construction activity.

Despite weakness in both business investment and the manufacturing sector, the consumer sector has been a key source of strength and stability for the U.S. economy over this past year. Consumer spending has been increasing at a faster rate than GDP for several quarters now, supported by a tight labor market. Unfortunately, the tight labor market has not given the economy the expected wage growth or inflation many have hoped for. Weaker-than-expected inflation has been an important factor in monetary policy, with the Fed initiating three consecutive 25 bps rate cuts in June due to softer global conditions and low inflation. As announced at the latest December Fed meeting, the Fed is back in pause mode, which should continue well into 2020, or until there is a material change in the Fed's outlook. Expect U.S. real GDP growth to slide from 2.9 percent in 2018, to close to 2.3 percent in 2019. Still, this is nowhere near recessionary territory.

U.S. Treasuries were little changed yesterday in a quiet post-Christmas session. The 10-year note dropped to a below 1.90 percent shortly after the completion of a **soft \$32 billion 7-year note sale before closing the day -1 bp to 1.91 percent**. The yields of most durations across the curve were unchanged on the day. U.S./China trade optimism boosted risk sentiment, as reports now say the U.S. and China may sign a partial trade ceasefire next month. But don't be lulled into a false sense of security: The protectionist impulse behind the trade war started by America remains as ineradicable as ever.

The late economist Rudiger Dornbusch said, "In economics, things take longer to happen than you think they will, and then they happen faster than you thought they could." So is a recession coming? Stock markets would say no, though remember asset bubbles occur when greed overwhelms fear. Despite the muted day for Treasuries, gains in tech shares sent the NASDAQ above 9,000 for the first time yesterday. Apple shares hit a record as the iPhone maker remained on track for its best annual performance in a decade. And Amazon's stock had the biggest advance on the S&P 500 Index after the e-commerce giant said its holiday season was "record breaking," especially impressive considering the holiday shopping season was shorter this year with Thanksgiving being nearly a week later than usual.

There is not much on today's calendar to move markets, and **indeed bonds aren't moving much**. Near the end of the day, the NY Fed will release the FedTrade MBS purchase schedule for the December 30 through January 14 period with purchases estimated at \$2.7 billion. We begin the day with Agency MBS prices better by .125 and the 10-year yielding 1.88 percent on no substantive news.

### Employment

"Do you consider yourself a Top-Flight Non-QMAE, but you are working for a subpar company? Or perhaps you're just 1 of 25 other AEs in your company working the same area, fighting over the smallest of accounts? Have you had enough of your accounts disappearing on Monday, only to end up with another salesperson on Tuesday? Are you done with promises made to you but just not kept? Do you feel like you are on an Island with zero support? You looking for a sales minded company that will really support you? Do you want Non-QM programs that lead the industry? Start 2020 off focused on you and your career, start 2020 off with a conversation with Kevin DeLory, Vice President TPO Sales at [Carrington Mortgage](#)."

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