

Non-QM, Subservicer Review Products; Wholesale and Correspondent Changes

By: Rob Chrisman | Mbn, Jan 6 2020, 8:35 AM

“Rob, I know that it costs less to retain an existing employee than to train a new one. Last year companies were reportedly paying big signing bonuses, but are you hearing about outlandish retention bonuses for production staff?” Yes, I am hearing about those. And anyone offered anything unusual will often ask management, “Why aren’t you putting this money into my daily pricing, improved technology, Ops staff salaries, or the company’s marketing budget?” Speaking of personnel, this commentary has plenty of job opportunities. Every employer has a decision to make regarding having each position work remotely or be in the office. There are pros and cons to each. Every HR person should [read this article](#) about making remote employees more productive. After all, what employee wants to grapple with rush hour ten times a week if they don’t have to?

Lender Products and Services

AFR is pleased to announce the governmental entity that offers DPA Advantage has expanded the eligibility requirements of the program. [American Financial Resources, Inc. \(AFR\)](#) is excited to help you use this program to bring more buyers home! With expanded eligibility for the DPA Advantage program, more eligible borrowers can purchase a home using a grant equal to either 2% or 3.5% of the purchase price. Which means you can help more hometown heroes buy a home within the community in which they work. Down payment assistance may even be combined with up to 6% seller concession for closing costs. In addition to providing business partners with unique products and services, AFR also provides industry-leading technology, professional expertise and continuous educational opportunities. For more information on becoming an AFR partner, email sales@afrwholesale.com or call 1-800-375-6071.

Do you use Dovenmuehle as your subservicer? Richey May & Co. will be conducting its annual subservicer oversight review over Dovenmuehle later this month to assist lenders with their monitoring and oversight responsibilities. Richey May’s program and subsequent 120+ page report provides value beyond the basic compliance requirements, including face-to-face interviews with all key department heads to observe their processes and challenges, a comprehensive review of business continuity and IT assessments to ensure client and consumer information remains secure, and a summary of the subservicer’s notable accomplishments and strategic initiatives for the future. The optional loan level testing provides succinct and valuable insight into how your personal portfolio is being serviced, potentially uncovering unobserved information and assisting in the client-subservicer relationship. To learn more or to participate in the upcoming review of Dovenmuehle, or our 2020 reviews of Cenlar or LoanCare, please contact Kevin Lohry.

In 2019 many lenders experienced relief from the profit margin compression of 2018 thanks to falling interest rates and high volumes. The question on many minds is whether this represents a temporary respite or a continuing trend? Regardless of market conditions, lenders with strong profitability will be in the best position no matter what the future holds – and the seasonal lull offers an opportunity to look inward. MCT’s latest whitepaper, *15 Strategies for Lenders to Improve Profitability*, outlines actionable tactics you can put to use now in the areas of secondary marketing, business operations, and technology. These strategies amount to over 100 BPS of potential improvement to margins based on the experience of lenders who have put them to use. “Optimization of my investor set improved my margins by 30 BPS on government, which improved my all-in execution by 12-13 BPS.” - Andrew Stringer of First Bank discussing [Strategy #2](#).

Wholesale and Correspondent News

United Wholesale Mortgage announced that it set a company record of \$107.7 billion in mortgage loan volume in 2019, more than doubling its 2018 production of \$41.5 billion. The company’s press release noted, among other things, that, “UWM also secured the title of #1 wholesale lender for the fifth year in a row which has never been done before in the industry. Through the first three quarters of 2019, UWM accounted for 32.7 percent market share, which is almost eight times more than the No. 2 competitor in the market. UWM was also recognized as the nation’s No. 2 overall mortgage lender, behind Quicken Loans. According to data compiled by IMF, UWM outpaced big bank lenders Wells Fargo, Chase, and Bank of America in overall lending in all four quarters of 2019.

Sun West Mortgage has implemented the Truth in Lending (Regulation Z) Annual Threshold Adjustments and has updated sections of its [Implementation Guide](#) accordingly.

A recent loanDepot Wholesale/Correspondent [Bulletin](#) summarizes recent and upcoming changes 2020 Truth in Lending Act - Threshold Adjustments.

Chase Correspondent Lending issued [Operations Updates](#): Bulletin Process Improvements, HMDA LAR Requirements and MERS.

US Bank Correspondent/HFA's recent [Seller Guide Update](#) includes information on Income Commencing After the Note Date, Escrow Waiver Requirements, Compliance Update

Second Mortgages - Appraisal Requirements and Correspondent Overlay Matrix Update. And U.S. Bank Home Mortgage published [Seller Guide Update SEL-2019-030 18 Monthly Release](#) covering HFA and Correspondent Overlay Matrix updates plus multiple other topics.

Plaza Home Mortgage® has updated its [Appraisal Fee Schedule](#) with all changes being effective starting December 2. Also, a Co-op Appraisal Fee has been added to additional states where Plaza lends on Co-op's. Plaza now gives you the ability to offer your borrowers a simple and secure way of paying for their home appraisals online. Watch the [short video](#) to learn how to set up clients for this convenient payment method. Plaza is standardizing its Administrative Fees for new loans created in BREEZE on or after January 1, 2020. All loan products (excluding Streamlines and IRRRLs) will be \$995. FHA Streamline, VA IRRRL, USDA Streamline will be \$595. 2nds will be \$500 (waived for TX and VT). The Administrative Fee will be based on when a loan is created in BREEZE, which may be earlier than when it is submitted. This means that loans created in BREEZE prior to January 1, 2020 will maintain the previous fee amount, if it differs from the new amount.

Bayview agency eligible products have been expanded to allow for additional occupancy types. [Review the announcement for full details.](#)

Carrington Wholesale now offers NIVA on Investment Properties 1-4 units. [View the guidelines](#) for more information.

US Bank Correspondent/HFA issued a reminder regarding escrow waiver requirements. Effective for applications taken on and after January 1, 2020, an escrow waiver may be granted for conventional loans with LTV/TLTV equal to or lessor than 80% (properties located in CA may waive escrows with an LTV/TLTV lower than 90%). Any consideration to waive escrows (excluding California due to state statute) must include the borrower's ability to pay taxes, insurance and any other charges when they become due. Escrows may not be waived on: HPML mortgages, Government loans, Borrowers who do not have enough excess reserves to cover a year's worth of taxes and insurance, Refinance loans where real estate taxes are delinquent or HFA loans. Situations when Flood Insurance is required. California loans with MI or flood insurance. MI escrows and flood insurance escrows cannot be waived.

Franklin American Mortgage added an enhanced loan delivery option that simplifies the file delivery process. Both closed loan files and non-delegated underwriting files may now be uploaded directly through the secure FAMC website. Details are posted on the website in the Loan Delivery chapter of our lending manual.

Minimal reserves are required with the High Balance USA Program. View the Land Home Financial Services [Guidelines](#) for details.

At a Seller's request, AmeriHome Mortgage can provide daily Purchase Advice data in a csv or xml file via SFTP, eliminating the need to manually re-key Purchase Advice details and streamlining retrieval of each day's data within a single transaction. Additionally, daily pre-wire Purchase Advice data is also available via csv or xml file, providing the opportunity for Sellers to preview in detail the Purchase Advice activity scheduled for each morning.

Capital Markets

The last economic data to be released in 2019 told the same story we've heard for much of the second half of the year. The **ISM Manufacturing Index fell for the fifth consecutive month to a more than ten-year low**. Making this worse, the December reading captured the return to work at General Motors upon the conclusion of the AUW strike, but it did not account for the stoppage at Boeing for the 737 Max production which will no doubt be a drag on the data in the new year. Globally, manufacturing conditions remain soft due to steep contractions in Germany and Mexico. U.S. single-family residential projects bolstered construction spending in November which was up 0.6 percent for the month and 4.1 percent year-over-year. **New jobless claims declined for the week ending December 28 but not to the 213k level seen for much of the last six months.**

The disappointing ISM Manufacturing Index for December helped to advance the Treasury market, and thus mortgage prices. Nine states will likely slide into contraction in the next six months, the most since the financial crisis. Federal Reserve officials said on Friday the U.S. **economy will keep growing at a healthy pace despite the Iran confrontation** and continuing weakness in the manufacturing sector. On the bright side, the easing of trade tension between the U.S. and China could lead to better manufacturing activity in 2020.

The FOMC Minutes from the December meeting showed that policymakers are open to expanding asset purchases, though active repurchase operations are scheduled to end in the middle of January. The minutes gave scant clues about any change in the Fed's position on interest rates for the rest of the year. It seems we can all still expect the federal funds rate to remain unchanged in 2020. However, inflation, specifically the kind that may result from rising oil prices after the killing of Soleimani, could impact headline pressures and crimp spending on other discretionary items.

Today's calendar begins, and ends, here shortly with final December Markit Services PMI and Composite PMI. Tomorrow: November Trade Balance, November Factory Orders, and December ISM Non-Manufacturing Index. Wednesday brings the December ADP Employment Change, and after an uneventful calendar on Thursday, the week closes with the always-important December Nonfarm Payrolls, and November Wholesale Inventories. Supply also returns with Treasury conducting the mini-Refunding from Tuesday to Thursday consisting of \$78 billion in 3-years, 10-years and 30-years. With regards to MBS, the Desk will conduct three FedTrade operations targeting up to \$1.893 billion TBAs (in February) while December prepayments will be released on Tuesday after the close. We begin the week with Agency MBS prices unchanged and the 10-year unchanged, yielding 1.79 percent.

Jobs

“Great people are coming BACK to Movement Mortgage! Here at Movement, we exist to love and value people, that’s why we’ve had over 20 originators return to the South Atlantic Region in the last year doing over \$200M in volume! If you're an experienced originator who wants more for yourself, professionally and personally, we can provide you the tools and first-class coaching to help you develop habits that can lead to your future success. To learn how we can make 2020 your best year ever, contact one of our experienced mortgage recruiting consultants in the South Atlantic: Shay Crow (720-315-2195) or Elisha Manning (252-714-8240). Visit <https://movementlo.com/region/south-atlantic> to learn more.”

2019 was more than another great year for [Caliber Home Loans, Inc.](#); It was the BEST year in our company's history. Caliber produced \$61.1 billion overall last year! We all worked together to break more records, streamline operations and leverage our modern sales platform. One significant milestone was in November, when we made a hefty 70.9% jump in production from the second to the third quarter, according to Inside Mortgage Finance. This was the highest rate of increase of any lender in the top 30! The sky continues to be the limit at Caliber, and there is no better time than now to join us as a Loan Consultant! Visit www.joincalibernow.com or email Brian Miller to learn about a career opportunity in your market.

“LoanStream Mortgage, The “One” Lender welcomes James Fitch, Area Sales Manager. James brings long-term experience, a great network and a strong knowledge of Non-QM, Conventional, and Government lending to expand our East Coast Team. He’s hiring experienced Account Executives in FL, GA, NC, VA, PA, and NJ. AEs & brokers looking to work with James can contact him at 800.760.1833. James is on our Non-QM Educational Webinar on January 10th, Friday – Interested loan officers, processors and teams can [Register Here.](#)”

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