

# Pricing, Broker, Sales Products; Missiles, Oil, Tariffs, and Brexit and Their Effect on Mortgage rates

By: Rob Chrisman | Wed, Jan 8 2020, 9:06 AM

Hey, I want to buy my own house without the “nuisances” of a large down payment, difficult credit standards, massive debt, or long-term commitments. [Out of California comes Fleq](#), which tells me that I can do exactly that. All I have to do is lease the property and buy/share my equity through an “Alliance.” Shared equity, rent to own, and leasing aren’t new concepts, but it is always interesting to see how these companies do, and what consumers think. (Speaking of consumers and their reviews, here’s the latest in settlement news: [a Northern California lender settling with the FTC](#) regarding allegations of posting personal information on borrowers that gave bad reviews.) Tariffs aren’t new either, nor are trade problems and deficits, and geopolitical tension & strife. The press and financial markets have been focused on them for many months, almost forgetting about the U.S. economy. Much more in the capital markets section.

## Lender Products and Services

ReadyPrice has announced investor integrations with Stearns Lending and PRMG Wholesale. This sort of deep investor integration provides Non-Delegated Correspondent Lenders with a cloud-based tool to shop / lock rates, disclose, underwrite, deliver docs and fund directly with top investors, all through ReadyPrice’s [Mortgage.Exchange](#). The investor integration gives NDC lenders even more independence by allowing them to control the entire loan process through a single platform. Ready to learn more? [Schedule a demo](#) of ReadyPrice’s Mortgage.Exchange today.

Looking to grow in 2020? MonsterLead Group introduces [The Monster Way](#), an unprecedented 8-week plan to radically change the future of your mortgage business. The Monster Way is a formidable combination of a direct marketing system, a sales process and a custom playbook for growing your organization. It includes a dedicated Monster expert who works with you to create an 8-week direct marketing campaign that generates a consistent flow of the right leads to your inbound call team. We’ll train your MLOs how to turn more of those calls into apps using the same professional sales techniques as the highest producing originators in the country. Your reps will graduate with the secret sauce for generating record sales in any market, regardless of rates. Join our clients who originated more than \$10 billion in 2019. Find out if your organization and The Monster Way are a good match: [Apply](#). (Space is limited due to high demand.)

Ready to learn about and market new VA mortgage opportunities in 2020? The recently implemented Blue Water Navy Vietnam Veterans Act of 2019 has provided new mortgage benefits for jumbo borrowers, active duty Purple Heart recipients and more. As a leading VA lender, Freedom Mortgage Wholesale’s [No Down Payment VA Jumbo](#) program enables eligible jumbo borrowers to exceed published FHFA county loan limits without a down payment requirement! No jumbo overlays or loan limits! Sign up for 2020 VA Mortgage Marketing training on [1/15](#) and [1/17](#).

“In today’s competitive wholesale lending marketplace, it’s tougher than ever to maintain your relationships with your customers. That’s why Franklin American Mortgage, a division of Citizens Bank, N.A., is committed to not soliciting our active partners’ customers with any mortgage-related marketing or sales messaging. Not only does this help your customers stay your customers, but it also allows us to maintain our relationship as your lending partner for any further needs they may have. Our non-solicitation commitment is just part of how Franklin American Mortgage is reimagining wholesale with PowerLX – a powerful new lending experience. Learn more at [Power-LX.com](#).”

89% of new home shoppers start their search online: which means if you can’t create your own single property website with comarketing and lead capture, you’ll be paying for leads you should already own. But, unless you went to coding school, creating an MLS integrated website is likely a pipe dream. Don’t worry though, [Jungo](#), the Salesforce-based, mortgage and real estate optimized CRM, just pumped some serious steroids into its product with a new feature, [The Property Listing](#). You can build single property co-branded websites, from their CRM, with just an MLS number, no coding necessary. With the shareable website link you generate, you can promote your property and have leads funnel right back to you and your co-marketing partner. Like having your cake and eating it too. So, jump in: there’s no time like the [present](#).

“Studies show that learning a new skill is good for the brain and can improve memory and cognitive decline. That being said, here’s an idea of a new skill for you: Focus on niche products that you don’t do every day, not only can it help your borrower and realtor relationships, but it could contribute to your well-being. And, to make sure it isn’t too taxing, partnering with Deephaven Mortgage along with their IDENTI-FI technology suites, you can have an experience that most resembles your conforming loan process. Deephaven’s technology tools help originators “IDENTI-FI” whether their clients are eligible for Non-QM financing, 24/7. To find our AUS, scenario calculator, and bank statement calculator is easy: visit [Deephaven Wholesale](#). Or, reach out to an Account Executive today to build your Non-QM business via email at [brokerinfo@deephavenmortgage.com](mailto:brokerinfo@deephavenmortgage.com) (Wholesale) or [sales@deephavenmortgage.com](mailto:sales@deephavenmortgage.com) (Correspondent).

## Capital Markets

Attacks in the Middle East **have not moved bonds dramatically**. Headline fatigue? The belief that things will quickly be resolved? There was no easing into the new year as markets had two geopolitical headlines to digest as the calendar turned to 2020. First, the Phase I trade deal with China will officially be signed on January 15, which will see both countries stepping back on tariffs as well as an increase in purchases by China of American products and services. While the deal was officially announced earlier in the month, the announcement of the signing was seen as more than a mere formality given the back and forth over the last year. While the deal is not expected to lead to a resurgence in business activity it does at least bring some certainty to the trade environment.

The second headline facing markets was the US airstrike in Iraq that killed one of Iran's top military generals. The market concern (aside from geopolitical unrest) will be the long-term impact on oil prices, which jumped following the strike. Additionally, geopolitical unrest tends to lead to lower bond yields as investors seek safe havens. Geopolitical tension! Always great for rates. Recall that last week U.S. Treasuries, and agency MBS, rallied, pushing yields to their lowest levels since early December. **The rally was primarily over concerns about the inflammation of a long-standing conflict with Iran** after U.S. forces killed top Iranian general Soleimani. The whole world (read: LOs and AEs everywhere) awaits how, and where, Iranian Supreme Leader Khamenei will deliver his grave promise of "severe retaliation" after the three-day period of public mourning ends.

Since America's 2003 invasion of Iraq, Soleimani had challenged U.S. power with proxy militias in Iraq, Lebanon, Syria and Yemen, conducting a hybrid war against America without triggering a direct response from Washington. Congress, with the exception of one Republican senator who was with President Trump at his Florida resort, wasn't consulted beforehand. Oil prices spiked and stocks fell.

There are "normal" economic headlines. U.S. Treasuries pulled back slightly yesterday after the release of a **stronger than expected ISM Non-Manufacturing Index** for December, which registered the fastest pace since August 2019 but the pace of new orders, new export orders, and employment all slowed, while the backlog of orders contracted at a faster rate than November. Other good news included the trade deficit narrowing beyond expectations in November, which will be a positive input for Q4 GDP growth forecasts. And Factory Orders declined, representing soft conditions in the manufacturing sector, but not as much as expected. After all those prints came out, Treasury sold \$38 billion in 3-year notes to lukewarm demand, helping the 10-year close +2 bps to 1.83 percent.

Here's some (peaceful) international news. The UK parliament reconvened yesterday after its winter recess, as Prime Minister Johnson now looks to push Britain's departure from the EU through as quickly as possible with his large parliamentary majority. As far as economic readings went, Eurozone's November Retail Sales beat expectations to nearly double the predicted year-over-year increase, Italy's December Consumer Confidence rose beyond expectations, and Spain's December Consumer Confidence ticked upwards. It wasn't as rosy for investors hoping for good news out of Asia. Hong Kong's Chief Executive Lam said that the economic recession is expected to intensify in 2020 and that some businesses will close after the Lunar New Year. And Japan's December Services PMI decreased into contractionary territory, hitting its lowest level since late 2016.

Now, let's turn to the non-peaceful news. The Pentagon said more than a dozen missiles were launched from "Iran and targeted at least two Iraqi military bases hosting U.S. military and coalition personnel at Al-Assad and Irbil," occurring at 1:30am local time (5:30pm ET). U.S. officials are working to determine the damage. Secretary of Defense Esper said that the U.S. has no plans to withdraw troops from Iraq despite reports to the contrary.

Investors **instinctively turn to oil prices whenever tensions in the Middle East flare**, and indeed oil prices are up since General Soleimani's death on Friday. Oil prices more than doubled after the OPEC oil embargo in late 1973 and again following the Iranian revolution in early 1979. But while consumer purchases of "gasoline and other energy goods" accounted for roughly 4 percent of total personal consumption expenditures (PCE) in the 1970s, those goods now account for only 2 percent of modern PCE. In addition, higher oil prices currently have more of a stimulative effect on the U.S. economy, encouraging more investment in the energy sector. And other industries are not as dependent on oil as an energy source as they were in the 1970s. Oil prices would need to climb well past its current levels to have a meaningful effect on consumer purchases of other goods and services.

While higher oil prices do not have as much of a slowing effect on the U.S. economy as decades ago, the uncertainty surrounding the crisis could potentially be more meaningful. Stock markets have weakened since Soleimani's death, and credit spreads have moved out a bit, both representing a modest tightening in financial market conditions. Tighter conditions, if sustained, could deliver some headwinds on the economy. In addition, American consumers and businesses could potentially turn cautious if a cycle of violence were to take hold. In terms of rates, the Fed is widely expected to keep rates on hold for the foreseeable future, and the uncertainty that the Iranian crisis brings corroborates the view that the FOMC will not be hiking rates anytime soon.

Today's calendar began with two-weeks' worth of mortgage applications from the MBA for the week ending December 27 and the week ending January 3. Mortgage applications decreased 1.5 percent from two weeks earlier. We've also had ADP employment (202k, very

strong). Later this morning will bring remarks from Fed Governor Brainard, The Desk conducting a UMBS30 FedTrade operation consisting of purchasing up to \$891 million 3 percent (\$537 million) and 3.5 percent (\$354 million), and Treasury conducting the second leg of this week's mini-Refunding with the auction of \$24 billion in reopened 10-year notes. We begin the day with Agency MBS prices worse a few ticks and the 10-year yielding 1.82 percent.

## Jobs

A well-known household name, with a spectacular reputation of consumer trust, is looking for Call Center Loan Officers (federal registration) for its St Petersburg, Florida location. Warm leads are generated internally from existing consumer relationships across multiple states within their area of operation. Candidates should be familiar with Encompass and both conventional and government originations and demonstrate superior customer communication skills that reinforce the company's commitment to an on-going relationship across multiple product lines. Excellent compensation including base plus incentive and benefits. Interested parties should send their resumes to Chrisman LLC's Anjelica Nixt.

## Transitions

National MI announced that [Norm Fitzgerald](#) has been promoted to chief sales officer. He joined National MI in 2014 as SVP of national field sales and will be overseeing National MI's entire sales organization, including national and field sales, marketing and business development strategy. "Norm Fitzgerald has a proven ability to successfully lead and motivate a nationwide sales team, and I am excited to have him take on this expanded role for National MI," said CEO Claudia Merkle. "Norm's experience in the mortgage industry and his leadership skills make him well-suited to serve as National MI's chief sales officer," Fitzgerald has over 28 years of experience in sales and operations within the mortgage and banking industry. Prior to joining National MI, he held the position of senior vice president at Mr. Cooper (formerly Nationstar Mortgage), where he built and launched a top correspondent lending channel. His prior experience includes serving as president of Correspondent Lending at PHH, as well as leadership positions with CitiMortgage, PMI Mortgage Insurance Co., and Citizens Bank.

[Texas Capital Bank, N.A](#) is proud to announce that Becky Lottridge will be joining the Warehouse Lending team, serving as Relationship Manager for clients in the Midwest region. Becky is a 25+ year veteran of the mortgage industry and previously served as a Regional Sales Executive in the bank's Correspondent Lending group. Becky possesses extensive knowledge in the areas of accounting, sales, secondary marketing, warehouse lending, correspondent lending and the utilization of supporting technologies, and is glad to serve as a resource as you position your business for the future. Reach out to Becky to see what she can do for your business.

Congratulations to Michael Jones, CFO of Thrive Mortgage, who will be the new Chairman of The Community Mortgage Lenders of America. Michael has been a member of the Board since 2017 and has served as the Treasurer prior to his election as the new Chair. He will be focusing his agenda on topics which are key to the viability and continuation of midsize and small lenders throughout the country, that they "have a voice when it comes to the CFPB, TRID, and the GSEs."

Ohio's CrossCountry Mortgage, LLC (CCM) has added Beth Lewis as SVP of Mortgage Lending. CCM is a nationwide mortgage lender founded in 2003 by CEO Ron Leonhardt and has nearly 3,000 employees and licenses in all 50 states.

[Sprout Mortgage](#) announced that Ron Krueger has joined the company as SVP, Correspondent Lending to deepen relationships with its Correspondent clients on the non-delegated and delegated side and will be reporting to Shea Pallante, EVP. Sprout Mortgage is a leading nationwide non-QM lender "whose innovative products, flexible qualifying criteria, and common-sense underwriting provide tailored lending solutions for residential real estate investors, self-employed borrowers, and those with recent credit events."

And congratulations to Alina Galan, hired as an AVP for [Multi-Bank Securities, Inc.](#) (MBS), a veteran-owned broker-dealer specializing in the sales and trading of fixed-income securities and serving clients in all 50 states. Galan will be working with Sara Weber and Gail Schaumann to provide customer service to secondary marketing professionals for trading of TBA hedges, specified pool and related activities. Galan has an MBA with a concentration in finance from Nova Southeastern University. Prior to joining MBS, Galan worked in the mortgage industry as a trade desk manager and also worked as a Director of Capital Markets with an expertise in trading, hedging, financial reporting and risk management. Galan will be working out of the firm's Fort Lauderdale, Fla. office. (For more information, please call 1-888-278-5448.)

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