Tax Transcript Product; Remote Staff Study; Primer on Coronavirus and Fed Cuts

By: Rob Chrisman | Thu, Mar 5 2020, 8:57 AM

“Spring Forward” really needs to be a Friday at 4PM thing. At this point most lenders would like another hour instead since most have their hands full with servicing write-downs, EPOs, managing their pipelines without losing customers, and being pleased with any efficiencies put into place in the last year. They're focused on their employees, or managing pricing, or handling volume-based vendor delays like Optimal Blue's over the last few days. (Here's a STRATMOR piece titled, Drinking From a Firehose is Not a Long Term Business Model” about what lenders are doing with this move in rates.”) Lenders without portfolio retention or consumer direct divisions are kicking themselves, given where rates have gone. And companies are trying to find ways to keep employees in their current roles. For workers, the math is pretty simple: those who switch jobs see an average 15 percent boost in compensation, while internal promotions typically come with something closer to a 2 to 3 percent raise. That's an attractive incentive to send some resumes around, and for employers this is getting costly. In 2010, employers spent $331 billion replacing workers according to a consulting firm, but by 2018 that rose to $617 billion. Working from home, and testing business continuity plans, is an option for most. More below

Product for Lenders and Brokers

Remote Staff

Lenders, are you considering the benefits of having operations staff work remotely? You're not alone. According to STRATMOR's latest Compensation Connection® Study, 39 percent of lenders already have remote underwriters working offsite. Almost 25 percent of quality control analysts work remotely. Compensating your people is about more than giving them a market average salary. Incentives and benefits, like bonuses, educational allowances, time off and work-from-home opportunities, count. STRATMOR's Compensation Connection® provides compensation information for all roles unique to the mortgage industry, from sales to servicing. And, because there is more to compensation than salary, it provides details on incentives and benefits paid. Don't miss this opportunity to have the most mortgage-specific compensation information available. Only lenders who complete the survey are eligible to purchase the complete study. Sign up for the 2020 Compensation Connection® Study today!

Capital Markets

Boring week, eh? U.S. Treasuries rolled up and down yesterday and U.S. stocks extended gains after Tuesday's rate cut, with the U.S. Congress agreeing on a $7.8 billion emergency spending bill to combat the coronavirus (as the day saw new cases reported in New York, Los Angeles, South Korea, Iran, Malaysia and India). European finance ministers warned that the outbreak threatens to plunge France and Italy into recession, and the IMF agreed to make $50 billion available to help low-income and emerging market countries deal with coronavirus impact. There were also more central bank moves. Bank of Canada lowered its target for the overnight rate by 50 bps, while the Hong Kong Monetary Authority lowered its base rate by 50 bps.

Fortunately, the Fed has learned since 2008, when the central bank fanned the recession by refusing to cut interest rates until Lehman Brothers had already collapsed, as members were largely preoccupied with the threat of inflation. When recession fears began to creep up last year due in part to the U.S. - China trade war, it cut rates. With the coronavirus, **it's once again springing into action sooner rather than later.** In many economies, prominently Europe and Japan, rates set by central banks are still positioned to fight the global financial crisis of 2008 by being low in a bid to spur commerce. When rates are that low, making credit cheap for anyone who can get it, dropping them further does not produce much impact.

Cutting rates helps the “demand” side of the economy, when people and businesses lose their appetite to consume out of fear of impending danger, or when wages fall and unemployment increases, diminishing spending power. However, cutting rates when the “supply” side is hurting, when businesses have difficulty making their goods because they cannot secure raw materials or get their products to market or encounter some other impediment, is like handing coupons to shoppers and sending them to a store that is closed. As an economic event, the coronavirus episode presents an unusual combination: it is a shock to the supply and demand sides of the economy at the same time, limiting industrial production and sowing chaos in the supply chain, while also constraining consumer spending by making a trip to a shopping mall or a journey on an airplane feel dangerous. We've never been here before. **Not even in wartime has an economy ground to a halt the way China's did.** And the world has never been as integrated as it is today.

Governments do have tools that could limit the costs, such as giving cash to employees whose workplaces are shut (or to every adult, like Hong Kong did yesterday), providing credit to small businesses, or offering rescue packages to industries most affected. But government action likely won't fix supply chains that have been scuttled in China. It can't help workers get back to work if they're sick, or if they've been told to stay away from the office or off the factory floor. It can't reopen theme parks or other tourist attractions that have to close for the sake of public health. Rather, it might be able to blunt the virus's overall impact by boosting parts of the economy that can still function like normal (or close to it).

The 10-year moved up to 1.01 percent just before the stock market opened, dropped as low as 0.95 percent on three occasions, and then faded in the afternoon trade to end the day -2 bps to 0.99 percent. With the 30-year closing the day +1 bp while other Treasury yields dropped, the 2s/30s spread widened to above 100 bps for the first time since early 2018, **interesting considering we normally associate an inverted yield curve as an indicator for recession.**

Despite Tuesday's rate cut here in the states, investors quickly went back to fearful selling amid the realization that cheaper money is likely not the answer in combating the crisis. When economies struggle and workers are threatened with joblessness, central banks wield their one potent tool: moving short-term interest rates lower, which in turn makes credit cheaper and encourages businesses and households to borrow, spend and invest. However, easier loan terms will not restart production at factories whose workers are being kept home to avoid getting or spreading the illness.

For those of you who read the capital markets section for the economic releases, the ISM Non-Manufacturing Index for February registered its highest reading in a year yesterday, though the expanding domestic coronavirus caseload is increasing doubts that the strength can be sustained.

If anyone cares, today's economic calendar is already underway with some labor market indicators ahead of tomorrow's payrolls report. Markets have received initial claims for the week ending February 29 (216k, steady), Q4 Productivity, revised (down to +1.2 percent), and unit labor costs (+.9 percent). The only other release scheduled today will be Factory Orders for January, due out later. Additionally, there are three voting Fed presidents speaking all after the close: Dallas' Kaplan, Minneapolis' Kashkari, and New York's Williams. We begin today with Agency MBS prices better .125-.250 and the 10-year yielding .94 percent.

Jobs

Well-established large independent mortgage banking company, with primarily TPO focus, has an exciting opportunity for a dynamic SVP, Chief Underwriter based in California. The hiring company is looking for a proven executive who will drive strategic issues governing loan quality and manage day to day underwriting operations, including effectively communicating the company's credit policy within the organization's underwriting and production teams. Key responsibilities include maintaining and communicating changes to agency and investor guidelines and processes, identifying best practices, recommending changes, monitoring adherence by developing and maintaining strategic risk policy that support the company's risk management goals, and acting as a liaison between credit policy and divisional sales management. Essential qualities include strong talent recruiting and management skills, as well as superior analytical and communication skills, and the ability to balance production growth goals with strong credit risk management practices. The company offers competitive compensation, outstanding benefits and a state-of-the-art campus. Click here to send your resume or contact Chrisman LLC's Anjelica Nixt.

A national title Insurance agency in New York State is looking for a partner to increase its sales. The title & escrow agency has been around for over 15 years with a staff of 12 including two attorneys. The ideal partner is someone with many banking and real estate connections looking to either merge, joint venture or become partners with the sole principal of the title agency. This individual or company understands the profitability within the title industry and is looking to get involved on the title side. It's a dream scenario for someone(s) to walk in here and use this national platform to get involved in the title industry. Interested principals should send a confidential note of interest to Chrisman LLC's Anjelica Nixt to pass it along to the president of the company; specify opportunity.

First Continental Mortgage, Ltd. ("FCM") is seeking to fulfill open positions of Sr. Underwriter ("SUW"). FCM is an independently owned mortgage banker headquartered in Houston, TX for the last 27 years. FCM maintains multiple home-builder partnerships and operates in multiple Texas markets, Washington, and Colorado. The SUW will underwrite FHA, VA, Conventional conforming and Conventional non-conforming loans. The right individuals for this role must have DE/VA LAPP/SAR designations and a minimum of 3 years underwriting experience. Qualified individuals may work remotely or within the office. If you would like to be part of this dynamic team, click here to view a full description of this opportunity and to submit your resume.

A privately held community bank with over 100 years of banking lineage and a very strong mortgage division is looking to expand its presence with a Loan Production Office in Metro Phoenix, AZ Market. Reporting directly to the Director of Mortgage, the ideal candidate(s) will have a proven management track record, history of production growth, and effective P&L management. Please send your resume to Chrisman LLC's Anjelica Nixt for forwarding & confidential consideration.

A top Midwest Bank, University Bank is seeking to hire an up and rising accounting professional to be mentored by our CFO and Controller for a leadership role! The ideal candidate would have a CPA or MBA along with 5+ years of progressive accounting experience along with a proven track record for creating efficiencies and process improvements. The ideal candidate is looking for a highly visible role with a massive amount of upward mobility. This person would have to be open to relocating to Southeast Michigan (Ann Arbor area). Please send your resume to Talent Management Officer, Nick Raubenolt for confidential consideration. *University Bank is an Equal Opportunity / Affirmative Action Employer*

Trinity Oaks Mortgage is proud to announce the promotion of Todd Reynolds from Branch Manager to EVP, Production. Todd showcases his strong 22 years of industry professionalism daily as he embodies our culture through and through. Todd understands how to build a successful business and he knows how to coach producers to help grow their business while thinking differently in an ever-changing mortgage market environment. In his own words, Todd states, "I am extremely excited to work even closer with the incredible group of mortgage professionals. Trinity Oaks Mortgage is positioned and devoted to taking our customer and employee experience to new levels in the coming months. The culture of Trinity Oaks Mortgage, which is driven by our core values, is why I am so excited to call this my home. I am honored to be a part of this great team."

Gateway Mortgage, a division of Gateway First Bank, had a record 2019 with $7.6 million loans funded. Almost 500 team members, representing over 160 mortgage centers in 40 states, attended Gateway's recent Sales Rally. Gateway opened 34 new offices in 2019 making for many new faces in the crowd. Approximately 100 loan officers and teams were recognized during the annual Sales Rally as top producers, rising stars top teams, and more. One of the most prestigious recognitions is the Team Player Award. Voted upon by Gateway's mortgage operations personnel, it is awarded to the Branch Manager and Loan Officer that most exemplifies a team player attitude. The winners of this award are collaborative problem solvers and show a willingness to put other people's feelings and needs in front of their own. This year's winners were branch manager Jack Little and loan officer Mac Dadyan. Visit Gatewayloan.com for a bright future.

NewDay USA announced that Franco Greco is its SVP of Origination and Business Development. Franco is moving over from VP and leading the company's VA Home Loan origination team.

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