

Remote Ops, AE Jobs; CRM, , Bid Tape, Warehouse Products; Non-QM Sector Walloped - Why?

By: Rob Chrisman | Fri, Mar 20 2020, 9:00 AM

Today, with the official start of Spring, and while the industry waits for the FHFA to answer concerns about appraisals, WOE's, and other issues, there are other pressing questions. "Rob, does my wife quarantining on the 1st floor and me staying on the 2nd floor count as 'social distancing'? Or 'conscious uncoupling'?" You'll have to ask Dear Abby that one. People adjust to the "corona-cation," like having virtual Happy Hours with friends via Face Time. And here's Ah-nold with some [advice from his hot tub](#). Here's what [Tom Hanks](#) has to say. Envoy's CEO Ron Millard sent his employees [a video](#) on values we should remember: faith, confidence, and focus. Coronavirus aside, according to the United Nations World Population Prospects report, approximately 7,452 people die every day in the United States from various causes, and about 150,000 around the world. We're all hoping that the coronavirus doesn't tip these statistics. But many believe that this is more like 9/11 in that, unlike 2008, this is based upon fear of death versus fear of economic loss. Of course the mainstream press rarely prints good news. Rarely mentioned are [the 80,000+ people who have recovered already](#). Things will turn around.

Lender Services and Products

Now more than ever, lenders need a robust technology platform to fund sharp increases in loan volumes, adjust capacity, manage bulges, and funding ever-changing funding restrictions that can turn on a dime. [OptiFunder's Warehouse Management System](#), winner of HousingWire's 2020Tech Award, provides real time decisions on where to fund every loan to achieve maximum interest spread, reduce errors, and connects all interested parties in the warehouse process with single-click funding requests. CFO's and Treasurers can learn how lenders are realizing up to 300% ROI with a comprehensive funding analysis and warehouse optimization report. Contact Brian Abbott (312-624-1956) to learn more.

Volly has been named a HousingWire 2020 HW Tech100 Mortgage company. The Volly Platform is utilized by banks and mortgage companies from across the country, including several top 20 mortgage lenders. The Platform gives lenders the ability to provide a borrower journey that uniquely blends leading-edge technologies with hands-on, personal interaction. Click [here](#) to schedule a demo.

Traditional CRMs may offer bells and whistles but often fail to engage both clients and originators. Does your CRM help you create relationships that last a lifetime using data intelligence and multi-channel marketing? Does it prioritize simplicity, or does it require an advanced IT degree to manage effectively? Now more than ever it's imperative to engage with your relationships in ways that build trust. Scotsman Guide recently featured Dan Harrington quoting, "Modern mortgage professionals require frictionless, user-friendly tools that enhance sales... The right technology not only simplifies day-to-day life, it helps users and management strengthen relationships." You worked hard to build your relationships. What you need is a Relationship Engagement Platform that delivers content that resonates, and tells you exactly who, when, and why to call so your pipeline is always full. Guarantee client loyalty and explode your sales with Usherpa's uniquely easy technology and engaging multi-channel marketing.

As the industry waits for Agency guidance on appraisals and verifications of employment, there's no candy-coating what happened with the non-QM sector. Recent rumors spread of warehouse banks charging a 10% haircut to lenders who put the loans on their books or to stop advancing on these types of loans. But yesterday the market "took a MAJOR step back". Attribute it to investors not wanting that product/securitization disruption, given the flood of Agency MBS hitting the market, or/and ATR difficulties with unemployment skyrocketing. Will someone who qualified on one month's worth of bank statements meet ATR requirements?

There are mixed signals as some securitizations have recently been sold probably due to forward contractual obligations. But the lenders below discontinued or repriced product lines immediately due to their own cash constraints or being forced by warehouse lenders. (Questions should be directed to them, as always.) Those in decent shape have take-out investors committed to purchasing loans in process, granted they meet employment verification at time of purchase which is after the loans are funded.

We've seen this movie back in 2008, right? Except this time we're being hit by a pandemic, political strife and finger pointing, and now a weakening world economy. MLOs are reminded that if there aren't investors for products, they won't be offering the product in the primary markets to borrowers. **Non-QM lenders either stopped honoring locks, stopped taking locks, or backed prices off to the point of being 3-4 percent above QM loans.** And of course, no non-QM lender wants to be the last to find a chair when the music stops.

Angel Oak reps sent out, "What a difference a couple of days can make. Obviously, market conditions and liquidity issues (not a credit issue) have disrupted the market and Angel Oak Mortgage Solutions. We are taking measures to handle this crisis. We are analyzing all pipelines and will inform everyone how we can proceed shortly. Going forward, we will be revising programs, rates and compensation.

Immediately all programs will be capped at 80% LTV (still doing Bank Statements), minimum credit scores of 680 and only allow Borrower Paid Compensation." Angel Oak Companies plans to issue a non-QM mortgage-backed security, according to filings with the SEC.

And then there was, "Due to the continued disruption in all financial markets, SG Capital has suspended taking new loan submissions and new locks. Please contact the SG Capital lock desk regarding any updates to your current lock pipeline. Any updates, including but not limited to, requests for lock extensions and/or relocks, will need to be preapproved in writing by an SG Capital Lock Desk employee.

Redwood Trust, known for its jumbo products, stopped taking locks, or at least did a reprice of several programs. It was reported that Luxury also stopped taking locks, as well as NewRez on its Non-QM Smart Series and High Balance Extra loans. Caliber repriced, as did Sprout and Deephaven, which also did a guideline tightening (maximum premium reduced to 101.50 from 103). Verus shut off bulk/mandatory and went best efforts only. Galton's bank statement program is suspended; full doc only.

While PRMG is offering a full line up of other products, it "has suspended taking new loan submissions and new locks on the following Non-QM product lines: Expanded Access (All Credit Grades), Hybrid Conforming and Jumbo, Investor Solution/ DSCR Debt Service Coverage Ratio & No Ratio, Choice Conforming & Jumbo/Choice Plus Conforming & Jumbo."

Aggregator AmWest Funding? "Due to the recent stress in the global financial markets, extreme market volatility, and illiquidity in the non-QM markets, we have repriced our 'Portfolio' products to market clearing rates," AmWest Funding Corp. said in a note to mortgage brokers late last night.

the Lender shifted its production resources to QM earlier this week and is "temporarily suspending originations of non-QMs." (It is also known as Hometown Equity Mortgage.)

For the most part these are all investors without a balance sheet to put loans on. And the securities market has stopped bidding on non-conforming/non-Agency product. This will lead to a flight to lenders with balance sheets (also known as "banks"), but banks and credit unions only have so much operational capacity in their retail, wholesale, or correspondent channels, and turn times are bound to extend. The clever MLO will manage their transactions appropriately.

Capital Markets

MCT has announced the release of automated bid tape AOT executions and electronic TBA trading in the MCTive! mobile app. "This release is consistent with our roadmap to untether the capital markets professional from the office desk, which is now more important than ever," stated Phil Rasori, COO. "In addition to increased telecommuting convenience, these features support lender profitability in this volatile market." During 2019, MCT clients assigned more than 26,000 trades saving each client an average of over \$80,000. Bid-offer spreads have since widened from 3-8 BPS to 25-50 BPS, which can be avoided without sacrificing execution or convenience using MCT's bid tape AOT automation. Electronic TBA trading allows lenders to manage more competitive bids and broker dealers, increasing liquidity and improving execution. [Leveraging these two unique functions](#) are now the difference between 3/8's to a half point of execution – with both now available in the MCTive! mobile app.

It is certainly a tough, liquidity-stressed, market right now. Before **the Fed announced it will buy \$32 billion in MBS today**, yesterday was a day of slaughter in the MBS market. Treasury prices barely budged, while MBS were down another couple points amid bouts of liquidity that deteriorated further into the settlement close as lower coupon bids fell by over a point in some cases in the last 30 minutes of trading as bid/ask spreads blew out despite the Fed conducting three times the scheduled MBS buying in an attempt to inject more liquidity into the market.

Central bank news anyone? Back in 2008, it was possible for central banks to work out roughly how big the crisis would be, and respond accordingly. **But the current pandemic doesn't allow for that kind of certainty.** Nobody knows how long it will go on, how much economic activity will be curtailed, or how much permanent damage will be done, making it hard to judge central bank and government actions until it's all over. That being said, the People's Bank of China lowered its loan prime rate, the European Central Bank announced that it will buy EUR750 billion worth of government and corporate bonds and commercial paper yesterday, the Bank of Japan announced a JPY1 trillion special bond buying operation, the Reserve Bank of Australia lowered its cash rate by 25 bps (and announced it will try to keep the 3-year yield at 0.25 percent through asset purchases), and the Bank of England announced an emergency bank rate cut to 0.10 percent and a GBP200 billion increase to its holdings of government and corporate debt. Interestingly, the Swiss National Bank made no changes to its policy stance.

Today's **sole economic release is February Existing Home Sales**, due out later this morning. The Desk will conduct MBS Fed Trade operation in which they will purchase up to \$2.519 billion GNII 2.5 percent (\$810 million), 3 percent (\$1.298 billion) and 3.5 percent (\$411 million). We begin today with Agency MBS prices better .125-.250 and the 10-year yielding 1.01 percent after closing yesterday at 1.12 percent. The decoupling of Treasuries and MBS is a big concern.

Employment

“Citizens Bank is committed to taking our mortgage business to new heights in 2020. Sonu Mittal, Head of Mortgage – Retail, recently announced the creation of a new role dedicated to growing distribution across all markets, as well as looking for new ways we can better serve our customers and colleagues. Mittal named Ace Watanasuparp as National Director of Strategic Sales, SVP. Ace has been with Citizens Bank for more than five years and has led tremendous growth for the bank in the New York market. With Ace’s focus on what we bring to the industry on a broader scale, we are deepening our commitment and drive to become a top mortgage lender nationally. Forward-thinking leadership is critical to our success and we want the best of the best to join our journey. If you are looking to bring your career to a company with a passionate vision on the future of the mortgage business, you need to be at Citizens Bank. Jump in and join us by applying to Citizens Bank today! For questions, please email HomeMortgageRecruiting@citizensbank.com.”

A “well capitalized loan aggregator is looking for a Non-QM Sales Executive to assist in a building a nationwide closed loan Non-QM correspondent platform. Candidate will provide market color, advise on loan programs, cultivate & manage account relationships, and assist with the correspondent approval process. Ideally, the candidate will have experience working with a top 10 loan aggregator in the Non-QM correspondent space. Having a national account base would be preferred, though a strong regional presence will be considered. Relocation is not required, though there will be some travel”. Please send resumes to Anjelica Nixt if interested.

“ACC Mortgage is open for business. These are difficult times for everyone in the United States but based on the nearly 21-year track record, ACC is confident we can weather this COVID-19 storm. We continue to originate AND close Non-QM business and we have room for a handful of experienced AEs who are being displaced by their current lender. ACC is offering our AEs up to 75 bps plus a base and bonuses. [This recent article shows you that leadership is prepared](#). If interested in joining our team, please send your resume to recruiting@accmortgage.com”

“PRMG is hiring experienced underwriters remotely! Underwriting has drastically changed over the years and even more recently. You can't just expect to be asked to work longer and harder hours in times like these. At PRMG we've invested millions of dollars to make underwriting easier on the underwriters. We fully believe in Underwriters doing more with technology and not being replaced by it. Our support and Leadership for Ops is rivaled by few. If you want to join, now is the time! PRMG employs over 2000 people across the country and is licensed in 48 states with nearly 180 branches located throughout the nation. Contact HR@prmg.net for a complete job description or confidential inquiries.”

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