

FHA Jobs; Broker, Marketing, Training Products; Servicing Trends; Processing and UW Changes

By: Rob Chrisman | Wed, Apr 1 2020, 9:19 AM

"I hadn't planned on giving up quite this much for lent." So true. It is a different world than only a month ago. Of course rates are going to stay at these levels for a long time. But rate sheet prices are disconnected from MBS prices, which are disconnected from Treasury prices. Those of you who have subscribed to my commentary for more than a year know that I truly relish producing my April 1 edition. The April Fool's Day Commentary has fooled many a senior executive and regulator, and the stories have brought many chuckles to readers. And although I inject some humor into my daily commentary, and will continue to do so, I didn't have the heart to produce a totally farcical commentary this year, especially after spending 34 minutes of my "work at home" time watching this common sense video, "I'm a surgeon, [this is how Covid-19 kills](#), and why we can't save you." (It is a little unorthodox, but the example of how your lungs are like sponges is excellent.) Please be so careful out there – it isn't going away soon.

Lender Services and Products

Crisis or no, \$8 million is not chump change. That's how [Vice Capital Markets](#) clients collectively netted on its advice in a single day. Vice clients say that's par for the course. "Recently, we were considering whether to make an adjustment to our model, given market concerns at that time. After hearing Vice's thoughts, we decided to make the adjustment that same day, and the timing could not have been better!" (Patrick Sylvester, SVP of Secondary Markets & Investor Relations, Leader Bank.) "The support and daily advice we have received from Vice has helped our organization navigate through these unprecedented times. Just last Friday (3/20), Vice gave us the advice we needed to realize a large gain when there surely would have been significant losses." (Dave Weber, Secondary Marketing Manager, Flanagan State Bank.) Get real hedging advice when you really need it. Contact Scott Colclough today.

"As our working environments change and individuals adapt to remote settings, their resource lifelines should change quickly as well. Many are reporting emails are spiking because of our new working constraints, which is a result of less face to face interaction. Training is an essential tool when used at the correct time and with the appropriate learner. During times such as these, utilizing our staff strategically by providing employees with resources to get the job done correctly is critical. [Romans Publishing and Training](#), Pro Partner with Ellie Mae, provides quick reference material and job aids for circumstances like these. When working environments resume regular operations, [Romans](#) also provides skills-based training and training guides for both self-guided and classroom traditional training. Contact us today for more information.

"Lenders and servicers are actively seeking the help of third-party vendors—such as e-closing firms, outsourcing service providers, digital mortgage firms and QC automation companies—to help them deal with the current crisis," says Rosalie Berg, president of Strategic Vantage, a highly acclaimed marketing and public relations agency that focuses exclusively on the mortgage industry. "That's why so many of those vendors are significantly boosting their investments in marketing, public relations and social media right now. Ensuring that lenders and servicers are thinking of them takes proactive and hands-on marketing, publicity and social media, especially when in-person networking opportunities have ground to a halt. The surge in demand for help from vendors won't last, though, and once lenders and servicers choose their partners, they may stick with them well after the crisis is over," adds Berg. Companies seeking guidance or assistance marketing their services can contact Rosalie Berg or visit www.strategicvantage.com.

In light of the current market conditions, [Stearns Wholesale](#) knows the importance of a fast, secure and customized experience to serve more borrowers effectively and keep referral partners euphoric. In a recent release, the Accelerator program was enhanced by 25bps, in addition to the already incorporated 25 bps totaling 50bps price improvement. Streamlining the process and improving the price on popular scenarios with the same best-in-class fulfillment was the driving force behind this development. There is no minimum credit score, just requiring the borrower is a W2 wage earner that owns no other REOs and has no recent major derogatory marks. Better value, faster, sustainable. [Click HERE](#) to learn more about this program or connect with a Stearns Account Executive.

Servicing has Become a Hot Topic

I received this note from a CEO on the East Coast: "Rob, with **forbearance plans, early pay off penalties, drastic changes in valuation**, GSE/FHA announcements and distressed loan call center volume surging, my 2020 servicing strategy and plan are a mess. I desperately want to avoid the pitfalls of 2009 (too many manual fixes, too many people). Is there any help out there?" Also, I have received several calls and notes from large servicers who are trying to figure out how to survive the changes that are coming.

These are great questions, and my answer is typically that large changes required in a very short period often require assistance to make

the change happen. I know the [STRATMOR Group](#) has taken a leadership position in servicing operations, subservicer setup, and in implementing production/compliance centric process fixes. The STRATMOR team of servicing experts are providing guidance to lenders to reduce further risk and minimize impairment of this material asset, and they are armed with battle tested tools, templates and methodologies to guide the changes arriving at your doorsteps. STRATMOR also has been involved with some of the largest servicers, and assisted in rapid setup of default management and customer service initiatives. What servicers often fail to realize is that a lot of the rescue initiatives look more like an origination activity, with the need for digital tools, customer centric outreach and a compliant modification waterfall approval process. Servicers, if you need guidance with surviving the challenges of this industry disruption, [contact STRATMOR Group](#) for assistance.

U.S. banks are offering [deferment on mortgage payments](#) during this crisis.

An update has been made to the Lakeview Loan Servicing [Disaster File](#).

Corona Changes

The [FHFA](#) authorized loan processing flexibilities for [Fannie Mae](#) and [Freddie Mac](#) customers through allowing [desktop appraisals](#) on new construction loans, allowing flexibility on demonstrating construction has been completed (alternative to the Completion Report), allowing flexibility for borrowers to provide documentation (rather than requiring an inspection) to allow renovation disbursements (draws), and expanding the use of power of attorney and remote online notarizations.

Thank you to an executive within the Office of the Single Family Housing Guaranteed Loan Program, who sent a note about the USDA requiring, or not, tax transcripts from the IRS. "While they are required when available, they are not required under these circumstances. All that's required is that the lender documents their attempt to obtain the transcripts. Having done so, they can proceed to close the loan without them: Chapter 9, section 9(E), of the online program handbook [HB-1-3555 Guaranteed Loan Program Technical Handbook](#).

Flagstar Lending let clients know about some overlays that are being implemented or revised. FHA, VA and USDA loans not meeting the credit score, ratio and/or reserve requirements listed below must be locked by Friday, March 27, 2020. FHA, effective 3/30, loans will be subject to the new minimum credit scores listed below: Purchase 1-2 Units – 640, Purchases 3-4 Units – 660, Rate/Term & Simple Refi 1-2 Units – 640, Rate/Term & Simple Refi 3-4 Units – 660, Cash-Out Refinance 1-2 Units – 660, Cash-Out Refinance 3-4 Units – 660, Streamline Refinance 1-2 Units – 660, Streamline Refinance 3-4 Units – 660.

Flagstar went on. "In addition to the credit score changes, all FHA loans will be subject to the new total debt-to-income ratio and reserve requirements listed below effective March 30, 2020: DU Approve / LPA Accept responses: two months PITI required if the credit score is below 660 and the total debt-to-income ratio exceeds 50%. Gift funds or down payment assistance programs with credit scores below 660: the total debt-to-income ratio cannot exceed 43%."

Flagstar also adjusted its VA product effective 3/30. "VA loans will be subject to the new total debt-to-income ratio and reserve requirements listed here: Purchase 1-4 Unit - Up to \$1MM 640 and >\$1MM 660, Cash-Out Refinance 1-2 Units with (cash back) – 660, Cash-Out Refinance 3-4 Units with (cash back) – 660, Cash-Out Refinance 1-2 Units with (no cash back) – 660, Cash-Out Refinance 3-4 Units with (no cash back) – 660, IRRRL 1-2 Units – 660, IRRRL 3-4 Units – 660, DU Approve / LPA Accept responses: Maximum ratios cannot exceed 50%, and for manually underwritten loans: The total debt-to-income ratio cannot exceed 45%. Maximum loan amounts: \$2MM with 660 or higher credit score, \$1MM with 640-659 credit score. ("Flag" also tweaked its USDA program Monday: USDA loans will be subject to the new minimum credit scores: Purchase 1 Unit – 640, Refinance 1 Unit – 660.)

AXIS Appraisal Management Solutions issued a statement this it will be unable to complete full appraisals in Vermont based on the [stay home, stay safe decree](#). Real estate sales and brokerage firms must suspend in-person operations under the Governor's [Executive Order](#). Real estate functions that can be conducted online, by phone or email can continue. And as previously directed by the Governor, employees should be working remotely. Property appraisals, inspections, title services and other activities that require in-person business are not permitted during the term of the Executive Order. Axis will reach out individually to those with orders currently in process to determine options for a desktop solution.

Recent events have prompted Plaza Home Mortgage to expand the programs that are eligible for [Hybrid eClosing](#). If your borrower's loan program qualifies, they are automatically offered the option of a Hybrid eClose, giving them the ability to review and eSign most closing docs ahead of time, online. Of course, traditional wet signature closings are still offered as an option if they prefer.

[Franklin American Mortgage](#) issued clarification on its Bulletin #2020-06, published on Friday, 3/27. The bulletin referenced a requirement for a YTD P&L for Self-Employed borrowers. However, FAMC is not currently requiring the P&L but reminded Lenders that potential guideline changes remain fluid as the impacts of the COVID virus continue to unfold and the industry receives further guidance from the agencies. A requirement for a P&L statement or any other documentation regarding the borrower's employment and/or income will be based on the

underwriter's discretion for Non-Delegated.

Stearns Wholesale Lending is temporarily instituting an overlay matrix applicable for credit decisions on or after March 28th.

Due to recent volatility across secondary investors and capital markets, and in order to protect our Business Partner's reputational risk as product and price offerings are changing daily, [FCMWholesale](#) suspended all Non-QM and Nonconforming Jumbo programs for a period of 30 days. Once the market settles down and FCM can once again offer a reliable and competitive product in this space, we will notify our business partners.

First Community Mortgage Wholesale posted an [IRS Transcripts Notice](#) and [Government Loan Guideline](#) updates.

Lakeview Correspondent [issued an announcement](#) regarding the temporary suspension of tax transcript requirements.

The current economic climate associated with COVID-19 and its impact on employment and income, AmeriHome recommends that lenders practice additional due diligence to ensure the most recent employment information is obtained, as close as possible to the time of loan closing. For full details and requirements visit [SellerWeb](#).

PRMG issued a [Product Profiles update](#). Changes include: the Chenoa FHA Edge High Balance product for wholesale transactions is no longer available. Effective for locks/reservations on or after 3/30/2020. (Chenoa FHA Edge Standard Balance is still available) There is no change to the Chenoa FHA Rate Advantage program, this update only impacts the Chenoa FHA Edge High Balance product.

Capital Markets

[MIAC](#) is pleased to offer two residential whole loan portfolios, MIAC #601157 non-QM #601159, London-based loans. The first portfolio totals \$12mm of non-QM, residential whole loans. These loans were underwritten to securitization standards by a large lender and are currently 95% performing. The pool is comprised of \$9mm of short-term bridge loan with a 7.8% GWAC, personal guarantee with business-purpose underwriting. The remaining \$3mm are 30 year fixed, investment property loans with a 5.8% GWAC. The second whole loan portfolio is £9mm of rehab/bridge loans secured by London real estate, the GWAC is 9.50% with a <12-month life. These loans were underwritten with a personal guarantee and being offered on a servicing retained basis. Seller is willing to provide full reps and warrants. Please contact your MIAC salesperson at 212-233-1250 or Steve Harris.

Recent market volatility has presented challenges to execution and profitability that all lenders are experiencing, particularly with the divergence of aggregator and agency pricing. These challenges will be memorialized in yesterday's quarter-end pipeline Mark-to-Market reports. Key strategies related to valuation, pull-through, and indicative pricing can make a significant difference in this profitability outlook. Yesterday MCT hosted a client webinar covering these strategies along with market analysis, in case you missed it you can [view the recording and slide deck](#).

AmeriHome Mortgage issued a Secondary Mortgage update. Effective for new Bulk Trade and Bulk Assignment of Trade (Bulk AOT) commitments issued on and after Monday, March 30, the maximum commitment period will be 15 calendar days. For all Bulk Trade and Bulk AOT commitments, irrespective of issuance date, all requests for extensions (rolls) must be reviewed and approved by the Commitment Desk.

The U.S. Treasury yield curve experienced some steepening yesterday to close the month as the Federal Reserve let some air out of the balloon, reducing its footprint by purchasing \$19.5 billion of MBS out of a maximum of \$30 billion after buying well over \$1 trillion MBS and treasuries since commencing QE. **The Fed's effort still did little to lower mortgage rates, with lower coupon spreads blowing out.** Separately, the Federal Reserve established a temporary repurchase facility for foreign central banks and other international authorities. The 10-year yield closed the day yielding .70 percent.

As far as economic releases went, the Conference Board's Consumer Confidence Index for March beat expectations, though it posted the lowest reading since July 2017. **Consumer confidence is expected to get much worse due to the impact of the coronavirus** and its effect on consumer attitudes about job security and income growth prospects from here. The S&P Case-Shiller 20-city Home Price Index increased 3.1 percent in January, beating expectations after increasing 2.8 percent in December. On another positive note, the Chicago PMI beat expectations in March.

Today's economic calendar is already underway with a duo of releases. The Weekly MBA Mortgage Index for the week ending March 27 continued its extreme volatility, increasing 15 percent from one week earlier (it had decreased -29.4 percent in the prior reading). The March ADP Employment change (27,000 jobs cut). Later this morning brings February Construction Spending and the March ISM Manufacturing Index. Fed speak returns with Boston Fed President Rosengren speaking this afternoon on "Addressing the Economic Effects of the COVID-19 Pandemic." Additionally, the Desk is scheduled to conduct a repeat of yesterday, purchasing up to \$30 billion MBS across lower

coupons. We begin the day with Agency MBS prices unchanged to +.125 and the 10-year yielding .6 percent.

Employment and Transitions

"Citi is continuing to grow its mortgage business and is seeking top talent to join our best in class Mortgage Sales and Operations teams! We are seeking exceptional individuals for opportunities as Mortgage Sales Representatives in our St. Louis, Missouri and Irving, TX offices, as well as Home Lending Officers nationwide. Additionally, we are looking to hire in our Mortgage Operations team as Loan Processors, Underwriters, and Closers. Take your career to the next level and join our Citi team!! Nationwide opportunities: Distributed Retail Sales Home Lending Officer, Underwriter (Level 3), Underwriter (Level 4) St. Louis opportunities: Direct to Consumer Sales Mortgage Representative, Loan Processor Irving opportunities: Direct to Consumer Sales Mortgage Representative and Tucson opportunities: Loan Processor, Loan Closer.

Non-QM is NOT dead. ACC Mortgage, the oldest Non-QM lender in the industry, continues to hire and to offer an array of Non-QM products: ITIN, Bank Statement, P&L programs for the markets. Brokers have options for their borrowers and displaced AEs have a potential home. #experiencematters. Want to talk about a potential deal? Call 877-349-0501 or e-mail scenario to prequalsubmissions@accmortgage.com. If interested in joining our team, please send your resume to the president, Robert Senko, for consideration.

National MI is pleased to announce the addition of Pam Balk as Managing Director of Southeast region- overseeing Florida, Tennessee, Georgia, South Carolina and North Carolina. Pam is a graduate of University of Georgia with a Master's in Business Administration, and has over 24 years' experience in Mortgage Lending. Her experience in origination, processing, underwriting, and the last 7 years in Mortgage Insurance, make her ideal for her new position with National MI. Pam has been extremely active with the local, State of Georgia, and National MBA throughout her career including holding various leadership positions with the MBAG. Please reach out and welcome Pam (work: 510-858-0583, mobile 404-606-6719).

FHA has multiple job vacancies within its office of single-family housing including: Director, Office of Single Family Asset Management, Deputy Director, Home Valuation Policy Division (HVPD), Housing Program Policy Specialist and Underwriter.

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