

Underwriting, Rural Products; WFH, Anti-Fraud, Digital Webinars; Guideline Shifts Continue

By: Rob Chrisman | Tue, Apr 28 2020, 8:55 AM

Folks will sometimes ask me, "It's a mystery: What kind of preparation do you do before writing your daily commentary?" Although no one has ever filmed me, this is [a close approximation](#). Another mystery is how much vodka goes into scrambled eggs. What isn't a mystery is that some companies, especially in the non-QM or jumbo business, like Redwood Trust, have unfortunately cut staff. (For those wondering, here's [the difference](#) between a furlough, a layoff, and a reduction in force.) Things are changing. "Grocery shopping has become a real-life version of PAC-Man. Avoid everyone, get the fruit, and take any route to avoid contact." Meanwhile, others are busy focusing on closing the loans in their pipelines as there are still trillions of dollars of home debt that can be refinanced. All in a different work environment, prompting some to say, "2020 is the strictest parent I've ever had."

Lender Services and Products

Things are still growing on the farm! As we adjust to the many changes we are all going through, RuraLiving continues to provide support for rural America and without changes to the program. RuraLiving still provides long term fixed rate financing for Hobby Farms, Shop Homes and large acreage parcels up to \$2 million on a non-delegated correspondent basis. Ruraliving is providing stability to rural borrowers seeking the rural lifestyle and continues with its unbroken commitment to rural America. [Please contact the RuraLiving team](#) if you are interested in expanding into this growing market.

"In these uncertain times, homeowners finding themselves without a steady paycheck may be wondering if there's any relief available for their mortgage payments. The good news for them is that there just might be. Read our latest post to discover a list of the [10 most common questions](#) your customers have about mortgage relief. Send this out to your customer-facing teams to reference when communicating with your customers or consider building out proactive email communications that educate, inform, and win trust."

[LoanScorecard](#) takes portfolio underwriting from an art to a science. With Portfolio Underwriter, portfolio lenders can take the inconsistencies out of the underwriting process and make loan decisions quickly and confidently. Our powerful automated underwriting engine enables you to efficiently underwrite loan programs to your specific guidelines while mitigating fair lending risk and ensuring accuracy. Contact LoanScorecard's Managing Director Raj Parekh today and find out how LoanScorecard can support and advance your mortgage lending operations.

Webinars and Podcasts

It's less than a month away. [Grab your spot at Forward](#), a digital summit led by Blend executives and product leaders. Learn how Blend customers, including Navy Federal Credit Union, have applied our latest tools to handle this environment while continuing to deliver a best-in-class experience. Brainstorm how you can adapt their learnings to suit the needs of your organization. You'll also hear what's coming up next from the Blend product team.

Free Webinar: "Use Digital Closings to Keep Your Loans Moving". Register for a complimentary webinar on Wednesday, April 29 to learn how digital closings can keep your loans on track during the COVID-19 crisis. Hear from John Ralston, Black Knight's Director of eLending Strategy, as he provides an update on digital closings in light of the GSEs' guidance and the availability of remote online notarizations. John will also demo Expedite Close, Black Knight's proven, easy-to-use digital closing solution that can be implemented in a few weeks. [Register for this complimentary webinar today.](#)

Ep 006 of the Clear to Close podcast, "The Great Remote Work Experiment" was released a few days ago and is definitely worth giving a listen. A special edition episode with a roundtable discussion on the pros, cons, data, and effectiveness of shifting to remote work featuring some best practices and tips for leading a team in a remote environment. Highly recommend you check it out as we all try to adapt to working from home together. Download and subscribe from your favorite podcast platform: Apple | Spotify | Google Play | Soundcloud or listen in your browser [here](#).

FundingShield shared its analytics showing that in the current work from home environment there has been a 62% increase in wire fraud attempts, and one client saw risk increase by over 600% in the past month alone. This data was shared with the industry on the Mortgage Bankers Association's Wire Fraud in the Age of COVID-19 Webinar (view [here](#)) where FundingShield's CEO, Ike Suri, presented alongside Ali Khan (CISO of Better.com) and Faith Schwartz (President of Housing Finance Strategies). FundingShield's clients leverage its MISMO Certified API & LOS Integrated FinTech solutions to prevent wire and title fraud losses, conduct closing agent verification and vetting all

while lowering costs. Further Encompass by Ellie Mae and API users can access our transaction level services with a single click. FundingShield is a HousingWire Tech100 winner for 2019 & 2020. Contact info@FundingShield.com to see how they equip your operations/closing teams to close more loans while lowering cost!

COVID-19 Changes

As the face of the lending organization to many, originators are in a unique position to address borrower concerns about the pandemic's impact on home mortgages — and in doing so, build lasting loyalty. In his April MortgageSAT Tip, STRATMOR Group's MortgageSAT Director Mike Seminari shares how originators can best educate themselves and their borrowers about pandemic-related issues like forbearance and foreclosure. Seminari shares talking points for originators that include suggestions from the CFPB, the MBA and MortgageSAT, along with a shareable chart that gives borrowers a 30,000-foot view of the loan process from purchase to servicing. Don't miss the April MortgageSAT Tip, "[An Originator's Guide to COVID-19 Communications](#)."

The MBA initiated a weekly survey of forbearance and call center activity the week of April 1 to track the pace of activity relative to a baseline in early March. As of April 19, the total number of loans now in forbearance increased from 5.95 percent of servicers' portfolio volume in the prior week to 6.99 percent. Independent Mortgage Banks saw roughly the same increase (to 6.52 percent) as the overall survey sample, while depositories saw a larger jump (to 7.87 percent). Mortgages backed by Ginnie Mae once again showed the largest growth (1.47 percent) from the prior week and had the largest overall share of loans in forbearance by investor type (9.73 percent). On the bright side, weekly forbearance requests as a percent of servicing portfolio volume dropped to 1.14 percent from 1.79 percent the previous week.

While lenders everywhere are trying to minimize the **risk of being hit by the 5 or 7 point LLPA from the Agencies**, including having the borrowers sign documents at the closing table that they are not in the process of going into forbearance, and shifting to best efforts execution, servicers are interested in [the CFPB's announcement](#) saying it will consider "good-faith efforts" by mortgage servicers to prevent consumer harm and comply with regulations in the event that a government agency requests a servicing transfer. The Announcement has plenty of examples of practices that servicers may deem in compliance with Regulation X requiring servicers to maintain procedures "reasonably designed" to ensure that information and documents are transferred to another servicer in a timely manner.

The Federal Housing Finance Agency (FHFA) reiterated that borrowers in forbearance with a Fannie Mae or Freddie Mac (the Enterprises)-backed mortgage are **not required** to repay the missed payments in one lump sum. FHFA partnered with CFPB on the Borrower Protection Program to provide homeowners accurate information about forbearance and address concerns noted in some consumer complaints.

Ginnie Mae posted "[April 17, 2020 Notes and News](#)".

Fannie Mae is implementing an [update](#) to Desktop Underwriter® (DU®) Version 10.3 during the weekend of May 16th. This release will include changes to housing goals messages, the DU Underwriting Findings report, Real Estate Owned data in debt-to-income ratio, and other updates to align with the Selling Guide.

loanDepot Wholesale is suspending investment properties greater than 80% LTV for all conventional products, effective for all locks on and after April 23. Existing loans in excess of 80% LTV that have not been locked will need to be re-worked. (LD has a [COVID-19 Updates](#) page.)

Mountain West Financial Wholesale posted changes to GSFA Platinum and AZ Home PLUS Programs. Effective with locks on and after April 6, the master servicer for the GSFA Platinum and AZ Home PLUS is implementing several changes to the FHA programs they service. U.S. Bank has made the following changes: Elimination of manual underwriting. Elimination of FHA Streamline refinance transactions. FHA loans with a FICO < 660, 1-month reserves and 6-months current employment history required.

Chase got the word out to correspondents about its changes: [CB20-24 Chase Correspondent COVID-19 Update - Loans in Early Forbearance](#) (new LLPAs to align with the Agencies and adding an Administration Fee and revising Repurchase Requirements on loans in early forbearance) and [CB20-16 REVISED Chase Correspondent COVID-19 Update - Appraisal Flexibilities](#) to required including MLS photos of the interior of the subject property that support the current condition (when possible); if photos are not available or are not relevant, the appraiser must include a comment indicating why they were not provided.

PRMG's new LE submission process in PRMG's TPO Portal is in effect as of April 6th. [Live webinar demonstrations](#) are conducted daily. Sign up for a time and date that works best for you. PRMG announced the release of the USDA Streamlined Assist Program. Join a live webinar for training on the USDA Streamlined Assist. There are [multiple dates and times](#) the webinar will be offered through the coming weeks.

Wholesaler TCF? Starting May 1 it is, "Eliminating Standalone HELOCs, Piggyback —purchase/refinance max CLTV 85% 720 FICO (Primary Wage Earner), and Piggyback Delayed Max CLTV 80% 720 FICO (Primary Wage Earner). All complete packages (5 items below) received by Thursday April 30th will fall under current pricing and guidelines: Submission form, new notice and authorization form signed by the borrowers, homeownership counseling notice with the borrowers present zip code and date within 30 days or less, completed

demographic addendums for all questions - ethnicity and race, and credit report dated 120 days or less. Files with any of these 5 docs missing, not received by 4/30/2020, will receive new pricing and guidelines (published May 1st)."

VA mortgage Lender, [NewDay USA](#), announced that veterans and servicemembers can now sign mortgage closing documents without having a notary signing agent enter their home. The company's new SafeClose™ service, which abides by the Center for Disease Control and Prevention's (CDC) social distancing guidelines, allows notaries to verify a borrower's signature from a safe distance outside the borrower's home. NewDay USA's SafeClose consists of three simple steps for each veteran customer: Loan documents are reviewed and signed electronically using the veteran's home computer, five main documents that will need to be signed by the veteran in the presence of a notary are delivered to their front door for signature (if they can be seen signing the documents), and the veteran's signature is verified and notarized at a safe distance from their front porch or outside their door.

Capital Markets

The tone for U.S. and EU central bank meetings this week may have been set yesterday by Japan's central bank, which did not change its interest rate on excess reserves (IOER) but increased its purchases of corporate bonds and commercial paper. The central bank announced it expects that Japan's GDP will contract between 3.0 percent and 5.0 percent in 2020 and that core CPI will return to deflation. It could be similar here in the states. The Federal Reserve's April meeting gets underway today shortly.

U.S. Treasuries began the week by pulling back, **mostly due to general optimism about lockdown measures being relaxed in Italy, France, and the U.K.**, demonstrating how connected the global economies, or at least investor's sentiments, are. Deutsche Bank's announcement of better-than-feared Q1 results added to the positive sentiment. The 10-year closed the day +6 bps to 0.66 percent. Oil was in the news again as the U.S. Oil Fund unexpectedly started selling all of its June WTI futures positions, triggering a massive swing in the price relationship between the June and July contracts and decreasing the price per barrel by roughly 25 percent.

Today's economic calendar is well underway, with a **trio of releases**: Advance March goods trade balance (\$64.22 billion, \$5 billion widening), advance March Retail Inventories (+.9 percent with stores shut), and advance March Wholesale Inventories (-1.0 percent). We have a whole bevy of economic readings to round out the day coming up: Redbook same store sales for the week ending April 25, April consumer confidence, Q1 housing vacancies, the Richmond Fed manufacturing and services indices, the Dallas Fed Texas Services Index for April, the February S&P Case-Shiller Home Price Index and April Consumer Confidence. And don't forget that FOMC meeting. Additionally, there will be auction results for a \$35 billion 7-year Treasury notes **and the NY Fed will conduct two FedTrade purchase operations totaling up to \$7.68 billion.** We begin the day with agency MBS prices up .125 and the 10-year yielding .64 percent.

Employment and Business Opportunities

Quontic, a growing federally chartered digital bank & CDFI lender, is seeking experienced sales leaders that have the drive and skills to succeed. "If you're a passionate, aggressive & career minded Mortgage Loan Officer/Originator looking for an opportunity that offers unlimited earnings & sales management growth potential, we'd like to meet with you. In addition to our standard products offered, such as Conventional, Agency, FHA & HECM Mortgage Lending products, we have one of the best Portfolio Lending programs in the industry. We have a great culture, where we offer a competitive commission & bonus structure including bi-weekly salary draw, comprehensive benefits package including 401(k) matching, transparent pricing model with cutting-edge point of sales solution, integrated website & mortgage application, the latest marketing technology, in-house digitally-driven operations, ability to broker out loans, minimal over-lays, and remote & on-site opportunities nationwide. Please send qualified resumes to Lee Ann Casanova.

Industry leader, Finance of America Mortgage is looking for mortgage companies that want to join our team. We are a well-capitalized company with private equity backing and some of the leading technological platforms in the industry. Whether it's our cutting-edge CRM platform, all-encompassing marketing materials, or groundbreaking client experience, we give you and your employees the tools you need to succeed. You can rest easy knowing that you and your whole team will continue to prosper under the Finance of America Mortgage umbrella.

If you are part of the executive management team of a mortgage company and are interested in your company becoming part of the Finance of America Mortgage family, please contact Anthony Stratis (646-809-6045) today.

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