CRM, Processing, Buyback Insurance Products; COVID, the CFPB, Credit Reports, and Rates

By: Rob Chrisman | Wed, Jun 17 2020, 8:52 AM

Yesterday afternoon I was doing my quarterly ten minutes of YouTube yoga ("Align those internal organs! "The journey is the reward!") and my mind wandered to how economists are great at predicting the past. (No, I didn't make that up.) Companies post their results, and any talk of the future often comes with a warning, "Past results are not indicative of future performance." So guidance should be "taken with a grain of salt." Anyone should be incredibly wary of, perhaps disbelieving of, any date-based forward guidance. Do you think someone can say with any certainty, "I think in September of 2021 'such-and-such' will happen."? Just think back where we were only four months ago versus where things are now. "Data-based" forward guidance is more reliable, and the Fed sees plenty of it. Current situations are much clearer, however, and homebuying demand is even stronger than a year ago, according to Redfin. Supply is not strong in many areas, however, as new home construction and new listings are sluggish. Buyers in some markets are desperate, especially if a couple is trying to get out of a 1 bedroom, 1 bath condo… at reasonable, correct price points, stuff is flying off the shelf!

Lender Services and Products

NewRez, a nationwide lender, is announcing that its Correspondent Lending division is once again accepting Best Effort locks to help you grow your business. While briefly stepping away from the market, NewRez evaluated and improved all correspondent products, services, and support systems to be more innovative and streamlined than ever before! Various processes, procedures, and technology have been implemented to make the experience completely lender centric. The NewRez team has also been hard at work capitalizing their business in ways that lead to long-term viability and partner success. For more information, visit https://www.newrezcorrespondent.com/ or email John Davis, SVP National Sales of Correspondent Lending.

BETTER Direct Mail Marketing for Mortgage Lenders from Monster Lead Group: "We're able to grow and scale operations because of the predictability of Monster's campaigns. It's a real marketing system. It's not just sending mail." (Brad Bennett, Caliver Beach Mortgage.) "It's been your consistency; it's been unbelievably consistent. It's really like clockwork… We're able to grow and scale because of the predictability of the Monster campaigns." (Steve Sless and Andrew Parker, PRMG Reverse Mortgage Division.) "Somebody can charge me half as much as you guys do, but I can't get beyond the level of your results. For me, service means a hell of a lot and the results speak for themselves." (John Kresevic, JFQ Lending.) "We've basically stopped doing all other marketing and gone 100% with Monster." (Manny Fajardo, Premier Lending Corp.) Monster Lead Group. Better than whoever you're using. See how at monsterleadgroup.com/better.

Repurchase Liability Insurance / Buyback Protection! This insurance protects the originator from losses stemming from loans contractually required to be repurchases by the investor. Losses covered are scratch and dent, foreclosures, and short sales. Both QM and non-QM loans can be covered. The cost is typically passed through and is less than the cost of the loss reserves. Very little information is needed for a quote and you can click here to fill in the list and also request additional information.

Digital mortgage frontrunner SimpleNexus announced the release of Multi-Loan, a feature that consolidates management of multiple loans from the same applicant within SimpleNexus' famously user-friendly interface. LOs can customize the borrower task list and requested documents for each loan; request eConsent, asset verification and credit authorization on a per-loan basis; and move or copy documents between different loans for the borrower. Borrowers can create a new loan application directly from the app or on the web. To further streamline loan management, SimpleNexus automatically links all loan applications associated with the same borrower, eliminating the need to remove old loans from the system or create separate user accounts to manage multiple applications. VP of Product Shane Westra says more than 60% of SimpleNexus' customers have opted-in for early access to the feature. Get a demo here.

As lenders continue to hack their way out of the refi weeds, they need tools that allow LOs to be in not just two, but hundreds of places at once. SecurityNational Mortgage Company Chief Strategy Officer Eric Bergstrom credits Top of Mind's SurefireCRM for enabling what he's dubbed their '10x 10x' marketing system because it delivers 10 times the customer reach with 10 times fewer resources. With SurefireCRM's creative library of customizable, automatable content, a handful of SNMC Business Services personnel can achieve much higher customer engagement for their 500-plus LO workforce. Get the full details in this free case study download.

"Last chance! Are you ready for FHA Streamline refinance opportunities in this market? Learn how to efficiently submit your files once for a final approval! Join Freedom Mortgage Wholesale for our last live webinar training session this month on FHA Streamline mortgage products and origination processes. Ideal for new or experienced government originators. Sign up for our last FHA Streamline webinar on June 19 (FHA SL)."

Consumers: On Everyone's Minds

How can lenders sustain positive performance metrics achieved in the last 90 days? Get back to the basics. "Borrowers choose their lender based on a referral or existing relationship 87 percent of the time," says STRATMOR Group's MortgageSAT director Mike Seminari. "Now is the time to ask, 'How do we keep the momentum of the positive customer sentiment we've seen in the last three months going?'" In his new MortgageSAT Tip, Seminari recommends optimizing the borrower experience by following three rules that have stood the test of time, including calling the borrower before closing, which when missed, causes the Net Promoter Score (NPS) to drop from 86 to -4. Read the June MortgageSAT tip: "Maintaining Strong Sales and Customer Satisfaction as the Economy Reopens."

CFPB and Credit Reporting

While the industry, especially the non-QM segment which will be lucky to hit 3-4% of the residential pie this year, waits for guidance on QM versus non-QM, the Consumer Finance Protection Bureau "issued guidance on consumer reporting during the COVID-19 pandemic. The frequently asked questions (FAQs) address companies' responsibilities under the CARES Act and the FCRA when they furnish information to consumer reporting agencies about consumers impacted by the crisis.

The guidance turned many heads, and I received this note from a compliance pro. "Rob, did you see, 'QUESTION 8: **Can a furnisher comply with the requirements of the CARES Act relating to reporting of accommodations simply by using a special comment code** to report a natural or declared disaster or forbearance? ANSWER (UPDATED 6/16/2020): As discussed in FAQ #3 above, the CARES Act requires a furnisher to report a credit obligation or account as current if it was current prior to the accommodation or not to advance the level of delinquency if it was delinquent prior to the accommodation. Furnishing a special comment code indicating that a consumer with an account is impacted by a disaster or that the consumer's account is in forbearance does not provide consumer reporting agencies with this CARES Act-required information and therefore furnishing such a comment code is not a substitute for complying with these requirements.'

"I was struck by the doublespeak in Question 8's answer in the CFPB's credit reporting announcement in terms of whether a servicer can provide any kind of reporting about forbearance. So, can you report a borrower as current and provide a special comment code saying they are in forbearance? Offering such 'guidance' in an FAQ format is questionable, at best. If they really wanted to be helpful, they would have answered, 'Yes, as long as you report the borrower as current, you may also supply a comment code indicating that the borrower was affected by forbearance.' This is an attempt to make it seem like you can't do something, when in fact you can."

Capital Markets

We hear the terms "risk on" and "risk off" a lot when it comes to daily movement in the MBS and bond markets. Yesterday was a "risk off" affair, which generally means people feel good about the direction of the economy and trade accordingly: global investors pile into riskier assets, which sees Treasury yields increase or "pull back" in order to make the security more attractive. That was the case yesterday, and the 10-year yield, which is loosely tracked by mortgage rates, rose +5 bps. The sentiment was largely due to optimism over a recovering U.S. economy, evidenced by a record jump in retail sales, advanced talks surrounding the Trump administration proposing $1 trillion in infrastructure spending, the implementation of further Fed action, and the Bank of Japan boosting support for companies. **Overlooked were escalating tensions on China's border with India and some troubling coronavirus-related signs**, as schools were closed in Beijing while domestic reports pointed to an uptick in hospitalizations and new cases in various states.

Fed Chairman Powell delivered the first part of his semiannual testimony on monetary policy yesterday, arguing in favor of greater fiscal support for state and local governments and saying that the Fed is "some years away" from halting asset purchases. His pre-testimony statement said financial-system vulnerability will be significant in the near term and stressed risks to the economy and jobs, and added that the size of the balance sheet as a percentage of GDP will be allowed to "decline passively" when the time comes. Despite recent positive economic data, he said there's still "significant uncertainty" about the timing and strength of the recovery, and that the U.S. economy may be entering a period of significant improvement in employment but one that will leave the labor market "well short" of the robust levels seen just before the pandemic.

As far as economic releases went, U.S. retail sales for May were expected to rise on the back of restaurant and retail reopening's, but not many expected headline U.S. retail sales to jump nearly 18 percent last month, more than twice the consensus forecast, offering some hope that the economic recovery is going well. The report certainly reflects pent-up demand that was released as reopening efforts took root, but remember that monthly comparisons are sequential. Total industrial production increased in May, but only about half of 3.0 percent expectations, and capacity utilization rate fell slightly when it was expected to rise. The NAHB Housing Market Index increased to 58 in June, well beyond expectations after registering at 37 in May.

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The question is now whether re-imposed restrictions due to new outbreaks of the coronavirus cropping up around the country could potentially set back the national recovery. New coronavirus cases are trending higher in 20 states, several of which are seeing record highs, particularly in the Sun Belt and parts of the West following the easing of lockdown orders in early May. While the rise in new cases can be partially explained by factors such as more prevalent testing and reporting lags, any eventual slowing down or rolling back re-opening plans would curtail economic activity and potentially set back the recovery which is just getting underway. One concern is that the coronavirus appears to spread most easily in dense urban areas, which account for a disproportionate share of economic growth. Some bars and restaurants have also voluntarily closed for a second time, illustrating that even without new restrictions or lockdown orders, new waves of the coronavirus could by themselves weigh on consumer and business confidence and prolong the return of economic activity to prior peak levels.

Today's economic calendar includes the Weekly MBA Mortgage Index for the week ending June 12: mortgage loan application volume increased 8.0 percent on a seasonally adjusted basis from one week earlier. Looking for some good news? The Refinance Index increased 10 percent from the previous week and was 106 percent higher than the same week one year ago. Additionally, the seasonally adjusted Purchase Index increased 4 percent from one week earlier and was 21 percent higher than the same week one year ago. We've also had May Housing Starts (974k, +4.3 percent, below forecasts) and Building Permits (1,220,000). Fedspeak? **The afternoon sees Fed Chair Powell head back to The Hill for the second round of testimony on the Semiannual Monetary Policy Report**, this time before the House Financial Services Committee, and Atlanta's Bostic and Cleveland's Mester will be on the podium. **The Desk of the NY Fed will conduct two FedTrade purchase operations totaling up to $4.721 billion** starting with up to $1.744 billion GNII 2.5 percent and 3 percent followed by up to $2.977 billion UMBS30 2 percent through 3 percent. We begin today with Agency MBS prices roughly unchanged and the 10-year yielding .76 percent after closing there yesterday.

Jobs

"At Mr. Cooper, we're extremely grateful for the loyalty and partnership of our clients. We value the dedication and determination of our Cooper team to continue delivery of superior service to our clients and borrowers. We're committed to our partnership with our Correspondent clients and are delivering access to liquidity, superior turn times, and competitive solutions for Best Efforts and Mandatory executions. Our strength and stability have allowed us to expand our product offerings providing more options to our valued clients. Stay tuned for exciting announcements including expanded offerings in FHA lending, Co-Issue and Remote Online Notarization capabilities. Additionally, WE'RE HIRING! We're excited to expand our Non-Delegated and Delegated programs and are looking for experienced Underwriters, Underwriting Managers and Client Relationship Managers. Contact Pamela Peak to learn about joining our dynamic team! Mr. Cooper is a Top 10 Correspondent investor and the largest non-bank servicer with a servicing portfolio of $600B+."

Stearns Wholesale Lending is focused on Gearing Up For Growth in 2020 and has announced the addition of Jeff Newcome as the Regional VP, Sales for the Northeast region. Newcome joins with over 20 years of Wholesale and Correspondent mortgage sales experience, including leadership roles at EquiFirst, Countrywide, and Bank of America. Most recently he spent seven years helping build the Non-QM Investor Deephaven Mortgage. The mission of his role is to guide, grow and support the Account Executives as well as Broker and Non-Delegated Correspondent customers. For more information or to inquire about sales and operational positions with Stearns Wholesale Lending, CLICK HERE.

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