

# DPA, Forbearance, Broker Products; FHA, USDA Tweaks; Treasury/MBS Spread Update

By: Rob Chrisman | Fri, Jun 26 2020, 10:00 AM

There are plenty of tricks in any trade. Just-opened cellulose sponges are already damp because many are premoistened with sterile water. (Without H<sub>2</sub>O, the material shrivels and hardens and looks unattractive in the store.) Watch a car commercial on TV: many have the street watered down to make the asphalt dark and the car reflect. Don't ever, ever put anything on a hospital floor. In the old days, when there were open houses, a smudge of vanilla on a light bulb made the house smell like cookies. We've all heard of Freedom of the Press. What about "Freedom of the Font?" Under the category of "you can't make this stuff up," Goldman Sachs released a new font with which [you're not allowed to criticize Goldman Sachs!](#) Lastly, in keeping with this non-mortgage opening paragraph, did you know that, for the highway engineering trade, expanding a highway [makes the traffic worse?](#)

## Lender Products and Services

Mortgage servicers are struggling to right-size preparedness for when forbearance ends and moratoriums are lifted. There really is no way to predict staffing levels needed over the next 12+ months to prepare for the imminent spike in loss mitigation activity. This [webinar](#) will introduce self-service options to allow borrowers to secure post-forbearance relief in minutes, while avoiding manual credit processing and operational errors. With the expected uptick in loan modifications, short sales, mortgage releases and foreclosures, the right technology can considerably reduce operational strain, regardless of the source system or collections platform. [Register now.](#)

The results are in and [Scotsman Guide](#) has ranked [Bluepoint Mortgage](#) a Top Ten Mortgage Wholesaler in the Nation for the second year in a row. Tremendous year-over-year growth has hurtled Bluepoint onto the major playing field of wholesale mortgage banking, funding hundreds of loans per month with a lending footprint in 29 states and counting. Managing Partner, Mark Matta, attributed Bluepoint's success to its long-standing commitment to lend responsibly and transparently to the Broker Community and its borrowers. Becoming one of the Nation's Top Lenders is also credited to the people who make up Bluepoint. On the list of Scotsman Guide's Top Account Executives are Chris Calderon ranked #2 in the entire country, Allen Samuel ranked #35, Diego Chavez ranked #115, Demanche Clemente ranked #125, Rebecca Raff ranked #131, Steven Peinado ranked #139, and Mynor Arevalo ranked #142. Become an [approved Broker](#) with Bluepoint!

Altisource, your one source for real estate and mortgage solutions, has released a white paper entitled "[Navigating the Challenges of COVID-19 Now and in the Future.](#)" On May 6, Altisource hosted the Mortgage Industry Pandemic Summit, a virtual symposium with 28 leading experts discussing the operational and economic challenges mortgage, real estate and financial companies are facing as a result of COVID-19. The company's new 24-page white paper summarizes the summit's key ideas, best practices, guiding principles and expert advice. It also includes the results and analysis of 20 poll questions conducted during the sessions. Read the paper now to see how other mortgage industry professionals are responding to the current pandemic. Click [here](#) to download.

Compass Analytics, part of Black Knight, introduced new forbearance modeling capabilities in its latest release of CompassPoint, an industry-leading platform for pipeline risk management, hedge advisory services and MSR valuation. The new forbearance model enables lenders to explicitly model the price impact of loans in forbearance, including the expected forbearance period, additional cost to service, likelihood of curing successfully, monthly payment considerations and more. This powerful new functionality, in conjunction with the [Servicing Advance Calculator](#) released in late March, arms clients with the tools they need to make optimal servicing retention decisions in a challenging market. Please visit <https://compass-analytics.blackknightinc.com/compasspoint/> to learn more about CompassPoint.

[Chenoa Fund](#) demonstrates how responsibly run national DPA programs benefit the consumer. Innovative financial solutions, such as our CRA Note Exchange, have allowed us to offer the Rate Advantage program, which offers rates competitive with standard FHA loans, even with DPA included. Also, by running mortgage banking in-house vs. outsourcing operations through large bankers, we have brought costs down to consumers, while helping lenders avoid losses on DPA. Additionally, through careful monitoring of our loan defaults, we added overlays to mitigate risk without eliminating offerings to underserved populations. Independent financial/operational audits are conducted throughout the year to assure partners our compliance with all industry requirements. We constantly strive to improve our offerings, pricing, and service. These measures allow us to serve significantly more minority homebuyers than any other DPA program (54% of borrowers are minorities). We sincerely thank each of our amazing correspondent lenders, making our program available where most needed.

## FHA and USDA

USDA released an [announcement](#) informing lenders of foreclosure and eviction moratorium for all USDA Single Family Housing Guaranteed Loans Program (SFHGLP) loans that has been extended through August 31, 2020, in connection with the Presidentially declared COVID-19 National Emergency.

FHA issued an Extension of Foreclosure and Eviction Moratorium in connection with the Presidentially Declared COVID-19 National Emergency. [ML 2020-19](#) announces a second extension of the foreclosure and eviction moratorium through August 31, 2020. [Read the Press Release.](#)

USDA is in the process of building a new Guaranteed Underwriting System (GUS) user interface (UI) to support the new Uniform Residential Loan Application (URLA) and Uniform Loan Application Dataset (ULAD) and to modernize GUS. To prepare lenders for the March 1, 2021 mandate and gain insight to what is occurring, the SFH Guaranteed Loan Program URLA/ULAD implementation [timeline](#) and testing timeframes are available for review.

Hyperion Bank broadened service-centric offerings with major mortgage expansion with the launch of Hyperion Mortgage, LLC, a significant expansion of its existing mortgage program. Promising comprehensive lending options tailored personal service and local decision making; Hyperion Mortgage offers conventional, jumbo, FHA, VA, construction-to-permanent, home renovation, home equity (HELOC) loans, portfolio mortgages and more.

All WOE/WOIs must be completed by an HR representative, owner, digital vendor, or a supervisor as indicated by the payroll system and be completed within the below timeframe:

Caliber Home Loans posted an update to COVID-19 overlay regarding Wage Earner WOE and WOI for Conventional, FHA, VA, and USDA Purchase and Rate Term Refinance Transactions. WOE must be completed within 6 business days of the note date and WOI must be completed within 15 calendar days of the note date. Cash out transactions: WOE/WOI must be completed within 3 business days of the note date.

Effective with new commitments taken on and after 6/23/2020, for FHA Streamline Refinance transactions, AmeriHome Mortgage will require a verbal WOE or third-party verification of income source will be required for both Credit Qualifying and Non-Credit Qualifying refinances.

Mountain West Financial® has added 2%, 3% and 5% down payment and closing cost assistance (DPA) options for Texas Department of Housing and Community Affairs (TDHCA) FHA loans. For complete details, refer to the [Texas Department of Housing and Community Affairs Matrix and Overview.](#)

## Capital Markets

With the 10-year yield content around .70 percent, and 30-year mortgage rates around 3.00 percent, what now? **Any decline in rates will likely come from reduction in the primary/secondary spread**, which measures the difference from where the lender can sell a home loan into the secondary market and where the lender will offer one to a borrower. Over the last five years, the spread has averaged roughly 1 percent, but is currently well above that, 1.72 percent this week. The spread is part of a measure of how much risk lenders believe there is within mortgages, and has recently kept rates higher than they otherwise would be, due to economic damage from the coronavirus and forbearance. As the economy improves, lenders will gradually tighten the primary/secondary spread back towards that 1 percent figure, which could reduce mortgage rates by up to three-quarters of a percent. **Granted, as the economy improves, mortgage rates will naturally rise.**

We live in a 24-hour news cycle, but it seems the headlines this week have all been the same: the coronavirus is continuing to spread, with a record 37k new domestic cases reported on Wednesday, and it is forcing businesses to rethink their plans to reopen. MBS prices and Treasury yields were roughly unchanged yesterday, maybe because of the lack of “new” news. The concerns weighed on risk tolerance, but did not fuel much of a risk-off response. As far as economic releases went, jobless claims showed an eye-watering 47 million people have signed up for benefits since mid-March. **The downward trend may not accelerate until after the benefit boost expires at the end of July**, but new worries abound as the reacceleration in coronavirus case counts and a rethink of reopening efforts may cause another wave of layoffs. With parts of the economy potentially needing to shut down again to control the pandemic, it is looking increasingly likely that rather than a “V” or “U” shaped recovery, it may be a series of Ws. New orders for durable goods increased by 15.8 percent in May after dropping by 18.1 percent in April, with all major categories except commercial aircraft experiencing a bounce back. Let’s not get ahead of ourselves: new order levels year to date are 13.6 percent lower than the same period a year ago on a not seasonally adjusted basis.

May personal income and spending (-4.2 percent, +8.2 percent, respectively, both lower than expected) kicked off today’s week-end calendar. Additionally, we have had Core PCE prices (+.5 percent). Later this morning brings final June Michigan sentiment. **The NY Fed will conduct two FedTrade MBS purchase operations totaling up to \$4.665 billion** starting with up to \$1.768 billion GNII 2.5 percent and 3

percent followed by up to \$2.897 billion UMBS30 2 percent through 3 percent. We begin today with Agency MBS prices little changed (like all week!) and the 10-year yielding .66 after closing yesterday at 0.67 percent.

## Employment and Hires

Bluepoint Mortgage is hiring key [positions](#) to aid in its continued success and growth. BPM is currently hiring DE, VA, and Conventional Underwriters, Quality Control Specialists, Account Managers, Disclosures, Funders, and Account Executives. When polled, Bluepoint employees named the top five reasons to work at Bluepoint as leadership, recognition, growth opportunities, inclusion, and comradery. Being the #2 wholesale lender in CA and #9 in the nation is serious business and takes dedication. That said, BPM knows how to have some fun and break up the day to keep employees engaged and motivated. Please email [careers@bluepointmtg.com](mailto:careers@bluepointmtg.com) to inquire about open positions. For more information on Bluepoint, or to become an approved broker, please visit [www.bluepointmtg.com](http://www.bluepointmtg.com).

“[People’s United Bank](#) has opportunities for talented mortgage loan originators to join our growing organization. Our Mortgage Loan Officers are supported by an experienced team that creates an environment for growing your business and providing your clients excellent service and products. Positions are currently available in Westchester and Rockland Counties in New York. As an Assistant Vice President, Mortgage Loan Officer, you will originate residential mortgages through our retail branch network and self-generated referral sources. We are a portfolio lender offering a wealth of portfolio products to our customers. To learn more about these positions and to apply online, please visit our website at [www.peoples.com/careers](http://www.peoples.com/careers) or you can email your resume to Elise Saltzman. Join us and show what your know-how can do.”

[Wyndham Capital Mortgage](#) knows the advantages of implementing digitally driven solutions don’t just apply to borrowers. With the launch of its partnership with Workday, Wyndham Capital is fusing its employee experience with the latest in human resources technology. Whether it is a potential employee working through the application process, or a current employee researching information or increasing their knowledge base, leveraging this technology will have impacts across the board. [Wyndham Capital](#) is currently driving the transition to the Workday platform for all employee and recruiting needs. What does this mean? That once again, Wyndham is recognizing the force technology can have to create a smarter, smoother, more efficient organization. As the leading digital home lender, Wyndham Capital is bringing next-generation benefits to today’s workplace, building an organization where employees are given the tools to streamline their days and maximize their success. Click [here](#) to learn more about joining the Wyndham team.

[Northpointe Bank](#) is recognized as a top-performing bank in the nation by the Independent Community Bankers of America. Northpointe is honored, once again, to be named a top-performing bank by the ICBA, according to FDIC return-on-asset and the institution’s focus on efficiency and personal service. This is the seventh year in a row Northpointe Bank is ranked a top performing bank in the nation out of approximately 5,000 ICBA member banks. Northpointe attributes its [consistent success](#) to its client-first culture. “Our customers are offered more loan products, including zero down payment loans, construction and renovation lending and personalized portfolio loans,” said Michael Winks, president, lending & retail banking at Northpointe. “Also, we have leveraged proprietary technology, such as [Home](#), our lending app that allows borrowers to submit an application, upload and e-sign documents, as well as make their loan payments all from a single secure login”, Winks added.

A mid-sized publicly held depository bank is continuing to expand its residential mortgage reach, and is looking for branches and originators in Texas. Capacity has not been an issue for this Bank, and it has a wider variety of programs than most, and is Ginnie, Fannie, Freddie approved. Confidential resumes/notes of interest should be submitted to me for forwarding; please specify the opportunity.

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