

Servicing, Inspection, Loss-mit Products; CFPB's Structure to Change; Ginnie Adjusts Pooling Requirements

By: Rob Chrisman | Tue, Jun 30 2020, 8:50 AM

Some days you don't learn much, other days [you learn a lot](#) (skip the ad). We've learned that COVID is driving our economy, not fundamental economic news, and at this point virologists have better forecasts than economists. Appearing with Treasury Secretary Mnuchin today before Congress, it is believed that Fed Chairman Powell will state that there won't be an economic recovery until the threat disappears. We are reminded that low rates come with a cost. Temporary layoffs can easily become permanent reductions. I've learned that many lenders are having their best June ever, volume-wise, and I've heard some say their June income could equal up to six months of income during a "normal" period. Margins are high in an effort to continue to control volume: why shrink margins if your underwriting turn times are two weeks out? Adjusting margins with an eye on capacity continues to be the name of the game. I hope companies are saving their money for a rainy day. Because there will be.

Lender Services and Products

Now available: The latest innovation from ServiceLink, EXOS Inspect, allows borrowers to complete their own home inspections for maximum comfort, safety, and convenience. No waiting for an appointment: using EXOS Inspect, borrowers spend just minutes per room conducting fast, easy, and secure video inspections for critical aspects of the lending and servicing process. The app includes geo-fencing, timestamping, and patent-pending advanced video processing to assure accurate and comprehensive data, and even has a unique privacy feature to identify and screen out potentially sensitive images. And it's easy to implement: It is now available to ServiceLink clients with no tech lift required. You can use [EXOS Inspect](#) to improve home equity collateral review and portfolio management processes or simply to get a look inside a home in your portfolio.

First American TaxSource property tax reporting delivers full national coverage with the most current tax status and rapid results through the latest technology and data resources vetted through multiple validations from one reliable, trusted partner. Lending professionals need on-demand, real-time tax status reporting outside of the cyclical tax cycle for transactional data that shows the currency of property tax payments to make informed decisions and mitigate risk. First American property tax status reporting creates workflow efficiencies in a single-source solution, delivered via robust, seamless API integration or online self-service PDF reports. As the industry leader in data and technology, First American expertise, innovation and consultative approach provide the best in tax status reporting services. From managing defaults or selling off a package of loans, to monitoring tax liabilities, procuring tax status reports outside of annual cycles is now easy!

UHOUSI Initiative – Civil Rights leaders, Dr. Alveda King and Bishop Harry Jackson are leading a movement to address the national wealth gap, where minorities have 1/10th the net worth of whites. The UHOUSI Initiative is partnering with churches around the country to educate minorities on programs such as the Chenoa Fund, which aims to help families achieve the dream of homeownership through the provision of DPA. Homeownership leads to better family and community outcomes. You can make a difference in addressing the racial wealth gap in our nation by actively educating the minority community and increasing the pool of people you lend to. Did you know that 2/3rds of all household formations in the next decade will be minority led? Be part of a growing movement. To learn more, [contact us](#) about sponsoring a homebuyer education event in your community, where we will provide media outreach and spotlight your company's efforts.

HomeBinder Announces Partnership with Encompass® by Ellie Mae. With this partnership lenders will have the perfect tool to keep them connected post-close without physical contact. Drive agent referrals by co-branding HomeBinder with the real estate partners you work with. The effortless integration with Encompass® automates the entire process (including loan docs!) [View our demo](#) or call us 1-800-377-6915

Part 2 of Maxwell's new blog series is here. [The Land of Unequal Opportunity \(Pt. 2\): How Government Policy Segregated American Neighborhoods](#) examines how government policy at federal, state, and local levels historically segregated neighborhoods across America and set the stage for the burgeoning racial wealth and homeownership gaps holding Black Americans back today. [Read part 2 here.](#) (Missed Part 1? Start with ["A History of Redlining and Its Lasting Impact on Black Homeownership"](#) here.)

Do you have the right loss mitigation partner for COVID-19? With agency guidance and investor updates continuing to define how servicers do business during the pandemic, having the right type of vendor partnership is crucial. Sometimes a small, focused partner makes a big difference. With your staff working from home, it is imperative to have easy access to applications that are dynamic, versatile, and able to ingest and synchronize data from throughout your organization's ecosystem. Read our [recent blog](#) to find out what you need right now as well as review the most recent agency COVID-19 guidance. By leading your organization with rapid implementation, client-centric specialization and industry expertise, your servicing team can successfully manage historic levels of borrower interactions while reducing cost and improving efficiency. Stop worrying about how to scale and let us show you how to future-proof your organization with CLARIFIRE®.

As COVID-19 continues to profoundly impact every aspect of business, [Sourcepoint](#) understands mortgage servicers must adapt quickly to a new normal. Its experienced Omnichannel Contact Center and Collections teams, and default support staff are available to serve your borrowers and ease their concerns, not only during normal times but also during periods of uncertainty. Backed by the most comprehensive set of servicing and collection licenses and a 5,000+ global workforce with US and global centers, their teams are well equipped to help your borrowers through these difficult times - whether fielding customer service inquiries, navigating through a forbearance application and the approval process to ensure they get the assistance needed in a timely manner, or working through loss mitigation or modification strategies, they are here to help. Learn more about Sourcepoint's default servicing capabilities.

CFPB in the News

Why should originators care that in a 5-4 decision authored by Chief Justice John Roberts, the Supreme Court has held that the Consumer Financial Protection Bureau's (CFPB) single-director, for-cause removal structure is unconstitutional because it violates the separation of powers? The court found that [the CFPB's structure](#) can be saved by striking out the for-cause termination provision from the rest of the Dodd-Frank Act. So the agency's structure was ruled unconstitutional because its director held too much unchecked power, and [now the President can fire the director of the CFPB](#).

The CFPB touches many other industries besides mortgage lending. It's leadership may not have much direct on the lending activities of LOs. The Trump administration declined to defend the CFPB and agreed with legal challengers who argued its structure was unlawful, abandoning the legal position of the Obama administration. The case itself involved a challenge by debt-relief firm Seila Law LLC, which sought to contest a CFPB subpoena.

Isaac Boltansky Compass Point Research & Trading opined, "In the simplest terms, this means that CFPB Director Kathy Kraninger could be dismissed by the president, which we believe would occur almost immediately if a Democrat wins the White House. At the highest level, we view this decision as (1) a net negative for consumer financial firms as it adds political volatility to the federal policymaking process and should embolden certain state-level actors and (2) directionally positive for the effort to end the GSE conservatorships as there is a readthrough from this case to the FHFA's governance structure, which could bolster Director Calabria's sense of urgency... The Seila Law decision carries significance for mortgage finance in two specific ways: (1) the effort to revise the Qualified Mortgage (QM) rule in order to end the patch; and (2) the FHFA's governance structure." (The overseer of Freddie and Fannie is similar in structure to the CFPB.)

Capital Markets

Ginnie Mae announced sent All Participants Memorandum 20-07 ([APM20-07](#)) that immediately implements pooling eligibility restrictions on re-performing mortgage loans that were bought out of Ginnie Mae pools. This temporary action continues to provide for buyout transactions that are appropriate and necessary, while maintaining market confidence in [Ginnie Mae securities](#).

The main topic of conversation over the last week is the **rising number new positive coronavirus confirmations** that have taken place since many social restrictions were lifted. This offset the positive news that resulted from the increase in economy activity following forced business closures amid the initial outbreak this past spring. While some increase in positive cases was expected as more tests are being done and people visit restaurants and stores at limited capacity, the percentage of those testing positive has also risen despite expectations that the summer heat and humidity would slow the spread. Many of the states that are seeing a rise in new infections are those in the South and West that experience hotter temps and higher humidity. Financial markets took a pause from their recent bullish outlook last week as the unknowns about Covid-19 present potentially large risks to the economic outlook. As states begin to pause or reverse course on which business may open and by how much and with enhanced unemployment benefits set to expire in July things may get worse again before we are on the steady path to recovery.

Normally, **bad news means the yield curve will flatten, but despite the announcement of reopening delays across several states and the WHO saying the "worst is yet to come"** regarding the coronavirus, the curve actually steepened and the 10-year yield ended the day unchanged. Part of that was due to exceptionally strong housing data, which saw pending home sales jump 44.3 percent in May after falling 21.8 percent in April. The May figure was expected to register around 18.0 percent, and certainly bodes well for summer homebuying season.

The week opened with a bit of Fed-related news. The Fed finally announced the launch of its primary market corporate credit facility. Additionally, Fed Chair Powell stressed the U.S. economic outlook is "extraordinarily uncertain" due to the pandemic, which he said must be contained to ensure a recovery in advance of his prepared testimony for today's appearance before a House panel. Hiring is picking up and spending is increasing, but "a full recovery is unlikely until people are confident that it is safe to reengage" in activities.

Today's calendar starts here shortly with Redbook same store sales for the week ending June 27. Later this morning brings S&P/Case-

Shiller Home Price Indices for April, Chicago PMI for June, consumer confidence for June, and Dallas Fed Texas services. There are several Fed speakers starting with **New York's Williams**, followed by **Fed Governor Brainard**, **Fed Chair Powell**, **Minneapolis' Kashkari**, and **Atlanta's Bostic**. The NY Fed will conduct two FedTrade purchase operations totaling up to \$4.4 billion. We begin today with Agency MBS prices a shade better/higher and the 10-year yielding .62 after closing yesterday at 0.64 percent.

Employment and Transitions

“At **Home Point Financial**, culture starts at the top from our CEO, **Willie Newman**, and permeates every part of our business. Our 'We Care' philosophy is the foundation of who we are, and Willie's leadership has created a culture that fosters an environment of inclusion, community, caring and open communication. Right now, we're hiring an additional 75 underwriters at every experience level and 105 operations positions. Our associate-first corporate culture ensures team members are given what they need to succeed: a commitment to work-life balance including remote work, a generous bonus program, opportunities for overtime, and supportive leadership. Curious what “We Care” really means to Home Point Associates? [Click here](#). Ready to join our team? Send your resume directly to John Eite.”

“Are you receiving the Coaching and Support you need to reach \$100 Million? 150 Million? At **Churchill Mortgage** our goal is to make sure you have a solid foundation by maximizing your strengths, then coaching you up to become an expert in loan strategy and relationship development. For example, we routinely share best practices among our Top Producers to help lift the whole sales team to the next level. [Check out these tips](#) from our Top Producer, **Michael Brown**, who closed \$150 Million last year.”

Waterstone Mortgage Corporation announced the resignation of Andy Peach from his position as President & Chief Executive Officer effective July 31. (In 2019, Waterstone Mortgage surpassed \$2.9 billion in loan origination volume with 14,000 loans.)

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