

Business Practice, Income, Compliance Products; Renewing the Non-QM Segment

By: Rob Chrisman | Wed, Aug 5 2020, 9:23 AM

Since eating inside a restaurant is problematic, now's the perfect time to eat better at home, get fit, and stay healthy. Never mind: Who are we trying to impress? We have snacks, we have sweatpants, let's use them! Would you be impressed if the entire U.S. yield curve dropped below 1 percent? It could happen. Traders and investors are betwattled by the prospect of the Federal Reserve holding interest rates close to zero for the rest of the year and beyond. (The 30-year risk-free Treasury yielded about 1.25% Monday.) Is this the "Golden Era" of residential lending, and lenders finance clients into rates with 1 or 2 percent handles? (There is always more risk with a home loan, like default risk or prepayment risk, so those rates will always be above Treasury rates.) Meanwhile, in today's "Big Brother" news, the National Bureau of Economic Research analyzed metadata from the emails and meetings of 3 million people found that as a result of lockdowns, the number of meetings that the average person goes to per day is up 13 percent, the length of the average meeting is down 20 percent, but the average workday is up 50 minutes. Management skills have had to adapt, and STRATMOR's current blog is, "[No One is Standing Over Anyone's Shoulder](#)", focused on managing remote employees.

Lender and Broker Products and Services

July was a busy month in the world of digital mortgage closings with Ginnie Mae, the FHLB of Des Moines, and the FHLB of Dallas all launching their eMortgage acceptance programs just weeks apart. If you are scrambling to navigate the rapidly changing regulatory and policy landscape, select the right tech providers, or reconfigure your workflows, [Falcon Capital Advisors](#) can help. The Washington DC-based advisory firm's customized Digital Mortgage Closing Roadmaps can help you quickly determine how "e" you can and should be, and the right approach towards implementing digital mortgage closings for your organization. Best of all, they can shave months off your implementation timeframes. Drop their Managing Director of Digital Mortgage Advisory, Camelia Martin, a note to learn more.

Discover how JFQ Lending is using direct mail with [Monster Lead Group](#) to surpass \$4.2 billion in originations for 2020: In just its first 3 years, the JFQ team has grown to approximately 120 MLOs, funding upward of \$400 million in a given month. JFQ Lending's President, John Kresevic reveals "75%-80% of our growth comes from Monster." Kresevic explains, "We've been successful with the strategies we get from Monster. I know what's certain every week; Monday around 12 o'clock Pacific the phones are going to start ringing and they're going to ring the rest of the week. I know that as long as I spend 'X, my return's going to be Y." If you want consistent phones and predictable ROI from your direct mail like JFQ, go to <https://www.monsterleadgroup.com/jfqlending/> right now.

While origination volume soars, it's all most of us can do right now to keep the pipeline moving to fulfillment. But it's also times like this when compliance violations can blind-side you. [Mortgage Sentinel](#) is now delivering a "secret shopper" service that keeps compliance officers and C-Suites on top of their consumer front lines. What does that mean for you? A proactive system that monitors your team's interactions with borrowers; a continuous QA process, and a more [consumer-friendly reputation](#).

[LoanCraft](#) is maintaining its rapid turn time for its income calculation service, while growing quickly in this market. The service is integrated with Ellie Mae's Encompass platform. Getting a firm income number at the beginning of the process helps avoid a whole host of inefficiencies and frustration for clients. The LoanCraft service is as easy as ordering an appraisal and warranted for accuracy. Just upload PDFs or select LoanCraft in Encompass and they do the rest, with a turn-time commitment of four hours. And with no setup charge or monthly minimums it couldn't be easier to get started. Contact Dom Spadafore or click [loancraft.net](#).

[Calyx Vision 2020](#) is in two weeks! Register today for access to 20 training sessions and strategic insights in an engaging, online format accessible from your own location. "Join us from August 18-20 for live interaction with our software specialists, lenders, integrated service providers, insightful keynote sessions, overviews of the newest Calyx products and more! [Register today!](#)"

As COVID-19 continues to impact and disrupt the mortgage industry dramatically, there is no way to revert to the pre-pandemic ways. Our focus needs to include better business practices by utilizing modern technology-enabled tools to solve challenges that provide valuable insight to further business goals built to deliver results. This [LendingQB sponsored roundtable session](#) brings together mortgage experts to present findings on the impact in lending and compliance, as well as lessons learned during COVID-19. This will be an enlightening LIVE discussion on how to identify revenue opportunities, new trends that will drive innovation after the crisis, as well as emerging technology that will impact the economy in the "new normal." This webinar is complimentary to attend: "[The LendingQB Destination: What's Next for Mortgage After COVID-19.](#)" Date: August 13 from 11AM-11:45AMPDT.

Production Managers, since the beginning of time you've wondered, "How can I get all my originators working more like my top producers?"

You've been looking for the holy grail: habit duplication. Usherpa has been researching habits of highly successful Loan Officers for 25 years. They've helped literally thousands of LOs increase production through every conceivable market condition! How? Using data analytics (and their lengthy history in the industry), Usherpa identified the most powerful habits of successful producers. Leveraging Usherpa's technology and commitment to customized training, you can ensure your team is primed to operate like the big hitters. Make your life easier and give your LOs the tools to duplicate top producers' habits [here](#). While you're at it download the Usherpa eGuide "3 Habits of Top Producing Loan Officers (You Can Duplicate)."

Non-QM: Green Shoots

Angel Oak Mortgage Solutions announced improved guidelines for its [Platinum Jumbo product](#) to help borrowers who cannot qualify for prime Jumbo.

Sprout Mortgage announced the resumption of its [Correspondent Lending Operations](#). Initially, there will be four featured comprehensive loan programs: J10: Select Jumbo Full Doc. A10: Select Bank Statement or 1099 for self-employed borrowers. A11: Select Asset Optimizer. I10: Inve\$tor Debt Service Coverage For 1-4-unit investment properties.

[LoanStream Mortgage](#) has enhanced its Non-QM programs with Non-QM Bank Statement Loans which include Up to 85% LTV, Mn FICO scores to 640, DTI Max 43% (50% at A+), 3 and 12 month Bank Statement Programs, Cash-Out Available (OO, Non-OO) and DSCR Loan Programs are Available. It has expanded its product offering and brought back many of its original programs to fill the void left by many who have exited the Non-QM space. All loans are underwritten and decisioned in-house, ensuring the best possible consumer experience.

HomeXpress offers Investor Cash Flow Loans. [Investor-XDSCR](#) qualifies off of I/O payment, Purchases to 80% LTV, Cash out to 75% LTV, No add for 30 year fixed, Loan amounts to

\$1 million and No Income/No Doc.

Citadel Servicing announced that it will resume originating Non-QM loans effective immediately. CSC used this pause in origination operations to rigorously evaluate all aspects of business and accelerate planned investments and improvements in key areas. These include [better technology](#) on both the origination and servicing side of the business, upgraded guidelines and processes, which in many cases have been modified to better suit the current market and the dramatic changes in many customers financial situations.

[Quontic](#) has announced the return of its non-QM loans through its Wholesale Lending Division.

ACC Mortgage offers a [12-24 Month Bank Statement Program](#) with personal/business bank statements and several other non-QM products.

Capital Markets

To no one's surprise **the Fed maintained their near zero rate policy following their two-day meeting last week**. The committee remains steadfast in its support of the treasury and MBS markets the Fed Funds Rate is expected to remain near zero into 2022. In his post-meeting press conference Fed Chair Jerome Powell reiterated that the economy recovery is tied to the efforts to contain the spread of Covid-19 and there isn't much the Fed can do in the near term to provide a boost. It will fall to Congress and fiscal policy around another stimulus package to extend or replace the expired benefits of the CARES Act. Real GDP plummeted at a 32.9 percent annual rate in the second quarter as consumers shifted from spending to saving in the wake of the uncertainty surrounding the virus and the shutdown of many services such as restaurants, bars, travel, and medical care. **If there is a bright side, it's that much of the declines were in April and data since then has been trending positive**. Home buying has begun to pick up and typically that would spill over into other related consumer categories.

Looking at the Treasury market yesterday, which largely determines mortgage rates, leave it to the yield curve to steepen on a Monday but reverse course and flatten on a Tuesday, with a rally across the curve yesterday that took yields toward record lows once again. Lawmakers are still divided on a stimulus aid package with House Speaker Pelosi saying she doesn't expect a deal this week, and that cautious risk appetite permeated trading on the day, also due to disappointing earnings, U.S. - China tensions, and continued growth concerns related to the continued spreading of the coronavirus. Let's take a deeper look at some of those stories.

Stimulus talks made "a little bit" of progress yesterday (per Pelosi, Mnuchin), and will resume today but there's still no agreement on crucial issues like extending the recently lapsed extra jobless aid. In the tech world, it was reported China won't accept a Microsoft acquisition of TikTok's U.S. operations and may take action if a sale is forced, calling the process a smash-and-grab raid. Separately, Beijing may kick out American journalists in Hong Kong if the U.S. doesn't renew visas for Chinese journalists. As far as economic data went, factory orders in June increased more than expected, posting back-to-back monthly increases following a 13.5 percent decline in April. The report showed

that business spending picked up in June as economies reopened, **though the July figure will be telling as shutdowns resumed.**

Turning to today's economic calendar, MBA mortgage applications for the week ending July 31 showed applications decreased 5.1 percent from one week earlier. We've also had ADP employment for July (pitifully up only 167k), and the June trade deficit narrowing to \$50.7 billion. Later this morning brings the final July Markit services PMI reading and ISM non-manufacturing PMI for July. Cleveland Fed President Mester will speak on the U.S. economic outlook. The Desk will conduct a repeat of yesterday's MBS FedTrade schedule when they conduct **three operations targeting up to \$5 billion** starting with \$753 million UMBS15 2 percent and 2.5 percent followed by \$2.8 billion UMBS30 2 percent through 3 percent and \$1.5 billion GNII 2.5 percent and 3 percent. We begin the day with Agency MBS prices worse/down .125 and the 10-year yielding .55 after closing yesterday at 0.52 percent despite the pitiful ADP number.

Employment and Transitions

"It is not a comeback if you never left." "July was a record month for ACCmortgage.com: \$119MM in new loan proposals. ACC offers the most complete and expansive Non-QM products: 75% DSCR, 80% Super JUMBO, 80% ITIN, 80% P&L Lending, 85% Bank Statement. Feel free to test the simplest Non-QM pricing tool: NONQMPRICER.com. ACC has recently increased its ranks. In order to maintain our service levels, we will halt new hires by the end of August. If you are looking for a change and have Non-QM experience, now is the time. We never stopped lending. 21 years in the Non-QM space makes us the most stable and reliable Non-QM lender in the industry. We have the top comp plan and support team in place. If interested in joining our family, please send your resume to the president, Robert Senko."

"Are you looking to join a growth-focused team that believes in providing best-in-class experiences for both customers and employees? TCF National Bank is excited to announce the expansion of our Home Loans fulfillment team by over 50%! TCF is looking to add the following permanent positions: processors, closers, quality reviewers and other support positions in our Michigan and Minnesota fulfillment centers, along with underwriters who can work remotely. TCF Home Loans is backed by the power of a premier Midwest bank that is dedicated to making a positive impact on the communities we serve. Our skilled team members, investment in technology and diverse product suite enables us to deliver on our commitment to meeting the needs of our customers. If you're ready to take the next step in your career and join a growing team that will invest in you, click [here](#) to learn more and apply."

"PRMG is experiencing explosive growth and is hiring experienced underwriters remotely across the country! Underwriting has drastically changed over the years and even more recently. You can't just expect to be asked to work longer and harder hours in times like these. At PRMG we've invested millions of dollars to make underwriting easier on the underwriters. We fully believe in Underwriters doing more with technology and not being replaced by it. Our support and Leadership for Ops is rivaled by few. If you want to join, now is the time! PRMG employs over 2000 people across the country and is licensed in 48 states with nearly 180 branches located throughout the nation. Contact HR@prmg.net for a complete job description or confidential inquiries."

MCT spread the word that it added [Page Woodall](#), Senior Sales Director, and [Dave Bricker](#), Chief Financial Officer, to its staff.

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