

MLO Jobs; Shell Available; Servicing, Marketing, Automation Tools; Temporary Relief From the CFPB

By: Rob Chrisman | Wed, Oct 21 2020, 9:13 AM

Want some guidance? “If you get a loan at a bank, you’ll be paying it back for 30 years. If you rob a bank, you’ll be out in 10 years. Follow me for more financial advice!” Plenty of MLOs will need financial advice, given their continued record production months and quarters. Ask anyone who had all their retirement money in the company they worked for, like WAMU, Nat City, Countrywide, or Lehman Brothers, about the benefits of diversification. There continues to be optimism in the residential lending community (not so much in the commercial lending arena as leases expire). The challenge for lenders now, as it appears the typical winter doldrums won’t occur this year given rates, is in staff hiring, training, motivation, and hiring. It is the opposite from a year ago when reductions, diversifying into alternative products, and trying to get ahead of cuts were the focus. Keep your perspective and be thankful: How would you like to have all your net worth tied up owning a car rental company or a dry cleaner?

Lender and Broker Products and Services

Are you overwhelmed with the deluge of refis and applications right now? Are you leaving valuable loans on the table because your processors are unable to get to a file for 4 days? Not to worry, [Truework can help](#). Our dedicated team of highly trained mortgage industry professionals at Truework is committed to tackling and completing your VOE/VOI request (whether manual or automated), [so you can close your loans faster than ever](#). Truework is a US-based company and has partnered with major lenders across the country to conduct 100,000+ verifications and counting. We’re also excited to introduce [Truework Teams](#)—our new corporate offering that streamlines billing, makes it easy for admins to manage users, and with increased usage, gives you a dedicated customer success team that ensures that you receive the verifications in the timeframe you need. And for a limited time, Rob Chrisman readers get 5 free Verifications (\$200 value). Let us do the heavy lifting so you can focus on what matters. Interested? Email Zackary Green.

MozalQ’s Intelligent Process Automation digitally transforms your mortgage and title business. MozalQ’s Mortgage and Title domain experience sets them apart in delivering truly effective digital workforce solutions. MozalQ knows automation is only as good as the intelligence and data on which it is based. Its disciplined methodology and pre-built solutions allow MozalQ to successfully automate Mortgage and Title processes within weeks instead of months. MozalQ’s technology leverages Artificial Intelligence (natural language processing and machine learning) to extract data from unstructured mortgage/title documents and combines that with Robotic Process Automation (RPA) to automate mortgage/title processes. Its Automation-as-a-Service offerings reduce costs, add workforce flexibility, increase operational efficiencies, and improve performance management. [Preview a sample of MozalQ’s digital workforce demos and case studies](#) and see for yourself how Intelligent Process Automation can transform your business.

BETTER Direct Mail Marketing for Mortgage Lenders from [Monster Lead Group](#): How is JFQ Lending scaling to \$4.2 Billion this year? With BETTER direct mail marketing from Monster Lead Group. “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, President of JFQ Lending.) Get started driving consistent phone calls and predictable ROI from your direct mail, like JFQ Lending, by visiting monsterleadgroup.com/jfqlending

As we continue to navigate evolving market conditions during COVID-19, [Stearns Wholesale Lending](#) has developed strategies and prepared for life in the industry post-pandemic. One such development is the upcoming rollout of new initiatives to remove several of its conventional loan overlays, including Second Home transactions, LTV overlays for Investment Properties and the DTI overlay for Delegated Mortgage Insurance. If you want to learn more about the benefits of these new updates, or partner with Stearns, click [here](#) to be contacted.

Lenders in search of robust loss mitigation solutions are finding an overuse of the word “automation.” Claims of automation of borrower packages and/or qualification, automated calculators, even automation of workflow, are falling short. The need to daisy chain solutions and manage multiple integrations remains, shortchanging the ROI. There are only a very small handful of companies that have fully automated self-service hardship evaluations and offers. More servicers are turning to [Constant](#) for a fast integration and access to [a full suite of loss mitigation solutions including short sale and deed-in-lieu](#). This includes 24/7 borrower access, analysis of hardship severity/duration and ability to pay, rules based underwriting, presentation of an offer and in-browser signing - [in a single session](#).

CFPB: Kind and Gentle?

My cat Myrtle appears to take a great interest in what the Consumer Finance Protection Bureau is up to. She was not a big fan of its prior

Director, Richard Cordray, but seems much more content with Kathleen Kraninger. I bring this up because yesterday news broke that the CFPB has issued [a final rule](#) to amend the ATR/QM Rule. "The final rule extends the sunset date for the Temporary GSE Qualified Mortgage category, which is also sometimes referred to as the GSE Patch." The Bureau has provided [an executive summary of the final rule and an unofficial redline illustrating the changes](#) that the final rule makes to the ATR/QM Rule.

A "patch" is exactly that, a patch, and not a permanent solution, but our industry now has an extension to the Government Sponsored Enterprise (GSE) Patch until the mandatory compliance date of a final rule amending the General Qualified Mortgage (QM) loan definition in Regulation Z. The GSE Patch was scheduled to expire on January 10, 2021. The Bureau is not amending the provision in Regulation Z stating that the GSE Patch will expire if the GSEs (Fannie Mae and Freddie Mac) exit conservatorship.

The goal is to ensure a **smooth and orderly transition away from the GSE Patch** and to maintain access to responsible, affordable mortgage credit upon its expiration, and to ensure that "responsible, affordable credit remains available to consumers" who may be affected if the GSE Patch expires before the mandatory compliance date of a final rule amending the General QM loan definition. The Bureau issued a proposal to amend the General QM loan definition on June 22, 2020, the same day it issued a proposal to extend the GSE Patch. "The Bureau is currently developing a final rule amending the General QM loan definition and is planning to issue it at a later date."

Good originators should know the background. The Dodd-Frank Act amended the Truth in Lending Act (TILA) to establish ability-to-repay requirements for most residential mortgage loans. TILA identifies factors a creditor must consider in making a reasonable and good faith assessment of a consumer's ability to repay. TILA also defines a category of loans called QMs, which are presumed to comply with the ability-to-repay requirements. In 2013, the Bureau issued the Ability-to-Repay/Qualified Mortgage (ATR/QM) rule, which established a general QM standard for loans where the consumer's debt-to-income (DTI) ratio is 43 percent or less and that meet various other requirements.

The ATR/QM Rule also created the GSE Patch as a temporary QM definition. The GSE Patch provides QM status to certain mortgage loans eligible for purchase or guarantee by either of the GSEs. GSE Patch loans are eligible for QM status even if the DTI ratio exceeds 43 percent. The Bureau released an assessment of the ATR/QM Rule and found that GSE Patch loans represent a large and persistent share of mortgage originations that showed nearly 1 million mortgage loans would be affected by the expiration of the GSE Patch. The Bureau estimates that, after the GSE Patch expires, some of these loans **would either not be made or would be made but at a higher price**.

Recall that on August 18, 2020 the Bureau also issued a proposed rule related to the ATR/QM Rule to create a [new category of QMs \(Seasoned QMs\)](#). The Bureau is planning to issue a final rule in connection with this proposal at a later date.

Certain states, like New York and Illinois, have created reputations for being very willing to step in to any perceived void left by the CFPB changing its priorities. For example, California Governor Newsom signed [Assembly Bill 1864](#) into law, which enacts the California Consumer Financial Protection Law (CCFPL) and, upon its effective date, changes the name of the Department of Business Oversight (DBO) to the Department of Financial Protection and Innovation (DFPI).

Taking a look farther back, remember that late last year the CFPB announced final rules adjusting the asset-size thresholds under HMDA (Regulation C) and TILA (Regulation Z). Both rules took effect on January 1, 2020. Under HMDA, institutions with assets below certain dollar thresholds are exempt from the collection and reporting requirements. The final rule increases the asset-size exemption threshold for banks, savings associations, and credit unions from \$46 million to \$47 million, thereby exempting institutions with assets of \$47 million or less as of December 31, from collecting and reporting HMDA data in 2020.

TILA exempts certain entities from the requirement to establish escrow accounts when originating higher-priced mortgage loans (HPMLs), including entities with assets below the asset-size threshold established by the CFPB. The final rule increases this asset-size exemption threshold from \$2.167 billion to \$2.202 billion, thereby exempting creditors with assets of \$2.202 billion or less as of December 31, from the requirement to establish escrow accounts for HPMLs in 2020.

Capital Markets

U.S. Treasuries pulled back in curve-steepening fashion with the 10-year's hitting its highest yield since early June and the UMBS30 ended wider on more hopeful-sounding headlines out of Washington. Speaker Pelosi said she's hopeful that the two sides will be able to bridge the gap between the White House's offer of \$1.88 trillion, and House Democrats offer of \$2.2 trillion, along with requirements on how the money should be spent. Treasuries also got a boost when Chicago Fed President Evans said he's "somewhat optimistic" about a 2021 economic recovery.

The primary economic release on the day showed total housing starts increased 1.9% month-over-month in September, slightly lower than expectations, while total building permits jumped 5.2% month-over-month, beyond expectations. Fortunately, robust strength in the market for single-family homes has persisted through the pandemic. Separately, the CFPB issued [a final rule extending the GSE patch](#) until there

is a final rule amending the General QM loan definition. The patch was scheduled to expire on Jan 10, 2021.

Today's economic calendar began with the Weekly MBA Mortgage Index. Mortgage applications decreased 0.6 percent from one week earlier for the week ending October 16. The only other release of note as far as mortgage bankers are concerned will be the September Fed Beige Book this afternoon. We will also have a \$22 billion 20-year Treasury bond reopening and **virtual remarks from several Fed speakers** (Governor Brainard, Cleveland's Mester, Dallas' Kapla, Minneapolis' Kashkari, San Francisco's Daly, and Richmond's Barkin). **The Desk is scheduled to conduct three MBS purchase operations**, two in Class A, totaling up to \$7.1 billion. Those begin with \$3 billion UMBS30 2% and 2.5% in the morning and the afternoon with \$1 billion UMBS15 1.5% and 2% in-between. We begin the day with Agency MBS prices worse/down .125 and the 10-year yielding .82 after closing yesterday at .80 percent.

Employment and Transitions

[Bay Equity Home Loans](#) is now funding in excess of \$1 billion/month in loan volume while maintaining the company's "Guaranteed Service Level Commitments" to its branches and mortgage loan originators. This industry-leading performance level from Bay's operations team comes from its support of Bay's sales partners, including the culture that exists between the operations and production teams working together to handle the volume, and providing an excellent customer experience during these busy times. Bay's operations leadership has also been driving innovation, automation, and off-shoring initiatives leading to streamlined systems built to both lower the cost to produce in addition to a smoother manufacturing process, and allowing turn times to stay in line at approximately 48 hours for underwriting for both purchases and refinances. This level of performance has enabled many Bay Equity LOs to achieve career-best results. If you are a [productive and professional branch manager or loan officer](#) who would like to hear more about our company culture and performance level, please reach out to Sean Wilson for a confidential conversation.

[Evergreen Home Loans™](#) is committed to making a difference in every community it serves. Through the Evergreen Cares Foundation, associate contributions to charitable organizations are matched to help increase their impact. Additionally, Evergreen provides associates with one paid volunteer day per year to support local causes and organizations. Most recently, Evergreen teamed up with Northwest Harvest, the leading hunger relief agency in Washington, to serve as the exclusive title sponsor and underwriter for the 23rd annual Rock the Harvest radiothon and online auction. Hosted on Seattle-based rock station KZOK, the 12-hour radiothon raised a record-breaking total of over \$116,000 for Northwest Harvest. If you're interested in working with a company that's dedicated to supporting their communities, check out the [Careers Page](#) or contact Chuck Iverson.

[Summit Valuation Solutions](#), a leading nationwide Capital Markets and Loan Servicing valuation company is expanding its sales force. Summit is a part of The William Fall Group that has been in business for over 35 years with a best of class reputation. Summit is looking for a Vice President of National Sales. The ideal candidate will have experience working in the Capital Markets and Loan Servicing space. Responsibilities include representing the firm regarding valuation solutions that support post-closing valuation needs. Professionalism and a commitment to a strong work ethic are a must. Experience in high end sales efforts is desirable. Resumes can be confidentially submitted to Kristin Balazs.

"[First Guaranty Mortgage Corporation®](#) is excited to welcome mortgage industry veteran and Non-QM Expert, Shelly Griffin, to the Correspondent Sales Team! As a Mortgage Maverick, Shelly will serve as FGMC's Central Regional Sales Manager assisting correspondent clients in the Central and Mountain regions. Shelly has over 20 years of mortgage expertise and is ready to help clients soar with FGMC's robust product offering, including the upcoming re-launch of the proprietary Non-QM product suite, [Maverick Solutions™](#). Do you want to join a team of Mortgage Mavericks and be a part of #MaverickRise? We are looking for highly motivated sales and operations candidates who are ready to join a team of all-stars! Contact Jesse Vazquez today to learn more or apply [online!](#)"

As you know, the market is very active with capital formation and M&A activities. Some transactions are asset sales, leaving behind the corporate entity that becomes available as a 'shell' for buyers who wish to enter the space or expand their platform by obtaining agency approvals and multiple state licenses. Under the right circumstances these shells are transferable, especially if the selling entity has been well-run, originating low risk product with low tail liability risks associated with legacy production. Rarely, does the seller provide a full financial guaranty against these risks to the buyer. This ideal shell has all three agency approvals, multiple state licenses and a complete financial indemnification from a credit worthy seller to the buyer. If you are interested in this acquisition opportunity, please contact Chrisman LLC's Anjelica Nix to forward your note of interest. All inquiries will remain confidential.

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