

VOE, Broker, Non-QM, Social Media Tools; 1.5 Percent Security Takes Off

By: Rob Chrisman | Fri, Oct 30 2020, 9:47 AM

Happy X/XXX/XX if you are a Roman. Rome certainly had its share of slaves, and the existence of slavery in one's family has certainly caused consternation in the present day as buildings are renamed and statues are torn down. Companies that made their fortunes on slavery, like [New York Life Insurance](#), are raising eyebrows. You can't change history, or re-write it, but we should continue to learn from it. We're currently in history-making times. Nearly as many people have already cast their vote in this presidential election than in the entire 2016 election. (What will the press jabber about when the election is over with?) Caliber and AmeriHome apparently were unsuccessful in their IPO attempts and postponed their deals this week. In the second quarter of 2020, the U.S. housing market hit an all-time high of \$32.8 trillion, per [The Federal Reserve's Flow of Funds Report](#). When you compare that to a recent estimate of [outstanding mortgage debt](#) of \$10 trillion there's a lot of equity out there! Cash out refis in 2021? Lastly, yesterday I called a friend whose hands were covered with paper mache material. I asked her what she was doing, and she replied, "Making the horn of my Halloween costume: a wineoceros."

Lender and Broker Services and Products

[Capacity](#) just announced \$11 million in Series C financing. This represents \$34 million of total investment in the company. This round is another indicator of the company's rapid growth, having tripled revenue in 2020. In addition to Series C fundraising, Capacity recently earned two new distinctions. First, it was named a "Most Fundable Company" by the Pepperdine Graziadio Business School. Second, Capacity won best product in the B2B category of the National Venture Plan Competition. Capacity is a new kind of helpdesk powered by artificial intelligence that empowers mortgage professionals by connecting to apps, mining documents, capturing tacit knowledge, and automating processes. In addition, borrowers can benefit from a superior customer experience with 24/7 automated support. [Request a demo to learn more.](#)

MAXEX announced a new Non-QM program. MAXEX is the first exchange for buying and selling residential loans through a single, trusted clearinghouse. "Get fast, consistent liquidity and competitive pricing on Jumbo, Conforming and Non-QM loans from a marketplace of ready-to-buy institutional investors. Our Non-QM program features loan amounts from \$150K to \$2.5M and a broad range of fixed, ARM, fully amortized, and IO options. Join us on November 5 at 2PM ET for [an in-depth webinar](#) or [visit us online](#) to learn more."

[ActiveComply](#) wants to wish you a Happy Halloween! Are you and your team worried about social media compliance in the mortgage landscape? "Check out our recent TMC Webinar: [Don't Be Another Corporate Social Media Horror Story](#) for a real frightener of a session and learn how to avoid your company or LOs being another social media horror story. Topics include: an overview of the social media requirements for lenders, how to build a sound risk management process, and spooky industry horror stories we can all learn from vicariously. Want to get a head start on social media compliance? Download our free [Social Media Compliance Cheat Sheet for LOs](#) with simple do's and don'ts for mortgage loan officers on Facebook, Instagram, and more! BONUS! Do loan officers make you want to drink? Signup for a demo today for a [free ActiveComply branded goodie box – yeti wine mug included!](#)"

When QLMS announced it would rebrand to Rocket Pro TPO, it also introduced a new tech tool which its partners are using at intensely high levels. PathFinder by Rocket was created in partnership with Google and combines two of Rocket's most popular and powerful resources (The Answer and GURU) into one easy-to-use, centralized platform. PathFinder is a broker's go to resource to find anything from policy to process to guidelines. The lender created this knowing that every second counts for the broker community, so a consolidated, up-to-date resource like PathFinder is sure to become every LOs favorite tool. It includes smaller resources like a BPMI calculator and title gadget to make sure that brokers can find every solution needed to get their client to the closing table. If you are not yet a Rocket Pro TPO partner and want to leverage PathFinder, click [here](#).

With the high volume of loans coming in with low interest rates, does your team need help with manual Verifications of Employment, 4506 Transcripts, SSA-89's, or background checks? If you would like support with these services so that your team can close even more loans, contact [Private Eyes Background Checks](#) or contact Sandra James (925-927-3333).

Capital Markets

Originators know that mortgage rates are not "set," they are determined by supply and demand, the demand being determined in the secondary markets and by portfolio needs. So lenders keep an eye on activity in the capital markets.

For example, Mbody's also assigned provisional ratings to five classes of residential mortgage-backed securities issued by Mello

Warehouse Securitization Trust 2020-1. The ratings range from (P)Aaa (sf) to (P)Ba1 (sf). The securities are backed by a revolving pool of newly originated first-lien, fixed rate and adjustable rate, residential mortgage loans which are eligible for purchase by Fannie Mae, Freddie Mac or in accordance with the criteria of Ginnie Mae for the guarantee of securities backed by mortgage loans to be pooled in connection with the issuance of Ginnie Mae securities. The pool may also include FHA Streamline mortgage loans or VA-IRRR mortgage Loans, which may have limited valuation and documentation. The collateral pool balance is \$300,000,000. Pricing for the deal is as follows. Class A is \$214.5 million, representing 71.5% of assets and 28.50% of subordination. Class B is \$26.25 million, representing 8.75% of assets and 19.75% of subordination. Class C is \$17.25 million, representing 5.75% of assets and 14.0% of subordination. Class D is \$7.5 million, representing 2.5% of assets and 11.5% of subordination. Finally, Class E is \$11.25 million, representing 3.75% of assets and 7.75% of subordination.

As noted yesterday, the NY Fed will buy 1.5% 30-year securities. Here's why the coupon of the mortgage-backed securities (MBS) into which loans go matters. With the Fed buying/opening up a new coupon, acceptance and liquidity increase and helps prices, which in turn fosters lower rates. The mortgages that fit into the 1.5% security are likely to be 2% and higher, due to both the cost of servicing (roughly 25 bps) and the **guarantee fee** ("gfee" roughly 50 bps) charged to securitize the mortgage. It changes every day, depending on pricing and buyup and buydown grids, but 2.5% and 2.625% 30-year mortgages are currently heading into **1.5 percent MBS which in turn are priced slightly above par (100) and are now being purchased by the Fed every week.**

Looking at interest rate-moving news, yesterday we learned that U.S. GDP increased by 33.1% in the third quarter, beating estimates for economic activity as businesses reopened and robust consumer activity post-lockdown helped the economy off its worst-ever reading of -31.4% in the second quarter. Unfortunately, the report is backward looking, and it's set to be a temporary surge in growth for the U.S. economy, especially if coronavirus cases continue to accelerate into the winter months and extended deadlock over further stimulus in Washington (where ordinary Americans are the real losers) weigh on activity. Economists project growth in the fourth quarter at 3% to 6% despite the holiday season historically being known for increased retail sales. The economy forecast to stay smaller than its pre-crisis size for a couple of years.

Other reports yesterday highlighted an (temporarily?) improving job market, with initial claims decreasing more than expected to its lowest level since March, though still terribly high. Continuing claims declined by over 700k to 7.76 million. Nearly 11 million fewer Americans are on payrolls than there were in February. October's numbers are due next Friday. Despite the report being far from normal, a swath of recent positive economic metrics, in addition to the gradual healing in the labor market, point to a slow and steady recovery. **Certain parts of the economy are recovering faster than others**, with retail sales and the manufacturing sector both prospering from renewed demand.

On the flipside, U.S. pending home sales unexpectedly declined in September for the first time since April. **Low supply and high prices seem to be the culprits in spite of record-low interest rates.** Speaking of which, Freddie Mac's Primary Mortgage Market Survey for the week ending October 28 showed mortgage rates holding at or near their survey lows. Separately, Black Knight reported the number of mortgages in active forbearance rose by 31k (1%) over the last week. Forbearance plan starts are up 15% in October compared to the month prior, with the rise driven by borrowers reactivating previously expired plans. All of this nudged rates higher.

Today's economic calendar is already off with Q3 employment costs (+.5%, as expected), September personal income and spending (+.9% and +1.4%, both strong), and the Core PCE Price Index (stays at .4%, less than the Fed's desired 2%). Later this morning brings Chicago PMI and the final October Michigan Consumer Sentiment Survey. Desk MBS purchases today total **\$4.2 billion, the smallest on the new schedule.** We begin the day with Agency MBS prices better/up a few ticks and the 10-year yielding .82 after closing yesterday at 0.84 percent.

Employment

[Union Home Mortgage](#) has reached over \$1 billion funded in 3rd party originated loans. The way it is worded it sounds like UHM just funded \$1 billion in total. To fuel its year-over-year growth, Union Home Mortgage Corp. is actively seeking experienced Account Executives nationwide, with a focus of AZ, NM, TX markets. With an emphasis on expansion and responsible lending, President & CEO Bill Cosgrove is "committed to be ALL IN to grow UHMs broker and non-delegated space on a national level." Union Home Mortgage supports both NDC and Wholesale Business Partners. No matter where you are in your career, you'll receive world-class on-boarding and ongoing support as you build your business. From high-level coaching to fireside chats with leadership, you're set up for success from the very beginning. Ready to join a customer-centric organization dedicated to providing world-class service at competitive prices? Contact Jim Wickham, VP - Third Party Origination (248.318.8553).

[Sun West Mortgage Company, \[NMLS 3277\]](#) a leading full-service national mortgage lender, is excited to announce the expansion of its west coast operations. Garrett Melahn recently joined Sun West Mortgage Company, Inc. as Regional Manager for the West Coast Division of Sun West. Garrett has been able to grow his team by focusing on strategic planning, building operational systems, and having excellent relationship management skills. With more than 15 years of experience in the mortgage industry, Melahn has extensive knowledge of all

things related to mortgage, real estate, and marketing. For more information on Sun West, please contact Managing Director, Leif Boyd (916-270-9088) or SVP, Business Development, Peter Schwartz (916-770-0053). For Sun West Mortgage Company, Inc. licensing information and disclosures, please [click here](#).

Fortune favors the bold! [EquityPrime Mortgage](#) continues to build out its dream team with the addition of [Suha Zehl](#), as Chief Analytics Officer. Zehl will be using her vast technology and digital expertise to architect EPMs business intelligence initiatives that will be a core pillar of EPMs modern platform. "I couldn't imagine a more exciting time to join the EPM team and lead the BI program to further the success and growth of the organization. I have greatly admired what Eddy Perez has accomplished with EPM over the years; and I am looking forward to working with him and the amazing leadership team he has brought together to take EPM to the next level," said Zehl. EPM President & CEO [Eddy Perez](#) added, "Suha's an award-winning business leader who will champion all of our digital growth and I couldn't be more excited to welcome her to the EPM family." Zehl joins other recent high profile EPM hires including [Jason Frazier](#) and [Leora Ruzin](#). For more information on EPM please email frazier@epm.net.

[FundingShield](#), the award winning [MISMO certified](#) Fintech market leader in wire & title fraud prevention and closing-agent vetting, discussed its record revenue growth, month over month during 2020. [Ike Suri](#), CEO, shared, "Our growth during the pandemic & WFH comes on the back of our recent addition of 20 hires across technology, data-analysis, operations and our executive team. We plan to hire additional 100 staff within the next 12 months in line with our managed growth". FundingShield's growth includes additional contracts with several top 50 lenders between prime banks and Independent mortgage banks. Contact info@fundingshield.com to see how its scalable B2B and first to market B2B2C consumer wire fraud prevention solutions that integrate seamlessly via its APIs or Ellie Mae integration. Clients automate and secure various risk, operations, and funding processes to prevent fraud, reduce cost and increase throughput. For job opportunities please email Careers@Fundingshield.com

"Explore mortgage careers at Accenture and do incredible things. We are looking for talented Mortgage Processors, Underwriters, and Closers to join our rapidly growing credit services organization. Every day around the world, we work with exceptional people, the latest and greatest tech, and many of the top mortgage companies across the country. As a recognized market leader for mortgage business process outsourcing, we deliver on the promise of technology and human ingenuity at unmatched speed and scale! With locations and operations in 200 cities, across 51 countries and 505,000 employees worldwide, we work as one team, with a common goal: To create extraordinary value by harnessing change for our 6,000+ clients. And that's just the beginning. We offer a comprehensive rewards package and remote-working roles. Join us and do extraordinary things: visit [Accenture](#) or contact Susan Schold."

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