

Correspondent, MLO Jobs; Digital, Trailing Doc; FHA's Foreclosure and Eviction Moratorium Extension

By: Rob Chrisman | Tue, Dec 22 2020, 10:06 AM

I hope that everyone had a happy solstice yesterday, with a few folks writing to suggest that “It is the shortest day, of the longest year, of our lives.” Given my background in capital markets I am regularly asked how some lenders offer lower rates than others. Freddie Mac’s survey has continued to point to mortgage rates dropping, even when “rates” aren’t doing much. The answer is simultaneously simple and complicated (borrowers can pay plenty of points to buy it down, or the lender calculate the value of servicing differently), and one of my commentaries from earlier this year [spells it out well](#). I encourage you to skim through the “How are Mortgages Priced” section, or pass it along to any MLO pointing at some of the headline-grabbing rates in the market (like 1.99 percent for a 30-year fixed!?!). Mortgage pricing, or life, things aren’t always what they seem. For example, [Jimmy Buffett doesn’t live the Jimmy Buffett lifestyle](#) (perhaps preferring [Manhattan](#)). Samuel Adams Boston Lager, thought to be a tiny craft brew, is owned by The Boston Beer Company. True, it sprang from a family recipe and moved into the kitchen, but now over two million bottles are sold each year, and The Boston Beer Company brews more than 60 styles of beer.

Broker and Lender Services and Products

[Optimal Blue](#), now part of Black Knight, is proud to announce that its Social Media Marketing app is 100% FREE to properly licensed MLOs! Available on iTunes® and Google Play®, this intuitive app makes it easy for leading mortgage loan officers to post personalized content to all of today’s most popular social networking channels. In addition, MLOs can seamlessly connect to meaningful content and share RSS news feeds, reviews and corporate-sponsored content with their prospective borrowers. [Download your free social media productivity app](#) today to better leverage the powerful business development capabilities on social media, grow your digital presence, turn engaged prospects into clients—and win more business.

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Just released: [Maxwell’s 2H 2020 Mortgage Lender Outlook](#) highlights a year of massive growth and unique challenges for lenders. With 2020 coming to a close, it’s the perfect time to get a pulse on the industry and explore mortgage professionals’ sentiment towards next year. In its 2H Mortgage Lender Outlook, digital mortgage platform Maxwell shares insights from lending teams across the country. From an average 98% year-over-year revenue growth to average hiring plans for lenders, the numbers in this study reflect a year of opportunity, profitability, struggles, and change. Want to inform yourself about the latest mortgage industry trends and prepare for a strong 2021? [Click here](#) to read the full 2H 2020 Mortgage Lender Outlook report!

VA, Ginnie, and FHA News

For the fourth time, the Federal Housing Administration (FHA) announced it is extending the [foreclosure and eviction moratorium](#) for single family FHA-insured mortgages for an additional two months, through February 28, 2021. The FHA is also extending through February 28, 2021, the deadline for single family borrowers with FHA-insured mortgages to [request an initial COVID-19 forbearance](#) from their mortgage servicer to defer or reduce their mortgage payments for up to six months, which can be extended for an additional six months.

The FHA also extended multiple temporary provisions for lenders and servicers to allow them to continue doing FHA business despite social distancing considerations. The moratorium prohibits servicers from initiating or proceeding with foreclosure and foreclosure-related eviction actions for FHA-insured single family forward and reverse mortgages, except for those secured by legally vacant and abandoned properties. Further, FHA requires mortgage servicers to provide up to six months of COVID-19 forbearance when a borrower requests this assistance, and up to an additional six months of COVID-19 forbearance for borrowers who request an extension of the initial forbearance. Borrowers needing assistance must engage with their servicer to obtain an initial COVID-19 forbearance on or before February 28, 2021.

Don't forget that HUD [announced](#) a temporary waiver allowing use of "third-party tools" in lieu of a traditional field review for the appraisal requirement portion of the FHA quality control (QC) reviews, including the use of automated valuation models (AVMs). This waiver should provide significant cost benefits and time savings to lenders conducting a greater than average number of QC reviews due to borrowers interring into COVID-19-related forbearance shortly after closing.

And Ginnie Mae extended [Delinquency Threshold Relief](#) through July 2021, extending exceptions made to delinquency thresholds that were implemented earlier this year in response to the COVID-19 pandemic. The exceptions, originally outlined in All Participant Memorandum 20-06 (APM20-06), will now be extended from December 31, 2020, through July 31, 2021 (June 2021 investor reporting). Ginnie Mae will continue to exclude any delinquencies occurring on or after April 2020, and will provide this exclusion automatically to Issuers that were compliant with Ginnie Mae's delinquency rate thresholds as of its April 2020 investor accounting report.

Lastly, remember that the U.S. Department of Veterans Affairs (VA) released [details](#) of its proposed temporary Veterans Assistance Partial Claim Payment program for VA borrowers impacted by the COVID-19 pandemic. To qualify for the proposed partial claim option, borrowers would need to be current or less than 30 days past due as of March 1, 2020, and must first be evaluated for other loss-mitigation options that are already available in VA's program, using the partial claim option as a last resort. The proposed partial claim program would bring borrowers' loans current and permit them to resume making their normal monthly payment amount. After a six-month deferral period, however, the borrower would be required to begin repaying the partial claim amount at a 1% interest rate. The VAPCP would cover up to 15% of the unpaid principal and would permit a repayment period of 10 years. [Comments](#) are due January 8, 2021.

Tim Rood, SitusAVC's head of industry relations, [spoke with Dana Wade](#), FHA Commissioner and Assistant Deputy Secretary of the Department of Housing and Urban Development (HUD), about the work over the last four years to transform FHA through technology modernization, updated rules and regulations, more transparency in financial reporting and better clarity for lenders and markets.

Capital Markets

There is little reason to think that the trends of recent weeks won't continue, and economic effects from the latest increase in social mitigation policies are beginning to show up in recent data. Initial claims for unemployment insurance increased to 885,000 for the week ending December 12 and the number of people receiving any form of unemployment benefit jumped to 20,646,779 for the week ending November 28. Retail sales for November fell more than expected following a 0.1 percent decline in October. Meanwhile US industrial production increased in November although it was still down 5.5 percent over the previous twelve months. Housing starts, which have been a bright spot during the recession, increased 1.2 percent in November with single family starts up 0.4 percent and multifamily starts up 4.0 percent. **Low mortgage rates continue to buoy applications** and purchase apps were up in the week ending December 11 as were refi apps. (The 30-year fix rate mortgage fell to 2.67 percent, a record low, according to Freddie Mac Primary Mortgage Market Survey as of December 17.)

The first in a number of long awaited COVID vaccinations began last Monday following emergency authorization by the FDA coming at a time when hospitals around the country are running out of capacity and daily deaths are at their highest levels following the Thanksgiving holiday and gatherings. The resurgence of the virus has led to tighter social distancing protocols in the worst hit areas as well as a reluctance of consumers to put themselves in harm's way by patronizing many close contact services. This has resulted in additional layoffs and a spike in new claims for unemployment insurance which hit their highest level since early September. Many of the long-term unemployed are **awaiting another relief package** as Congress worked through the weekend on a deal.

In terms of rates, remember that the U.S. FOMC (Federal Open Market Committee) meeting last week saw no change to the fed funds rate, but the Committee tied its asset purchases to its dual mandate of maximum employment and price stability. It is likely that accommodative monetary policy will continue throughout all of 2021.

U.S. Treasuries and MBS began the week on a mixed note after a new strain of the coronavirus was reportedly found in the U.K., while domestically, **a new fiscal stimulus agreement was reached in Washington**. The day's \$14 billion 20-year Treasury bond reopening was met with strong demand. Separately, the MBA's latest Forbearance and Call Volume Survey revealed that the total number of loans now in forbearance increased slightly to 5.49% of servicers' portfolio volume in the prior week as of December 13. According to MBA's estimate, 2.7 million homeowners are currently in forbearance plans.

Today's economic calendar kicked off with the third and final look at Q3 GDP (33.4 percent; old news as we're almost done with the 4th quarter) along with the Philadelphia Fed's nonmanufacturing indices for December (a sharp drop). Later this morning brings Redbook same store sales for the week ending December 19, November Existing Home Sales, December Consumer Confidence and Richmond Fed manufacturing and services for December. **The Desk will conduct three operations**, including two in Class A, totaling up to \$6.9 billion. With two days until Christmas Eve Agency MBS prices are unchanged from Monday night and the 10-year yielding .93 after closing yesterday at 0.94 percent after President Trump has signed the stimulus bill.

Employment

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[Homepoint](#) has had 96% of its associates working from home since mid-March. While growing loan volume and building capacity have been focal points, the company’s top priority is the care and well-being of its associates and their families. With many people pulling double-duty, working remotely while supporting young virtual learners, Homepoint committed to providing laptops, tablets, or Chromebooks to all associates with children (kindergarten through age 22) that are attending school virtually from home. If you want to be part of a team that makes your career, and your family, a priority, apply for an open position on Homepoint’s [careers page](#).

This week we prepare for the birth of Jesus Christ to celebrate all that can bring us together in Faith, Hope and Love. [Shamrock Home Loans](#) aims to support the educational, mental, emotional, and spiritual needs of borrowers throughout the loan life cycle. “For 31 years, we built our corporate core values around principles of love, service, integrity, being resourceful and innovative in solving daily problems. You know borrowers will experience a difference working with Shamrock because you see it in our Loan Officers, Branch Managers and Operations staff first. If you are looking for a mortgage company that will support your growth professionally and personally, call us today. We are looking for top producing loan officers, production teams and area managers who aim to make a difference in their families and communities. [Dean Harrington](#), founder of [Shamrock Home Loans](#), invites you to make the most important step of your personal life and career by emailing us today. JoinTheRock@ShamrockHomeLoans.com.”

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