Retail, Ops Jobs; Appraisal, Non-QM, Jumbo, DPA Products; Industry Weighs in on Good Freddie/Fannie News

By: Rob Chrisman | Fri, Jan 15 2021, 10:02 AM

As Flagstar's Marcus L. points out, "1999 doesn't sound like that long ago until you realize that people with a birth year starting with '2' are starting to be old enough to legally drink." And plenty of them have student debt, the forgiveness of which is now in the press and could very well impact lending & home ownership in a positive way. All of these households and corporations, and the U.S. Government, refinancing debt at lower rates and saving money has to have a beneficial impact on finances and growth going forward, right? Rates are certainly impacting bank earnings, and their mortgage earnings. More about that tomorrow.

Lender and Broker Jumbo, DPA, and Non-QM Products

"If your New Year's resolution was to roll out a NonQM product, eResi's NonQM product never looked so good. At eResi Mortgage, we portfolio our product, so you can skip the middleman, and go directly to the source, one that is backed by a $30 billion plus private entity. If you're looking for loan programs that include: Full Doc Jumbo, verifying one or two years of income, Bank Statement loans, using 12 or 24 months of statements, or an investor program, qualifying off the cash flow of the property, with features like asset depletion, asset only qualification, P&L for income qualification, 40-year terms, up to 90% LTV with no MI, interest only, non-warrantable condos, 1X30 mortgage lates, bankruptcy, foreclosure, deed in lieu or short sale with 48 months seasoning, all wrapped in common sense underwriting, eResi has the solutions for you. Please reach out today to learn more about this and our concierge process with our operations team. For more information, contact Peter Heintz, SVP, Business Development or Mike Wold, SVP, Business Development."

Axos Bank Wholesale and Correspondent Portfolio Lending continues to provide innovative products and enhanced super jumbo loan options. "Always a market leader in the Jumbo/Super Jumbo, Non-QM, and portfolio lending space, we offer creative solutions for today's complex transactions. Maximize your origination opportunities with loan amounts up to $30MM, no cash-out limitations, 90% LTV with asset pledge, 100% financing with cross-collateralization, 12-month bank statements, asset depletion program, foreign national/non-permanent resident alien programs, plus bridge to sale and pledged asset lending. Email us to learn more about how Axos Wholesale Lending is delivering exceptional products, service, and support to our mortgage brokers, mortgage bankers, and home builder partners during these uncertain times. Our warehouse lending program can help you maximize your revenue opportunities with our residential lines of $20MM to $150MM. Have a commercial real estate lending need? Axos Commercial Lending offers financing solutions for Small Balance Commercial Real Estate, Commercial Real Estate Specialty Bridge and Constructions Lending."

2021 is finally here and to help you celebrate, Parkside Lending is reintroducing its Jumbo I program. The events of 2020 limited borrower access to Jumbo products through the Wholesale and Correspondent channels and Jumbo I is designed to help change that. This is a well-priced Jumbo program for borrowers that do not need Self Employment income to qualify. Available on O/O and 2nd Homes, loan amounts to $3,000,000, LTV's up to 90%, with options for Unlimited Cash out. If that was not enough, another bonus for Parkside Lending's approved brokers is access to Social Survey though its affiliation with Brokers United. All Parkside-approved brokers are invited to attend an exclusive webinar on January 21st to see how Parkside can help you improve your social media presence. Come experience the Power of Caring that Parkside Lending offers to you and your borrowers. For additional details on its new Jumbo I program, the approved broker webinar or to become an approved broker, contact your Account Executive or Sales@ParksideLending.com.

"LoanStream Mortgage Wholesale Division, the ONE Lender for Prime and Non-QM lending continues to be at the top in Prime and Non-QM rates. Our Non-QM programs with DSCR FastONE get your investors loans closed in 10 days (talk to us for details). We're the ONE lender, that makes you the ONE to call, find out why we get high marks for service and pricing from our customers. Don't miss our DSCR and ITIN Webinar Today, at 11am PST / 2pm EST, Register now at: https://loanstreamwholesale.com/webinar-registration/. Get our rates and get approved at www.LoanStreamWholesale.com."

Is your correspondent partner offering down payment assistance? If not, maybe it's time to reconsider your correspondent partner. MidAmerica Mortgage is proudly offering a DPA program through its correspondent division to help borrowers realize the dream of homeownership. The program combines an FHA-insured first mortgage with a five-year, fully forgivable second lien at up to 5% of the home's purchase price, which borrowers can use towards their down payment and/or closing costs. With no interest accrual or required monthly payments, the second lien is fully forgiven after five years, provided the borrower remains in the home and stays current on the first mortgage during this time. This product compliments Mid America's current focus on buying loans not eligible for purchase by traditional investors. Lenders interested in participating in this program should contact Correspondent National Sales Director Julas Hollie.

Events, Training, and Speakers

The reality of the past year, living with a global pandemic, has spurred many changes to the home valuation ecosystem. Focus has now shifted to understanding the sustainability of changes currently in place, and what needs to happen moving forward to serve the needs of consumers, lenders, and capital market investors. The FHFA's recent RFI on appraisal policies shows the potential for movement. So, what does the future look like? What does it mean for lenders and appraisers? Check out Reggora's latest blog and whitepaper "The Future of Residential Real Estate Valuation" to learn about a risk-based approach to valuation, how it will benefit the industry, and the 2-stage approach to making it a reality.

Many of you are planning your company meetings and rallies for the year now and are juggling the realities of whether to go virtual or in-person. XINNIX, the nation's premier provider of online and in-person training, accountability and coaching for the mortgage industry for nearly two decades, can help you make your next live meeting or event truly memorable and enriching for your team. Get ready to take your events to the next level with their incredible catalog of topics that can be customized for your meeting. XINNIX's experienced team of high-performance leaders, trainers, coaches, and industry experts can assist you in energizing your next event. Schedule a call with a XINNIX Account Executive today for more information and to book a speaker for your next event!

Freddie Mac and Fannie Mae Updates

The Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac (the Agencies, the Enterprises, the GSEs) will extend several loan origination flexibilities until February 28. (They were set to expire on January 31.) This includes alternative appraisals on purchase and rate term refinance loans, alternative methods for documenting income and verifying employment before loan closing, and expanding the use of power of attorney to assist with loan closings. To understand the protections and assistance the government is offering people having trouble paying their mortgage, please visit the joint Department of Housing and Urban Development, FHFA, and the Consumer Financial Protection Bureau website.

In other, broad-sweeping news, the Department of the Treasury and the Federal Housing Finance Agency (FHFA) announced amendments to the Preferred Stock Purchase Agreement that governs the conservatorships of Freddie Mac and Fannie Mae. The amendments make clear the GSEs will not be immediately released from their long-standing conservatorship, but rather only after they raise a significant amount of additional capital and abide by other policy directives.

There were rumors that the Treasury Department and FHFA will announce a set of changes the GSE PSPAs that address the net worth sweep and advance a handful of other policy priorities. The agreement should be described as "PSPA-lite" given that appears to address a handful of matters but does not address the issue of the government's ownership position. Compass Point Research & Trading's Isaac Boltansky states, "The forthcoming PSPA amendment appears directionally positive for the effort to end the GSE conservatorships, especially given recent sentiment volatility, but leaving the senior preferred untouched means this action is more incremental than holistic."

The Mortgage Bankers Association weighed in here. "(It) preserves and extends a level playing field for single-family lenders of all sizes and business models. While the elements related to the GSEs' market footprint warrant further analysis, we do not believe they will fundamentally alter the GSEs' role in the residential market since they are designed to reflect current levels of lending. On the multifamily side, lending caps are set at $80 billion per GSE for any 52-week period (a $10 billion increase) and indexed to inflation, with at least 50% of each GSE's business 'mission-focused.' We're also pleased FHFA and Treasury are taking a measured, thoughtful approach to housing finance reform."

The amendments allow Fannie Mae and Freddie Mac (the Enterprises) to continue to retain earnings until they satisfy the requirements of the 2020 Enterprise capital rule.

"The FHFA and Treasury's decision to allow the GSEs to continue to retain earnings to meet capital requirements, raise private capital, and meet other essential conditions moves the GSEs closer to exiting conservatorship," said NAFCU President and CEO Dan Berger. "We encourage the FHFA to work with Congress to codify certain protections, including those to ensure credit unions have guaranteed and equal access to the secondary market and receive fair pricing based upon loan quality, not volume, before the GSEs are officially released from conservatorship."

Scott Olson, Executive Director of the Community Home Lenders Association, wrote, "The announcement just released is a big victory for smaller IMBs (and other smaller lenders). After years of only an informal FHFA policy of G Fee parity, FHFA and Treasury made permanent this policy through a broader series of changes to the Fannie/Freddie PSPAs. This has long been a top priority for CHLA… They are ending the Sweep agreement, which was terrible policy. Building capital allows Fannie and Freddie to weather downturns better, giving them a better chance to avoid having to raise fees or contact credit in such downturns."

Ed DeMarco, who runs the Housing Policy Council, believes it fairly compensates taxpayers for the support they have provided and continue to provide. And that it "reminds us that Congress and the administration have unfinished business in housing finance. Fannie Mae and

Freddie Mac operate today because of the direct taxpayer support provided by the Treasury's backstop. While the market is working today, these conservatorships, with their government entanglements, retain risk to consumers, markets, and taxpayers that can be resolved with legislative reforms. It will now be up to the Biden administration to work with Congress to end the conservatorships and bring certainty to the market regarding the GSEs and the government's backstop."

Capital Markets

Federal Reserve officials have been offering hints about the outlook for their bond buying, with some saying the stimulus effort could persist unchanged through the year and others saying they can't make a prediction with all the unknowns surrounding how the economy recovers from the pandemic. At issue is the outlook for what is now $120 billion a month in Treasury and mortgage bond buying. These purchases are aimed at stimulating the economy by keeping long-term borrowing costs down and supporting smooth financial market.

There were a couple big headlines yesterday of which markets took note. Fed Chair Powell said **"now is not the time" to be discussing a reduction** in the central bank's massive **bond-buying campaign** or any easing of monetary policy. He added that inflation is going to be allowed to run above 2.0 percent for a time and that he doesn't see the Fed raising rates anytime soon. The largely optimistic comments and resulting spike in inflationary fears caused Treasuries to pull back in curve steepening fashion and MBS spreads to surge tighter on the day.

Separately, U.S. President-elect Joe Biden proposed a $1.9 trillion Covid-19 relief package. It would be the third pandemic rescue bill since the onset of the pandemic. Underlining that need for further stimulus, initial claims increased by 181k to 965k, the highest figure since August. Continuing claims increased by 199k to 5.271 million. I guess bad news is good news.

In specific mortgage news, the Primary Mortgage Market Survey for the week ending January 14 from Freddie Mac saw the **30-year mortgage rate rise 14 bps off the prior week's survey** low of 2.79%, with the 15-year rate 7 bps higher to 2.23% And a new MBS purchase schedule covering the January 15 to 29 period was released, averaging $6.6 billion per day, with no changes to coupons (GNII operations targeting 2% and 2.5%, 1.5% and 2% in UMBS15s, and UMBS30s a mix between 1.5% and 2% and 2% and 2.5%).

Black Knight reported that the number of mortgages in active forbearance declined slightly this week, decreasing by 9k (-0.3 percent) overall. Total active plans are now down just 1.5 percent from the month prior, and approximately 370k active plans are slated to be reviewed for extension or removal by the end of January. As of January 12, 2.73 million (5.1 percent of all) mortgages are in forbearance, setting the stage for millions of plans to still be active when the first wave of forbearance plans begin to expire at the end of March.

Today's economic calendar contains a bunch of important economic data, some of which we already have. Retail sales for December (-.7 percent, control group -1.9 percent, with big downward revisions) Empire manufacturing for January (3.5) and the December producer prices (+.3 percent) and core PPI (+.1 percent). Later this morning brings December Industrial Production and Capacity Utilization, January Preliminary University of Michigan Consumer Sentiment, and November business inventories. We also have some Fedspeak from Minneapolis' Kashkari ahead of next week's blackout with the next FOMC events on January 26/27. Today's MBS purchase schedule sees **the Desk of the NY Fed on behalf of the Federal Reserve targeting up to $6.4 billion**: $1.5 billion UMBS15 1.5% and 2%, $3.3 billion UMBS30 1.5% and 2%, then $1.6 billion GNII 2% and 2.5%. We begin the day with Agency MBS prices better/up by nearly .250 and the 10-year yielding 1.10 after closing yesterday at 1.13 percent after the slew of bad economic news.

Employment and Transitions

Mortgage Underwriter, in office or remote. This position offers a competitive base salary and overall compensation package, full benefits as well as vacation, sick, and paid holidays. To perform this role successfully, the individual must be able to review and analyze the mortgage loan application to ensure eligibility, accuracy, completeness, and compliance with internal and regulatory guidelines to minimize risk factors, review all required loan data, reports, and inspections to ensure the collateral is acceptable to investor, company, and FHA guidelines. And responsibly make independent decisions regarding acceptance and risk of loans according to HUD, company, and investor guidelines. The candidate will sign off conditions in a timely manner set by management. Manage loans by using all functions of Encompass and Lending QB. The individual must have the following background: 2-4 years related recent experience as an UW, DE Underwriter, thorough knowledge of RE documentation, compliance, and procedures, and commitment to excellence and high standards. Contact: LLisk@pfmd.com

Are you ready to grow in 2021? Top-ranked Embrace Home Loans plans on doubling its retail production this year and is hiring for all retail positions. "After a record year in 2020, we're well-positioned for continued growth," says CEO Dennis Hardiman. Embrace has 30+ branches along the East Coast from Maine to Florida and is looking to add two new regions to its retail division in the Southeast, Midwest, or Mountain states. "We're prepared to invest in the right leaders to help Embrace expand," Hardiman adds. The average tenure of Embrace branch managers is over six years and regional executives is over nine years. Why do they stay? “We work with our managers to carve out a clear career path, then provide the technology and marketing support they need to succeed,” Hardiman says. Customers are happy too: Embrace has 5-star ratings on Zillow and Social Survey. Interested? Contact Patrick Mullen.

Creativity in job titles? Sure! Reggora, an appraisal software company, announced that Katharine Loveland has joined the company as VP of Customer Success, where she will oversee customer success as well as new customer implementation and onboarding.

ServiceLink, a provider of tech-enabled services for all phases of the home lending lifecycle, has brought on board Chris Cunningham as its national sales executive.

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