

MLO Jobs; Broker, Recruiting, HELOC Products; Freddie and Fannie Compliance Reminders

By: Rob Chrisman | Fri, Jan 22 2021, 9:59 AM

This week Joe Exotic did not receive a presidential pardon, nor did mortgage rates move much versus last week, but there are still over 16 million refinance candidates who meet broad-based eligibility criteria and could also cut their first mortgage rate by 0.75 percent or more, per Black Knight. But last night the world saw, at 21:21, the 21st second of the 21st minute of the 21st hour of the 21st day of the 21st year of the 21st century. How cool is that!? Instructor: "Welcome to salsa class! Who's ready to learn how to dance?" Me, hiding a bag of tortilla chips: "Uh, there's been a misunderstanding." There's no misunderstanding between CNN, Axios, the White House, the Federal Times, and the ABA Banking Journal. They concur that Dave Uejio will serve in an acting capacity as the Bureau's director. As the Acting Director, between Kathy Kraninger and the next Director of the CFPB (probably Rohit Chopra), his tenure may be weeks or months, or longer. Certainly the new Administration has swept in with plenty of changes in a hurry, the opposite of, say, a long, drawn out process like this article on "The Five Stages of Earning Loss" everygal, and I guess some guys, go through.

Broker and Lender Services and Products

Altisource®, an integrated service provider for the real estate and mortgage industries, just released its fourth annual "State of the Originations Industry" Survey Report for 2021. Get an exclusive look into what's driving originations, from market challenges and opportunities to product growth and industry predictions. The report highlights the results and analysis of a survey to 200 professionals in the U.S. originations industry and features some thought-provoking insights from Altisource product leaders. Use these insights to optimize your operational and marketing strategies for the year ahead. Read the report [here](#).

Refis can come and go, but purchases are always here to stay. Stearns Wholesale is excited to announce the rollout of a new purchase special for all government and conventional transactions through the end of January. This includes a 50-basis point improvement on all government products, including FHA, VA, and USDA and a 25-basis point improvement on conventional purchases. A better price and turn time priority means that you keep your referral sources happy! If you want to learn more about the benefits of this new special or partner with Stearns, click [HERE](#) to be contacted.

If you aren't using a Piggyback HELOC in your origination toolkit, you need to contact [Symmetry Lending](#) today! Find your Area Manager to learn how a Symmetry HELOC can help you close more business and keep things simple with industry-leading turn times. Whether you are under a time crunch, challenged with pesky jumbo guidelines, or looking to maximize flexibility for your clients, Symmetry can provide solutions for all of this and more. If you have already experienced Symmetry's service, speed, and simplicity, do your colleagues a favor and send them to your Symmetry Area Manager to learn why our Piggyback HELOCs are a must-have solution for your purchase and refinance clients. On the heels of our record-breaking year, we are excited to partner with you for an even better 2021! Follow us on LinkedIn, Facebook, and Twitter for our ongoing updates and resources.

Looking to recruit more LOs or MLOs? There may be a better way to scale. Business schools teach this simple lesson: Is it better to hire more people or seek ways to make existing teams more efficient? The answer is that it depends. In our industry recruiting LOs, MLOs and other origination team members has never been more competitive. To open new markets it might be necessary to hire or acquire. But if you're seeking to scale operations in existing markets hiring may not be the best strategy. Why? [As this case study from American Pacific Mortgage shows](#) quick, low-cost ways to double or quadruple the productivity your existing teams exist. With simple, streamlined, automated, collaborative checklist-driven workflows powered by TeamworkIQ this APM division made its "Lead-to-Loan" process 75% more efficient. The result? After a 3-day implementation revenues grew 280% with \$0 new hires. [Learn more and test-drive TeamworkIQ](#).

To kickstart the broker community's 2021, Rocket Pro TPO is doubling down on its Rocket Refi Special. The 35-basis point credit is now available to more clients, but only until the end of January, so act now! Brokers can now provide this incredible offer to anyone with a 720 FICO and up, as long as their LTV is 80% or under. With these improvements, you can qualify more clients and lock in more refinances through the end of the month. If you are not yet a Rocket Pro TPO partner, click [here](#) to sign up and begin offering the Rocket Refi Special in as few as 24 hours.

[Sun West Mortgage Company](#) isn't just financing homes in the communities it serves. The lender has positively impacted thousands of individuals since the COVID-19 pandemic began by donating over 50,000 face shields (and counting!) across the U.S. and Puerto Rico. The safety equipment was gifted to hospitals and first responders who have been working tirelessly since the crisis began. Pavan Agarwal, Sun West Mortgage CEO stated, "We are proud to invest in American ingenuity and manufacturing while helping to protect our heroes." Donations will continue for as long as the crisis persists.

Fannie and Freddie

The Fannie Mae/Freddie Mac net worth sweep may be dead, but they are **still under conservatorship for the foreseeable future**. Under the previous letter agreement, the Government Sponsored Enterprises' retained earnings were limited to \$25 billion for Fannie and \$20 billion for Freddie. Those caps are gone, allowing each GSE to grow its net worth until it reaches the capital level required by the 2020 Enterprise Capital Rule (that comes to about \$283 billion combined, more if you make allowances for the enterprises' growing book of business.) If the goal is to end conservatorship, that loss of income from the profit sweeps will be felt by the U.S. Government.

Questions about extending the ability to purchase loans in forbearance aside, **GSE reform is not high on the list of the Biden Administration**. The industry is waiting for the Supreme Court decision this year regarding the leadership of the FHFA: removable with, or without, cause? It is relatively easy to not do anything, given other priorities. Capital Rule requirements, going into place next month, will probably proceed.

Long way to go to see impact of forbearance. The CARES Act's result is capital intensive, can impact lenders if there are saleable issues. Appropriate credit reporting? Correct customer service?

MQMR addressed common questions surrounding Fannie Mae, including the importance of vendor oversight for Fannie Mae Seller/Service providers and what it should entail. Fannie Mae requires its approved Seller/Service providers to have a **vendor approval and management process**, as does **Freddie Mac**. As a reminder of the importance of vendor oversight, Fannie Mae states, "It is critical that third-party relationships are managed in accordance with internal policies related to strategic, reputational, operational, transactional, credit, and compliance risks."

Fannie Mae's checklist only includes two required policy and procedure items (approval and management of vendors and other third-party service providers), though the company also includes recommended checklist items to help lenders ensure their vendors and third-party service providers are staying compliant. In addition to Fannie Mae, the OCC, **CFPB**, FDIC and most state regulatory agencies have issued regulations and/or guidance regarding vendor oversight and management. It really has become the secondary motive of mortgage companies (behind profit) to maintain compliance at all levels.

MQMR addressed the actions of third-party originators (i.e. brokers and correspondents) that completely or partially originate, process, underwrite, package, fund, and/or close mortgage loans. Essentially, any entity other than the seller (or its parent, affiliate, or subsidiary) that sells the loan to Fannie Mae, including mortgage brokers and correspondent lenders, which are known as third-party originators (TPOs). Fannie Mae reminds sellers that **they remain fully responsible to Fannie Mae** for functions that are outsourced to third parties.

A seller must have effective written policies and procedures for the approval and management of TPOs and must satisfy itself that all TPOs produce quality loans. The 13 requirements outlined in the self-assessment include developing an approval process and controls for TPOs, conducting an annual review of the TPO's financial statements, and ensuring the post-closing quality control process includes a representative sample of the mortgage loans received from the TPO to ensure that those originations meet the lender's standards for loan quality.

Want some examples of quality control practices to comply with the Fannie Mae Selling Guide? Fannie Mae included a quality control (QC) checklist in its Selling Guide that helps approved lenders ensure their QC is adequate surrounding Governance/Authority, Defect Rate, Pre-funding QC, Post-Closing QC, Appraisals, Reporting, QC Vendor and Third-Party Originations. **Freddie Mac's application** includes the information it requires.

Fannie Mae has updated and renamed two of its Lender Letters. "Impact of COVID-19 on Originations", now **LL-2021-03** to extend the verbal verifications of employment and power of attorney flexibilities. "Impact of COVID-19 on Appraisals", now **LL-2021-04** to extend temporary flexibilities to February 28. The new version contains reorganized and streamlined content to simplify access to the most pertinent information.

Fannie Mae has streamlined the user interface of Collateral Underwriter® (CU®). Fewer messages and more robust content are a few of the enhancements. Take a **sneak peek** at what's in store.

Citi Correspondent Lending **Bulletin 2021-01** provides information on a variety of topics including the replacement of the 4506-T, changes to Home Possible maximum LTV on 2-4 Unit Properties, FHA & VA 2021 loan limit changes and critical changes to the Ability to Repay/Qualified Mortgage Rule.

Flagstar Bank has reinstated and enhanced the Fannie Mae One-Close Construction and the Jumbo One-Close Construction. Read **Memo 21009** for details.

Capital Markets

Yesterday's market movement was influenced by a much better than expected Housing Starts (+4.5 percent) and Building Permits (+5.8 percent) report for December, and an above-consensus Philadelphia Fed Survey for January. Both outweighed the impact of another poor jobless claims report showing nearly a million new claims over the past week. Specifically, single-family residential construction continues to be a bright spot for the U.S. economy, with this week's figure marking the strongest total starts number since 2006. Multifamily starts fell, though the wide gap between multifamily permits and multifamily starts should mean that multifamily starts will rise. Shorter dated Treasuries ended yesterday unchanged, while the 10-year and 30-year Treasury yields pulled back a couple bps and the MBS basis tightened again.

The Primary Mortgage Market Survey from Freddie Mac for the week ending January 21 saw the 30-year and 15-year rates both moving -2 bps to 2.77 percent and 2.21 percent, respectively. Black Knight reported 2020 ended with 2.15 million seriously delinquent homeowners, 1.7 million more than at the start of the year. On the bright side, **December's national delinquency rate fell to its lowest level** since April 2020. Serious delinquencies (homeowners 90 or more days past due) improved by 400k versus the month prior. Prepayment activity ended the year 112 percent higher than December 2019.

Today's economic calendar is yet to begin, but may bring some market moving data with preliminary January Markit PMIs - expected to slow slightly. Existing home sales for December are next, closing out the calendar for the week. The Desk of the NY Fed reported MBS purchases for the holiday-interrupted week ending January 20 yesterday (total \$26.6 billion gross and net, all for February settlement), with \$6 billion in UMBS30 2.5 percent dollar rolls and originator supply at \$7.2 billion. Today's schedule sees **the Desk in all three classes up to a maximum of \$6.4 billion** (\$1.476 billion UMBS15, \$3.292 billion UMBS30, \$1.641 billion GNII). We begin the day with Agency MBS prices better/up nearly .125 and the 10-year yielding 1.09 after closing yesterday at 1.11 percent.

Employment and Transitions

[Guardian Mortgage](#) is proud to welcome [Dave Williams](#) to the team as the new Colorado Regional Sales Leader. Dave has been in the mortgage business for 39+ years and is seen as one of the Top Producing Loan Originators in all his previous positions; from a Loan Originator, Producing Branch Manager, Corporate Sales Manager, Regional Manager, and EVP/National Production. He is recognized as one of the Top 100 Most Influential Mortgage Executives in America by Mortgage Executive Magazine in 2013, 2014, and 2015. He stepped back into personal production after 18 years in different management positions because of his love for people and helping them achieve their dream of home ownership. His position with Guardian Mortgage will allow him to use his leadership and relationship building skills to help build the company's business in Colorado.

Rapid underwriting/Ops turn-times: close your loans and be paid more! Recently named among Top 5 Best Mortgage Companies to work for by National Mortgage News, [Geneva Financial](#), Home Loans Powered By Humans®, is filling 500 Branch Manager and Loan officer positions in 43 states. With the recent addition of a National Head of Underwriting focused on industry-leading turn-times, Geneva is committed to closing your deals while paying you more! The Geneva Gives, BE A GOOD HUMAN and Hero of The Year initiatives deemed them a recipient of the Excellence in Banking Award for Community Impact. Geneva is currently ranked a nationally fastest growing mortgage company by Grojo with no signs of slowing down and all forecasts point to another historic year in 2021. [Explore Branch and Originator opportunities.](#)

Fannie Mae announced that Ryan Zanin is joining the company as its EVP and Chief Risk Officer, effective February 1.

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