

Lenders Hiring MLOs; Correspondent, Tech, Servicing, Tech Products; What you Should Know About Yesterday's Rate Move

By: Rob Chrisman | Fri, Feb 26 2021, 9:28 AM

Huh? Rates don't continually go down and then stay there for an indefinite period of time? No, they don't. There's this [opinion piece](#) in the Wall Street Journal: "We'll Have Herd Immunity by April. COVID cases have dropped 77% in six weeks. Experts should level with the public about the good news." Every lender will tell a client that good economic news is bad for lower rates. We return to the question of, "What's a lender's cost to create a servicing asset worth a point?" Yes, yesterday's rate move was dramatic (we're already seeing rates come back down slightly this morning, as you'd expect), but lenders are already reminding their production force about monetizing their own database. Is the servicer staying "front of mind" for clients? Lenders are already changing tactics. And change is possible. For example, I got over my addiction to chocolate, marshmallows, and nuts. I won't lie, it was a rocky road.

Broker and Lender Products and Services

"[Orion Lending](#) and URLA: In the event your origination software is not yet updated with the new URLA or MISMO 3.4 requirements, fear not! Orion Lending's STAR Portal will continue to accept BOTH FNMA 3.2 upload files along with the new MSMO 3.4. Knowing this transition may take time for our broker partners to adopt, our proprietary STAR Portal will help you convert your 3.2 file and 1003 to the new Uniform Residential Loan Application seamlessly at time of submission. Orion Lending is your partner and will continue provide technology to promote your success. Not approved? Reach out to info@orionlending.com for additional information and same day broker approval."

Congratulations to [LoanNEX](#) on receiving the 2021 Innovations Award from [Progress In Lending](#). LoanNEX is a next gen product, pricing, and eligibility platform with an expertise in the growing Non-Agency market. What makes LoanNEX different is dynamic data capture addressing non-agency specifics, Q&A for soft guidelines that can make or break a deal, plus a built-in collaboration tool to work directly with your AE. LoanNEX is a self-service tool providing originators easy discovery and navigation to the best borrower options, right at their fingertips. LoanNEX's newest service allows Brokers to discover current lender product and pricing options through their [Broker Marketplace](#). [Start a 90-Day FREE trial](#) or visit [Scenario Tester](#) to see investors and programs available. To learn more, LoanNEX is hosting a webinar on March 3rd, covering the latest market trends and will show all participants the value of the tool for growth in 2021. [Click here to register now.](#)

Luxury Mortgage Corp.® ("Luxury"), a leader in Non-QM lending, has announced significant enhancements to its Simple Access® Non-QM suite of products. Notable highlights for all program types include: Removal of cash out limit up to 65% LTV, reintroduction of a 40-year term option with a max LTV of 80%, Loan amounts up to \$3.5MM on purchase/rate term and \$2.5MM on cash out and Max LTVs expanded to 90% with FICOs down to 660!!!! Additionally, Luxury will be implementing aggressive base pricing improvements across all product types!! Their elite team of seasoned experts will help you navigate through even the most complex scenarios. [Click here](#) to inquire about becoming an approved wholesale broker or correspondent seller.

Are you ever surprised by the relation of two seemingly unrelated things? For example, advertising and the discovery of Greenland are linked through Eric the Red, who deliberately gave the land a more appealing name than "Iceland" in order to lure potential settlers. A relation that should not surprise you is [servicing qc](#) and borrower retention. For borrowers, the majority of their mortgage experience is related to servicing and with roughly 30% of borrowers choosing a lender based on having an existing relationship with the company, good and compliant servicing plays a big part in that decision. One easy way to improve the servicing experience for borrowers is through [servicing qc](#). By ensuring your servicing efforts are compliant, you're passing fewer issues on to the borrower. Contact Subsequent QC today to make sure your servicing qc is helping provide your borrowers with the best servicing experience possible.

Humans have been captivated by the idea of predicting the future for centuries untold (remember [Miss Cleo](#) of late-90s TV fame?). While science has yet to prove the existence of psychic abilities like telepathy and clairvoyance, what if I told you, I knew a way to predict the future that doesn't involve the paranormal? Sales Boomerang, the #1 automated borrower intelligence and retention platform, predicts when someone in your database is ready for a loan. Ryan Kube, EVP of Production, Annie Mac notes "Being able to get to the borrower before they even know they need a loan is so important! For top performers, more than 65% of their business is from their own database. One of my top performing LOs has said that 30% of his loans come from Sales Boomerang's Borrower Intelligence." [Find out what the future holds](#) for you and your borrowers.

[Finance of America Mortgage](#) is always pushing the envelope of product offerings and innovating new options for our borrowers to gain

more purchasing power. FAMI is excited to announce the relaunch of our [Two-X Flex Suite](#) of mortgage solutions for the unconventional borrower. These proprietary loan offerings allow borrowers to qualify based on factors outside of standard loan requirements. The Two-X Flex Suite includes the following options: Two-X Flex Full Doc, a product that qualifies based on expanded guidelines. Two-X Flex Bank, a great option for self-employed borrowers allowing them to qualify on 12 or 24 months of bank statement deposits. Two-X Flex Asset is an excellent option for borrowers wishing to qualify using their assets as income with no employment required or combine with Two-X Flex Full Doc to decrease their qualifying ratios. Finally, Two-X Flex 1 Year allows for only one year of income documentation to qualify. Contact us today at FOAmortgage.com to learn more!

Are you ready to continue your digital lending momentum into 2021? At Forward, Blend's virtual summit taking place May 18-20, you can gather with innovators and industry leaders to learn about the technology trends shaping the future of lending. You'll hear from expert speakers, discover Blend success stories, and even have the opportunity to become a Digital Lending Platform expert with post-conference training. [Register now.](#)

What makes one bulk program different, or better, than another... Besides the bids? At [Plaza Home Mortgage](#), the answer is: competitive bids + insurance to protect correspondents against buybacks. Correspondents selling to Plaza's National Correspondent Program are automatically covered by Plaza's unique Certified Loan Program, which protects sellers against a range of underwriting defects, even COVID-19 related instances. Looking for more from a correspondent lender? Look to Plaza National Correspondent at hereforyou@plazahomemortgage.com.

Capital Markets

Huh? You don't own a crystal ball and didn't lock your borrower earlier this week? Unfortunately, I don't own one either, so once the price wars begin in the mortgage space, I may need to find a new career. I was thinking being a rapper would be fun. What do you think of this rhyme? "When this pandemic ends, I'm gonna spend!" Apparently, many others are thinking the same thing, and that is why mortgage rates went up yesterday.

Investors are okay if the move is driven by inflationary expectations, a "technical" move. **But many believe rates have moved too far too fast.** Will the Federal Reserve move from "being comfortable" with rates going up to "monitoring" rates going up? Due to the pandemic our government is incurring huge deficit spending, with trillions of dollars more of stimulus coming. Someone has to pay for that. Every day we have a growing Federal Reserve balance sheet as the New York Fed continues to purchase Treasury and MBS. Fortunately, as older, higher interest rate debt matures, it is being refinanced by our government at lower rates, and this lower debt service is delaying the impact of the government spending. But the markets are certainly looking ahead to the pent-up spending that will happen as the pandemic (hopefully) winds down.

Yet the market is realizing that ultimately someone has to pay for it, traditionally in the form of higher taxes. On top of this, inflation concerns are emerging, especially as investors look ahead to a potentially booming economy as the pandemic winds down. The Federal Reserve has made it clear that it can change course quickly based on economic conditions.

The yield on the "benchmark" risk free U.S. 10-year T-note hit 1.61 percent yesterday. **The bond market experienced a relentless sell off** with the 5-year and 10-year Treasury notes rising +19 bps and +13 bps, respectively, largely due to inflation fears. We also saw awful demand on the \$62 billion 7-year Treasury note auction. The selloff wasn't limited to just the U.S., with global bonds experiencing the same fate as equities were routed in the risk-off trade. Both Atlanta Fed President Bostic and St. Louis Fed President Bullard opined on the move, but neither was concerned about rising bond yields, with Mr. Bullard saying that the move is "probably a good sign," and Mr. Bostic downplaying the need for the central bank to get involved.

I got my hands on one of MCT's client exclusive MarketFlash updates yesterday and found useful recommendations for the deteriorating market, and the new UM30 2.5 market coupon. Lenders should keep up with rising optimal hedge coverage due to rising pull-through, decreasing borrower rate attractiveness, and increasing weighted-average stage in pipelines as lock volume falls. With loans out of the money, be sure to enforce lock policies and prohibit free extensions. Take advantage of AOTs for their cash flow benefits. Watch out for possible decreases in Fed purchases of the 1.5 coupon, and avoid cross hedging that production with TBAs in the 2 coupon. (While live MarketFlash updates like this are exclusive to MCT clients, you can still [join the MCT newsletter](#) for market analysis and timely webinars.)

The Primary Mortgage Market Survey from Freddie Mac for the week ending February 25 saw the **30-year and 15-year fixed rates jumping 16 bps and 13 bps versus the prior week** to 2.97 percent and 2.34 percent, respectively. The Mortgage News Daily 30-year rate jumped 13 bps yesterday alone to 3.27 percent. Where's that dang crystal ball?

Today's economic calendar is already underway with personal income and spending for January (+10.0 percent, +2.4 percent, both strong), and the trade deficit (\$83.7 billion). We've also received Core PCE Prices (+.3 percent: no major inflation). Black Knight reported that the

number of mortgages in active forbearance rose for the second week in a row, climbing by 21k since last Tuesday, pushing the total of those in active forbearance back up above 2.7 million, or 5.1 percent of all mortgage-holders. Later this morning brings February Chicago PMI and final February Michigan sentiment. Today's month-end MBS purchase session sees **the Desk conducting the last two operations on the current schedule totaling up to \$5.3 billion**. In the afternoon, the NY Fed Desk will release a new schedule covering the March 1 to 11 period that is expected to total \$56 billion or \$6.2 billion per day. We begin the day with Agency MBS prices better/up by .375-.50 versus Thursday night and the 10-year yielding 1.46 after closing yesterday at 1.52 percent.

Employment and Transitions

“At [Bay Equity Home Loans](#) we embrace a culture of sharing. One great example: our Bay Equity Tools and Best Practices Playbook. We collaborate with our top performers to identify and implement needle moving business plans and ideas. We're obsessed with sharing best practices to bring value and cutting-edge productivity tools to help all of our LO's get to the next level. As an example, one of our top sales leaders shared a strategy that helped him fund \$100m each year for 10 consecutive years. We embraced and enhanced that plan to create a best practice for all of our LOs. At Bay Equity every team has the Playbook to help each LO generate leads and efficiencies. Would you like to learn more about Bay Equity and our Playbook? Contact Sean Wilson (415-622-5768) for more information.”

[Sun West Mortgage Company](#), [NMLS 3277] a leading full-service national mortgage lender, is excited to announce the expansion of its west coast operations. Lanny Setka recently joined Sun West Mortgage Company, Inc. as Branch Manager for the Buena Park, CA branch. With more than 25 years of experience as a loan originator, Lanny uses his strengths in financial planning and expertise with the mortgage market to guide his clients in the right direction that is specifically tailored for them. He believes that client relationships are the top priority and dedicates his time to relationship building. With confidence and an extensive history of expertise, Lanny is a reliable asset to the mortgage industry. For more information on Sun West, please contact Managing Director, Leif Boyd or SVP, Business Development, Peter Schwartz at 916-770-0053. For Sun West Mortgage Company, Inc. licensing information and disclosures, please [click here](#).

“[Shamrock Home Loans](#) welcomes Jay Arana, Jay Kiel, and Joseph Drew in Connecticut and Maine. Check out why Joseph joined Shamrock by watching [this video](#) produced by our Video - Ad team. ‘We are expanding aggressively throughout the state of Florida, the New England states and New York, seeking Area Managers, Producing Branch Managers and Loan Officers in North and South Carolina as well,’ says Rick Roque, VP of Shamrock. With a 31-year track record of serving consumers across the East Coast, Shamrock is seeking sales leaders who want to leverage our Videography and Creative Design teams to grow. Agency direct, no overlays, sales culture and an aggressive marketing approach to support Realtors and borrowers, and next generation technology to make the loan process easy; email JoinTheRock@ShamrockHomeLoans.com to learn more; see our [TV Ad](#) made for Branch Managers and Loan Officers explaining our core purpose.”

“[Homeowners Financial Group](#) is proud to showcase our successful launch of our new game changing platform, [HFG Go](#), which is an intuitive mobile application process centered around automation and communication between the client and loan officer. Officer commented, “Borrowers have an easy to use and secure way to interact with their loan from their technology platform of choice.” Features such as QuickApply™ easily verify identity and automatically obtains personal and employment information, liabilities, and real estate owned, and includes integrations with financial institutions which saves valuable time for the client and ensures accuracy. Bill Rogers, CEO, states, “As we continue to grow, Homeowners remains committed to implementing cutting edge technology like [HFG Go](#) across all facets of our organization.” If you are interested in learning more about [Homeowners Financial Group](#), please contact Ron Stowers or Nelson De Leon.”

Who oversees Deephaven? Pretium. Pretium is a specialized investment management company focused on real estate, mortgage finance, and corporate credit that holds more than \$20 billion in assets, which announced that John Keratsis will succeed Matt Nichols as President and CEO of its Deephaven Mortgage platform. Congratulations to John!

View this Article: <https://www.mortgagenewsdaily.com/opinion/02262021-mortgage-rate-moves>