

# Apr. 8: Non-QM, reno, jumbo products; SaaS, sales, underwriting products; correspondent news; underwriting shifts

By: Rob Chrisman | Thu, Apr 8 2021, 9:55 AM

"i" before 'e' except after 'c' has finally been disproved by science. Does "machine learning" equal "Artificial Intelligence (AI)"? [Nope](#). And did you know that over the past 12 months, in the U.S. there has been a net loss of 2,563 bank branches (3,585 branches shuttered while 1,022 were opened) per S&P Global? Although the pandemic has definitely had a hand in speeding some of these closures along, lenders are concerned about how the post-pandemic world will affect depository bank and mortgage bank branch levels. Lenders are also concerned about how HMDA data, sifted through by the CFPB, may be construed. It is generally thought that the lowest cost, most efficient producers will rise to the top, and the commentary has some notes on back-office changes below. In addition, the audio version of today's commentary is [available here](#) and is sponsored by [Candor](#), the dynamic, adaptive underwriting engine. It features an interview with CMO Brandie Young on how mortgage marketing has changed over the years.

## Lender and Broker Services

Quick borrower care in good times and bad: There is no "one size fits all" when it comes to caring for your borrowers, especially in a K-shaped economy. Providing equal attention and guidance to both stable and struggling borrowers is critical to customer retention. Sagent CARE (formerly Account Connect) allows your customers to easily manage their mortgage loan with self-service care and on-demand human help accessible from any device. [See CARE in action here](#) and learn more at [sagent.com](#).

So, [how does the Federal Reserve affect mortgage interest rates?](#) Questions like this come up all the time in the secondary market and there's no better place to get your questions answered than by the seasoned professionals. In MCT®'s most recent post, "[How the Federal Reserve Affects Mortgage Interest Rates](#)," MCT discusses the structure of the Federal Reserve, how the FOMC supports the economy, and how the Fed influences the demand of the three monetary policy tools. No matter where you're at in your stage of growth, [MCT's Learning Center](#) can help. [Join MCT's newsletter](#) now so you can stay up to date on the latest market updates and educational content as they come out.

Has newcomer [Candor](#) cracked the code? The unpredictable nature of underwriting requires dynamically adaptive technology, and ~400,000 underwrites by Candor prove the concept. You could be using Candor in 30 days but first you need to [get a demo](#).

It's disappointing when a potential borrower ghosts you and goes with another lender. Luckily, lenders using [Sales Boomerang](#) avoid that disappointment. They see an average 65% borrower retention rate and 20-40% lift to loan volume for around \$299 per acquired loan — a 20x ROI. In fact, lenders working with Sales Boomerang not only avoid getting ghosted by borrowers, their phones are blowing up with calls and texts from frontline LOs. Max Masters of Alpha Mortgage says, "Within 48 hours of going live with Sales Boomerang, my loan officers were texting me about picking up loans thanks to Sales Boomerang alerts. Now my loan officers are driving me crazy and texting me every day because Sales Boomerang has made it incredibly easy to share success." [Reach out to Sales Boomerang today and watch your phone blow up with LO appreciation](#).

[Polly](#), a leading provider of innovative SaaS solutions for the mortgage industry has raised \$15 million in Series A funding. Through Polly's state-of-the-art pricing engine and loan trading exchange, mortgage originators optimize revenue on each loan, reduce costs by streamlining workflows, and have customized analytics at their fingertips. The Series A financing comes at a time of major momentum for Polly, which now processes tens of thousands of lock requests and nearly \$3 billion in loans every month. To learn more or schedule a demo email Jacob Gerson or visit [www.polly.io](#).

## Loan Products

There's been a lot of recent changes in the competitive landscape of Home Equity lending. [Spring EQ Wholesale](#), the industry's leading home equity lender, is committed to our partners and their clients' and is growing rapidly. The CLTVs on our adjustable HELOC product were increased to 97.5% to match our fixed rate offering, and margins were lowered. We recently launched an AVM only product (no appraisal) on select FICO and CLTV buckets. Swing your appraisal to us on a recently closed transaction and add a stand-alone home equity loan. "Break-up" your purchase & refinance business to avoid Jumbo and High balance pricing. Cash-out to 97.5% to avoid MI and LLPA's. Spring EQ offers both fixed rate and adjustable rates for piggybacks and stand-alone 2nds, e-sign technology, and is the only lender in the industry who offers LPC and BPC compensation up to 2%. For more information visit [Spring EQ Wholesale](#).

It's time to Spring forward into renovation — and increased profits. [Planet Home Lending](#), LLC has the products and the experts to give you

the renovation edge. Give Jim Bopp a call at 518-348-6426 to see how Planet can increase your volume.

Do you have a borrower with a unique loan scenario? Not sure if there are mortgage financing options? Get answers from the Non-QM experts at Sprout Mortgage during the [Scenario Station Webinar](#) on Wednesday, April 14th at 9:00 am PT, where a variety of loan scenarios will be reviewed. In addition, we'll discuss the common misconceptions and best practices of non-QM underwriting. Expand your pipeline to include Non-QM programs and become the lending professional with a "can-do" approach for your clients. Non-QM business is abundant, and Sprout offers powerful technology and a streamlined loan process for maximum efficiency. Try our [Premier Jumbo program](#), the simplest full-doc jumbo in the industry. Bank statement program for borrowers whose income is best documented by bank statements. And investor programs for N-O-O properties (including foreign borrowers). Then watch your pipeline grow! [Register now!](#)

"[Caliber Home Loans](#) always goes BIG for our brokers and we're excited to announce the return of Caliber Jumbo. When your borrowers are in the market for higher-end, luxurious homes, a typical loan amount might not work. Many times, the home value will exceed the typical Fannie Mae and Freddie Mac loan servicing limits. Jumbo loans provide your borrowers a solution to get the funds they need so they can purchase the home of their dreams. Fixed and ARM options, up to a 90% LTV, and \$2.5M max loan amounts are all part of this huge offering. Available for Purchase or Refinance, Caliber Jumbo is a flexible solution for your customers. Step into greater opportunities with Caliber Jumbo! Reach out today or click here to find out how to become an approved wholesale lender."

[Rocket Pro TPO](#) is a trailblazer among lenders offering new jumbo products after the recent QM rule change that went into effect March 1. On that day, Rocket unveiled Jumbo Smart, a brand-new program that focuses on two things: speed and simplicity. What makes this a powerful product is that it conforms to Fannie Mae guidelines and is run through DU, making this more streamlined than previous jumbos while being just as prudent as conventional loans. Rocket Pro TPO is unleashing Jumbo Smart at the perfect time. With purchase season underway and high-value refi candidates stuck on the sideline for the past year, partners can leverage this product to ensure they are assisting all client types at this key time in the housing market. Contact your Rocket Pro TPO AE for more details on Jumbo Smart.

## Correspondent News

As was announced in mid-February, [Western Alliance Bank](#) entered into a definitive agreement to purchase [AmeriHome Mortgage Company](#). The group is excited to announce that as of today, AmeriHome Mortgage is officially a subsidiary of Western Alliance Bank! You may be wondering what this means for [AmeriHome Correspondent's](#) valued clients, future clients and the many valued business partners. Western Alliance Bank, one of the country's top-performing commercial banks, gives AmeriHome access to significant capital and a faster pathway to growth for Delegated and Non-Delegated Correspondent channels. Management is confident this combination will be both seamless and highly beneficial for clients. AmeriHome's value proposition is not changing, only strengthening, and it will continue to offer consistently competitive pricing, industry leading service and support, and a full and growing slate of products, all with their unwavering commitment to be relationship-focused in everything they do.

AmeriHome also looks forward to introducing new Non-Agency portfolio products as well as expanding the value of Western Alliance Bank's warehouse lending capabilities for its clients. It will continue to operate under the current name as AmeriHome Mortgage, a Western Alliance Bank company, and will retain its current business model, leadership team, people, and locations, ensuring continuity for their clients. Should you have questions about doing business with AmeriHome reach out to [CLsales@amerihome.com](mailto:CLsales@amerihome.com).

[PenFed's correspondent channel](#) offers up a line-up of Jumbo, High Balance, and [Super Jumbo](#) programs.

MSA42220 for Santa Rosa has been removed from Citi Correspondent Lending's CRA Premium Schedule. View/print the updated Best Effort CRA Schedule (CL244) [here](#). Citi is in "the midst of transitioning to a new digital based LOS, Empower, which is intended to help with Citi's growth plans over the next few years. We also have new product offerings to roll throughout 2021 that are designed to provide additional liquidity to the marketplace for all our approved sellers."

And Citi announced that Vanessa Sanchez has joined Citi Correspondent Lending team as its Client Service Consultant/CSC for the New England Region. Congratulations, Vanessa!

PennyMac Correspondent Group is offering Weekend Lock Availability for Delegated and Non-Delegated locks. Weekend pricing will be based off the previous business day's last rate sheet.

Caliber Correspondent's Lending Portal ([CLP](#)) has been enhanced to allow you to download multiple Purchase Advice (PA) Reports to a single Excel worksheet. You can also download and print your Caliber Sellers Scorecard.

With the expiration of QM Points and Fees Cure Provision, covered transactions with consummation dates after January 10, 2021, where the total points and fees exceed the applicable limits, creditors or assignees will no longer be allowed the option to cure the transaction and bring it into QM compliance. Any impacted loan will not be eligible for purchase by AmeriHome.

How is the overall channel doing in the government sector? IMF reports that, "Correspondent production of FHAVA loans increased 7.6% from the third to the fourth quarter, according to an Inside FHAVA Lending analysis. That's compared with a 2.7% quarterly increase in total government-insured lending by a group of 40 lenders that provided detailed survey data to Inside Mortgage Finance. As a result, the correspondent share of new FHAVA lending edged up to 32.5% in the fourth quarter — still a drop from 41.8% for all of 2019 and 57.8% back in 2015."

### Documentation and Back-Office Developments

Wells Fargo Funding is no longer requiring documentation to show that a mortgage affected by a natural disaster or declared disaster, as indicated on the credit report, is/was not in forbearance prior to the date printed on the Note. Effective for loans purchased on and after March 30, 2021.

Wells Fargo Funding has new reserve/post-closing liquidity (PCL) requirements for Non-Conforming Loans: Reduced the minimum standard reserve/PCL requirement to 12 months' principal, interest, taxes, and insurance (PITI) (was 18 months). Removed the minimum 30 months' PITI reserve/PCL requirement when self-employed income or loss is used for qualifying (standard reserve/PCL requirements now apply).

Wells Fargo Funding is expanding Non-Conforming policy flexibility on Self-employed income documentation requirements. Additionally, borrowers can now use rental income from investment properties, commercial properties, and other units in owner-occupied multifamily properties to qualify for Non-Conforming Loans.

FAMC updated its Disaster Counties Requirements with additional guidance and clarifications. These updates are not new requirements. Details have been added to assist customers with meeting specific agency guidelines and [FAMC policies](#).

For loans delivered to AmeriHome Mortgage on or after May 1, 2021, Sellers must include the new IRS Form 4506-C.

loanDepot Wholesale's NEW Jumbo Advantage Express does not require any second signatures or investor approvals. Loan amounts starting at \$1 above Conforming loan limits. Click [here](#) to view the Product matrix. And loanDepot's [March 22 - Weekly Announcement](#) includes information on its program expansion for Select Conforming and High-Balance / Super Conforming transactions and borrower eligibility updates in its Jumbo Advantage Lending Guide.

PennyMac Correspondent is reinstating the requirement for tax transcripts effective with loan applications on or after June 17, 2021. Read [Announcement 21-22](#) for information.

The MMLA issued a Member Alert regarding a [new Bulletin](#) issued by The Department of Insurance and Financial Services specific to the CPI-Adjusted Regulatory Loan Act Loan Processing Fee that supersedes Bulletin 2020-04-CF.

### Capital Markets

Minutes from the March FOMC meeting **showed expectations among policymakers that making substantial progress on policy goals will take "some time."** What does that mean for mortgage rates though? Not much, as Treasuries ended Wednesday mixed and the MBS basis moved a little tighter as reaction to the minutes was muted. Separately, prepayments (refinance speeds) again exceeded expectations with the weighted average CPRs on FHLMC30s, GNILs and FN15s all hitting new highs. FN30s came up just short of October's record. So someone is out there refinancing, pushing investors in MBS to reinvest that money somewhere.

Today's economic calendar got underway with weekly jobless claims: Initial claims for the week ending April 3 were +16k to 744k. Later this morning brings Freddie Mac's Primary Mortgage Market Survey for the week ending April 8 and a **Treasury announcement of the auction sizes for next week's mini-Refunding** consisting of 3s and reopened 10s and 30s. **Today's Fed speakers include St. Louis' Bullard, Chair Powell, and Minneapolis' Kashkari.** The scheduled Desk support of MBS purchases is tied for the smallest on the current schedule at \$4.8 billion across UMBS15s and UMBS30s. We begin Thursday with Agency MBS prices up/better by .125 from Wednesday night and the 10-year yielding 1.65.

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