

# AE, Ops, Sales Jobs; Sec. Mktg., NOI, QC, Diversity Products; NewRez/Caliber Deal; Servicing Retention Study

By: Rob Chrisman | Thu, Apr 15 2021, 11:12 AM

There are some clever people out there, especially when it comes to [satisfying demand](#). Lenders know that mortgage pricing is a function of supply and demand. If one investor doesn't want your non-owner loans, for example, some other investor will, whether it is a Wall Street private label or a non-QM investor. I mention this because the 25 leading U.S. banks curtailed loan holdings by 8% during the first quarter to \$5.45 trillion, according to the Federal Reserve. Deposits rose 16%, to \$10.13 trillion, giving the [lowest loan-to-deposit ratio](#) since data collection began 36 years ago. How about the supply & demand of odd properties? How does one obtain financing, or go to the bank, or have an appraisal done, on a lighthouse? Sea lovers should know that the [historic Wolf Trap Lighthouse](#) and a waterfront lot to keep your dingy on Horn Harbor in Virginia is for sale at \$249,000. (The audio version of today's commentary is [available here](#) and is sponsored by [FBX, an Informa Financial Intelligence business](#), helping lenders understand their competitive price position and lending performance metrics.)

## Lender Products and Services

NOW is the time to speak with [Mortgage Confidential](#) to find out your true value in the market! If you are a Loan Officer or Sales Leader, you have had an amazing run. Volume and high income have hidden too many inefficiencies with your current lender. Operations professionals have been over-worked and are burnt out. The market is changing and you need to make sure you are in the best possible situation. Don't sell yourself short, let Lenders compete over you! Mortgage Confidential is the #1 resource in the industry for Mortgage Professionals to find top opportunities and maximize their value. Check out our [site](#) and put yourself on the market- CONFIDENTIALLY. 100% Confidential, guaranteed!

Friendly reminder to all who noticed today was April 15 and panicked about their taxes, [today is NOT the last day to file your taxes](#) without an extension. While we're on the subject of friendly reminders, [MQMR](#) would like to remind you that by combining servicing/subservicing operational reviews with loan-level servicing QC, lenders can create a powerful servicing risk management program that not only ensures compliance with even the most stringent of regulatory requirements, but also delivers the exceptional level of customer service expected by regulators and consumers alike. Want to learn more? Download this free white paper: "[Better Together: How to Create a Comprehensive Servicing Risk Management Strategy](#)" to learn how to create a comprehensive servicing risk management strategy.

Dispelling the myths in Black homeownership Zoom event! Next Thursday, April 22, 3PMPST/6PMEST, New American Funding & Freddie Mac have teamed up to discuss common myths that continue to impact Black Homeownership, including down payment requirements, credit score do's and don'ts, income qualifications, and debt. Freddie Mac will share its recent research including exciting new housing and homeownership data. Guest Speakers: Marcia Griffin, President & Founder of HomeFree USA, and Nora Guerra, Affordable Lending Manager SF Client and Community Engagement Single Family Division. Join us to learn about Dispelling the Myths in Black Homeownership and how to develop, enhance and promote mortgage industry best practices to reach the Black community. [Register today!](#)

Attention Mortgage Servicers: The CFPB Warns, "Unprepared is Unacceptable." The Consumer Financial Protection Bureau (CFPB) [released a statement](#) on April 1 that warned mortgage servicers to be prepared for the coming wave of borrowers needing assistance. "Unprepared is Unacceptable." The CFPB will be closely monitoring servicer actions as pandemic-related federal emergency mortgage protections expire this summer and fall. One of the best ways to be proactive is with comprehensive [Mortgage Servicing Quality Control Audits from TENA](#). Our experienced Servicing Audit Team will help ensure your processes and servicing portfolios comply with the CFPB and all regulatory bodies. Responsible servicers should be preparing now to prevent avoidable foreclosures in the future. Don't Wait, Contact Us to Get Started Today!

Connector by Velma® delivers business results for lenders by enhancing the Encompass® LOS with exquisite communications and workflows, including Connector's dynamite ECOA-Adverse Action compliance solution. But did you know Connector can send more than NOI letters? Yep, let Connector take your print and mail headaches away too. Automagically send one-off goodbye letters, insurance transfer notifications, statements, and more...straight from Encompass. [More info here.](#)

Lenders that understand how news impacts mortgage interest rates are much better equipped to control their margins in all market scenarios. If you're not yet an expert, learn how you can harness this invaluable skill by reading MCT®'s blog post, [How News Impacts the Secondary Market](#). This article gives advice to capital markets staff about which news sources to follow, how the interpretations of that information influence the market, and how to use this information to protect lender margins. Hone this secondary market skill and more by

tapping into [MCT's comprehensive Learning Center](#). There you'll find mortgage industry information compiled in the form of webinars, whitepapers, market commentaries, and more! New content is regularly emerging as quickly as new insights and industry trends. [Sign up for MCT's newsletter](#) and [weekly MBS market commentary](#) to stay abreast of how news can affect your business.

### Link Between Servicing and Borrower Retention

Servicing retention rates across the mortgage industry were just 18 percent last year. Retention rates drop significantly after the first three of the loan's life, indicating that the lender and the loan officer quickly fall out-of-sight, out-of-mind. In his April Customer Experience Tip, MortgageSAT Director Mke Seminari suggests three ways lenders can connect with their servicing borrowers and increase retention. "Servicers would be wise to create on-going communication with borrowers to nurture the relationship forged during the initial origination process," says Seminari. "For those lenders who purchase Mortgage Servicing Rights (MSR), it's equally important to create dialogue with the borrower during the on-boarding phase and continually throughout the new relationship." Don't miss, "[What Can Lenders Do to Retain More of Their Servicing Portfolio?](#)"

### M&A

Many in the industry figured that Caliber needed to do something, and that NewRez wants mortgage servicing rights (MSRs). As one industry leader emailed me, "Deep capital and a strong origination platform are never a bad combination." It was announced that in the 3rd quarter (sometime between July and September) New Residential Investment Corp. (NYSE: NRZ; "New Residential" or NewRez) will acquire Caliber Home Loans, Inc. from an affiliate of Lone Star Funds.

What is the company worth? The purchase price to tangible book is at a 1.0x multiple, and with it comes \$141 billion of UPB of MSRs.

There were the usual platitudes. "Over the years, Caliber's experienced team has built a differentiated purchase-focused originator with an impressive retail franchise and solid track record in customer retention. The combination of NewRez and Caliber's platforms will create a premier financial services company with scale, talent, technologies, and products to accelerate our mortgage company objectives and generate strong earnings for our shareholders. With this acquisition, we have significantly strengthened our capabilities to perform across interest rate environments." "Our combination of strategies will allow us to accelerate our leading position in purchase lending, grow our digital direct to consumer and broker initiatives, and further propel our retail franchise. As we leverage our digitization investments, we will make the entire mortgage process faster, easier, and more efficient. We are thrilled to have the opportunity to deepen our customer relationships, expand our customer reach and provide more industry-leading products and options to our customers."

Caliber has heft, having funded \$80 billion in 2020, owning a \$153 billion (630,000 customers) servicing portfolio, having a recapture rate of 54 percent, with both retail, wholesale, consumer direct, and correspondent divisions. It had 2020 pre-tax income of \$891 million and a return on equity of 53 percent.

New Residential will pay a cash consideration of \$1.675 billion, or approximately 1.0x expected tangible book value at closing<sup>1</sup>, to acquire Caliber. That kind of scratch isn't just sitting in the bank. NewRez will use existing cash and available liquidity on the New Residential and Caliber combined balance sheet as well as a mix of equity and the sale of certain investment securities.

Garth Graham, Senior Partner with the [STRATMOR Group](#), well known for its M&A work, sent me a note. "Like many in the industry, I woke up to the big news that the New Rez purchase of Caliber was announced. My slow day got very busy. Like the G Rate / Stearns deal (from last month!), this one is a big IMB buying a big IMB, and is yet another step in New Rez's climb up the leader boards. What's also interesting is both companies were established in all four primary channels, although New Rez has a much more active JV channel within retail. In any case, this is a true consolidation play of a large originator and servicer getting much bigger by stroking one big check. My phone was ringing today, as potential sellers of all sizes ask the big questions such as 'what does this mean to me' and that is the right questions to ask, and something we should all think about, until the next big deal hits. Based on our pipeline, there are certainly more deals coming."

### Wholesale Chatter

[WE Lending](#), with licenses in 25 states, has launched a wholesale division led by national Wholesale Sales Director, Tiffany Mason. "In my 30 years of Mortgage experience, I have witnessed both negative and positive practices in our industry. [WE Lending](#) is giving my amazing team and I the ability to lead and build around the best of those practices. We are focused on the broker's and the borrower's experience as our top priority." (To become an approved broker, or to join WE as an AE, visit [WE Lending](#) contact Tiffany Mason (949-680-4157).)

Mountain West Financial Wholesale is reversing policies that were put in place temporarily in 2020. The following changes will be

implemented immediately. Allowing all lock periods on all loans at any loan status including great pricing on 15-day locks (not applicable on some specialty programs, as per Lock Policies), and returning the default lock period in the pricing engine to 30 days (effective for all new submissions).

PRMG's [Product Update 21-15](#) includes information on the removal of Removed Bank VOD requirement for 2-4 unit properties located in the State of New Jersey, updated seasoning for cash out transactions for loans with DU approvals, information on condo project review waiver, and USDA updates.

## Capital Markets

Fannie's trading desk announced that, "Effective June 1, all whole loans secured by investment properties must be purchased against the Investment Property commitments in Pricing & Execution-Whole Loan® (PE-Whole Loan). Loan Delivery will allow whole loans for investment properties to only be delivered against a 30yr or 15yr investment property PE-Whole Loan commitment. If an investment property loan is delivered against another commitment type (e.g. 30-Year Fixed Rate, 30-Year Fixed Rate - 110k Max Loan Amount, etc.) a fatal edit will occur."

Treasuries and MBS prices ended the midweek session on a mixed note in a narrow range, with investor eyes on the comments of the numerous Fed speakers on the day. Fed Chairman Powell said most FOMC officials do not expect a rate hike until 2024 **and noted that the central bank expects to taper its bond purchases well before raising the fed funds rate**. That came as the Fed's Beige Book for April noted an acceleration in activity to a moderate pace with strengthening in consumer spending. Tourism improved, auto sales grew, and the services sector strengthened. Employment growth was described as modest to moderate in most Districts. Many Districts reported moderate price increases while some Districts saw more robust price growth.

"Trader talk," behind the scenes about price action, revolved around the tightening of 2.5s from the powerful Fed/supply technicals for the remainder of April along with substantial new quarter domestic bank demand. Relative to March averages, there has been an approximately 15 percent decline in origination combined with a 13 percent up-tick in purchases per day relative to the previous schedule. Additionally, the recent bank earnings commentary, regarding the still weak levels of loan demand, seems to have increased confidence of continued heavy bank involvement in the coming months. Dealer reluctance remains when it comes to adding any type of shorts into and around the Fed operation demand. The takeaway: **this month will be looked back upon as an opportunity to have lightened MBS exposure**.

It's a busy economic calendar today. We've already kicked off with a bang, seeing retail sales for March (to the moon at +9.8 percent month over month), weekly jobless claims (great news at 576k, down from 769k, continuing claims 3.7 million) as well as regional Fed surveys from both New York and Philadelphia (50.2) for April. Later this morning brings March industrial production and capacity utilization, the NAHB Housing Market Index for April, Freddie Mac's Primary Mortgage Market Survey, and remarks from three Fed presidents. **Today's Fed MBS purchases are tied for the smallest on the current schedule at \$4.6 billion** over two operations across UMBS30 2 percent and 2.5 percent and UMBS15 1.5 percent and 2 percent. We begin the day with Agency MBS prices up/better by .125 and the 10-year yielding 1.60 after closing yesterday at 1.64 percent.

## Employment, Promotions, and Hires

Leading non-QM lender [Angel Oak Mortgage Solutions](#) has added to its impressive roster of Account Executives yet again due to the increasing demand for non-QM. Recently welcomed were the following experts to the Angel Oak family: Christy Razwick-Best, San Antonio, George McGrath, Wilmington NC, Rex Tolentino, DE, Robert Hernandez, Northern CA, Jeanne Kruss, Chicago, Ted Sarko, OH, Carl Mowdy, Eastern TN, Raul Naranja, Inside Sales, and Kendra Cutuli in Southern CA. They are ready to help originators with quick and easy solutions using non-QM. And Angel Oak isn't done as it continues to add AEs and Operations staff. See [JoinAngelOak.com](#) for information on how to join the leader in non-QM.

[National M](#) and the National Accounts group is pleased to announce the promotion and addition of Tony Scoma to its team. Tony brings 16 years of mortgage experience, including positions in Secondary and Production with top performing mortgage bankers. Tony is also a Board Member of the San Francisco Chapter for CAMP and Board Member of Northern CA CUREN. Tony is originally from San Francisco and has resided in the Bay Area for the past 19 years. He is a proud father of two girls (5 years and 2 years) and enjoys several outdoor activities and his family time. Please join us in congratulating Tony and his family on his well-deserved promotion. Contact Tony Scoma VP, National Account Manager.

[Trinity Oaks Mortgage](#) is proud to announce that Storehouse Mortgage in The Woodlands, TX, and PB&J Mortgage, in Lewisville, TX, have joined the TOM family. Both teams have built very successful businesses within their markets and realized that partnering with Trinity Oaks could help them ramp up their growth through our innovative technology, in-house operations, streamlined workflows and nationally

recognized outstanding work culture. To find out more about being powered by Trinity Oaks, contact Todd Reynolds.

Have you ever started a new job and had no idea what you were doing? That's not the case at [Caliber Home Loans](#). Caliber makes onboarding seamless and effective. [Watch](#) as loan consultant, Derrick Abbott, explains how he was set up for success when he joined Caliber with our onboarding program Power Up. Join a lender that cares about giving our loan originators the best odds for success. To be immediately considered for a sales position, email Brian Miller.

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