

# LO Jobs; Lead Gen, Servicing Risk, Presentation, DPA, Valuation Tools; M&A Firestorm; Housing Remains Resilient

By: Rob Chrisman | Wed, Apr 28 2021, 10:55 AM

There sure is a lot going on out there! From California comes news that [Finance of America](#) is buying “certain assets” from California’s Parkside Lending, and [Thrive Mortgage LLC](#). In-person conference news continues to increase. [MBAG’s event](#) is in a few weeks, complete with a live [mPower](#) event (contact [MBA COO Marcia Davies](#) with questions), and [the Great River MBA Conference](#) is in Tennessee in August featuring [MBA President Bob Broeksmit](#). Also ahead are [Florida](#), [Texas](#), and [California](#) conferences that have every intention of hosting in-person conferences with safety as a paramount concern. The industry took note that the CFPB released a final rule [delaying the mandatory compliance date of the General Qualified Mortgage \(QM\) final rule](#) from July 1, 2021, to October 1, 2022. “Creditors who receive an application on or after March 1, 2021, but prior to October 1, 2022, will have the option of complying with either the original, DTI-based General QM loan definition, the revised, price-based General QM loan definition, or the Temporary GSE QM loan definition (the Patch).” And don’t forget that the audio version of today’s commentary is [available here](#), sponsored by [Capacity](#), and features an interview with Josh Friend, CEO of Insellerate, on how CRM technology and other tools are being used to help lenders.)

## Lender Services and Products

Choosing a valuation software that includes Vendor Directory offering comprehensive coverage across the country is a necessity, especially when acquisitions are so prevalent in the lending industry and result in the need for more robust vendor panels or new locations to service. Having the ability to invite new appraisers into your appraisal ecosystem is a given, but how do you vet appraisers before sending the invite? If you’re managing your appraisals on [Connexions](#), you can easily search for appraisers based on name or location, but more importantly, [Connexions](#) provides Appraiser Performance Statistics for each appraiser comprised of the average turnaround time (TAT) and average fee for each appraisal product serviced within the last 12 months. This provides valuable insight into an appraiser before you invite them into your vendor panel. Use our self-serve demo-scheduling tool to schedule your [demo](#) today and learn why [Connexions](#) is quickly becoming the valuation software of choice!

“When 2021 began, everyone had goals of what the new year would bring, and [Finance of America Mortgage TPO](#) was no different. [This week we took a step towards our goal to be a Top 5 Wholesale Lender](#). We are excited to announce our intent to purchase certain assets of [Parkside Lending LLC](#), a wholesale, retail, and correspondent lender based in California. [FAM TPO](#) and [Parkside Lending](#) are closely aligned in their approach to business: offering great products with great service to their broker and NDC partners to help fulfill their client’s needs. The addition of [Parkside](#) to the [Finance of America FAMILY](#) of companies provides growth and expansion in the future. Visit us today to learn more about [Finance of America Mortgage TPO](#).”

Lenders, are you offering [GSFA Down Payment Assistance Programs](#)? What are you waiting for? Down payment assistance (DPA) is a game-changer when it comes to helping homebuyers in California purchase a primary residence with little-to-no money out of pocket. Participating in DPA programs can provide lenders a whole new revenue stream. GSFA down payment assistance is available up to 7% of the loan amount, with FICO score requirements as low as 620, flexible DTIs and [no first-time homebuyer requirement](#). FHA, VA, USDA, and Conventional Loan financing is available. Plus, GSFA delegates the loan process to the Participating Lender so no additional compliance review from GSFA is necessary, making the process simple and easy for both borrower and Lender. Ready to start closing more loans? Join us for FREE online [Lender Training](#) and/or [visit us](#) for more information.

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With 1.5 million more serious mortgage delinquencies than at the onset of the pandemic, nearly five times pre-pandemic levels, mortgage lenders, servicers and capital markets professionals need easy access to data so they can gain the insights needed to effectively manage risk and respond quickly to the dynamics of an evolving market. But collecting, storing, and managing data is daunting, time consuming and costly. Seamless access to trusted, up-to-date, and comprehensive data is critical to making informed decisions. [Black Knight’s Rapid](#)

Analytics Platform| (RAP) is a cloud-based data and analytics marketplace and decision science studio where you can immediately access trusted, comprehensive, up-to-date data that's managed for you. Using RAP, you can execute queries, create advanced analytics, and train machine-learning models on a single platform. From helping manage risk to identifying growth opportunities, RAP has unlimited applications and can be used enterprise-wide to help you stay nimble. [Learn more.](#)

One of the goofiest studies done on human behavior was at Carnegie Mellon University. They tested the impact of a single word on conversions. Researchers changed the description of an overnight shipping charge from "a \$5 fee" to "a small \$5 fee" and increased the response rate by 20 percent! That small change made a huge difference. And Monster Lead Group understands this and has dedicated an entire team to improving response rates. Maybe that's why Howard Korey from The Federal Savings Bank said, "Monster's direct mail is still our best lead generator by far. It's our bread and butter." [Talk to the team at Monster](#) if you're looking to generate more leads or [learn how they can help.](#)

## Mergers and Acquisitions

[FBX | Informa Financial Intelligence](#) & Novantas: an epic combination of mortgage expertise. "FBX is proud to announce that we have formally entered into an agreement to combine Novantas Inc., a New York-based data and analytics business, into our organization. Our [FBX](#) business, formed of Financial Intelligence's Informa Research Services and ICON Advisory Group, has been a leader in the competitive mortgage market intelligence space within retail banking for over 20 years. This combination will give us a broader suite of analytical tools, data sets and deeper market expertise, allowing us to better help our customers make profitable decisions, faster, in a changing and demanding market. [FBX](#) and Novantas will work together to deliver mortgage benchmarking and workflow solutions that allow us to improve the overall value we collectively deliver to our clients. Impact margin and loan volume results by understanding and managing your relative position with [FBX & Novantas.](#)"

In the last 24 hours came news that Veritex Community Bank is buying a minority stake in [Thrive Mortgage LLC](#) for \$53.9 million, greatly expanding Thrive's construction lending and jumbo lending capabilities, and the FAMParkside deal. Last month was the G Rate/Stearns deal, and a few weeks ago news broke of the Caliber NewRez deal. Yes, mortgage servicing rights (MSRs) have value, and There is certainly chatter about many more deals in the pipelines as companies, flush with 2020 earnings, are looking to bolster gaps in lending channels or geography.

At that time Garth Graham, Senior Partner with the [STRATMOR Group](#), well known for its M&A work, sent me a note. "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."

## Housing Notes

This news came out last week, but it is worth every lender knowing. Despite all the talk of low housing inventory across the nation, new homes sales soared 20.7 percent in March to a 1.021-million-unit pace, well above expectations as February's figure was also revised higher. While that month-over-month increase stands out, it actually understates the strength of the housing market. Exceptionally strong demand combined with savings built up from when potential borrowers were not dining out or spending money for other discretionary services has new home sales running at their highest pace since 2006.

Nearly 75 percent of new homes sold in March were either under construction or not yet started, causing many builders to limit sales in new home communities as they struggle to get the lots, labor, and lumber they need to build more homes. Supply chain bottlenecks range from lumber and plywood to countertops, cabinets, molding, and appliances. There are also shortages of shipping containers. It has kept available inventory at just a 3.6-month supply, with this past month's marginal increase in inventory coming all from homes where construction has not yet started. Inventories of completed homes fell to a new all-time low, and will likely remain lean through the summer, if not longer.

Let's also remember, existing home sales are incredibly strong too, facilitating the migration away from high-priced housing markets to lower-cost areas, primarily in the South and Mountain West. February's cold weather sharply hurt sales in Texas and other parts of the South and Midwest, where new homes still tend to be inexpensive relative to many parts of the country. The median price of a new home declined from \$346k in February to \$331k in March, but home prices remain extremely volatile on a month-over-month basis. Home buyers may also be opting for less expensive homes to offset the impact of higher mortgage rates.

## Capital Markets

Yesterday in the bond market? Shorter duration Treasury yields (and with them, I suppose ARM rates) were unchanged, while longer-dated ones, including the benchmark 10-year yield, pulled back 5 bps. The MBS basis ended tighter amid concerns about an optimistic FOMC Statement and Fed Chair Powell, though the expectation is for him to continue to string bond traders along without revealing much in the way of future plans. **The Conference Board's Consumer Confidence Index jumped above expectation in April to its highest reading in 14 months**, reflecting an improvement in attitudes about current conditions that is leading to increased hiring activity. On the housing front, the FHFA Housing Price Index rose 0.9% in February while the S&P Case-Shiller 20-city Home Price Index rose 11.9% in February. The day's \$62 billion 7-year Treasury note sale was received with good demand.

The latest FOMC events will undoubtedly highlight today's economic calendar, **though no material changes are expected in the statement**, due out this afternoon, and Chair Powell is expected to hold his recent optimistic line. Ahead of the Fed, we have a few economic releases to attend to. Even as mortgage rates dropped for the third week in a row, mortgage applications decreased 2.5 percent from one week earlier, according to data from the Mortgage Bankers Association's Weekly Mortgage Applications Survey for the week ending April 23. We've also had March advanced indicators, showing retail and wholesale inventories (-1.4 and +1.4 percent, respectively) with the goods trade balance (a deficit of \$90.6 billion).

After the NY Fed Desk released a new MBS purchase schedule yesterday afternoon covering the April 28 to May 13 period that averages \$6 billion per day with no changes to coupons, that schedule begins today with **the Desk conducting two operations targeting up to \$4.8 billion**. We begin the day with Agency MBS prices down/worse nearly .125 and the 10-year yielding 1.63 after closing yesterday at 1.62 percent.

## Employment

"At [Sierra Pacific Mortgage](#) we believe Earth Day is Every Day! In celebration of Arbor Day this week, we are announcing our commitment to planting a tree at the funding of every single closed loan to contribute and help give back to our planet. Our company takes environmental efforts to heart and we encourage environmental awareness and activism. Our employees are proud to work for a company in tune with the ONE Sierra culture that supports clean energy, protects our water and air, and helps to make the outdoors accessible for all of us. [Join our team today](#) and help fund the greener good!"

"NOVA® Home Loans is proud to announce Jamie Slavin as our new Colorado Regional Manager. Throughout his 20 years in the mortgage industry, Jamie's developed a passion for seeing people achieve their dreams and build better lives. His positive energy provides clients with calming reassurance and a bright light in any situation. "I take time with my clients on budgeting, planning, and preparing for detours that might pop up along the way," says Jamie. As a manager and originator, he treats everyone like family and follows the Japanese philosophy of Kaizen, or continuous change for the better. Jamie will work with NOVA®'s National Sales Manager, Dave Heuermann, who says, "I'm excited to welcome Jamie Slavin and believe he's just the right person to help NOVA® grow our presence and market share throughout the state." If you're interested in joining the NOVA team, [visit our career site](#) or contact Jamie Slavin."

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