

MLO, AE Jobs; Lead Gen, Turn Time, Jumbo Products; Guild/RMS Deal

By: Rob Chrisman | Wed, May 12 2021, 10:41 AM

Is Better.com worth **\$7.7 billion**, as indicated by the SPAC deal announced yesterday? I guess things are worth the price at which a willing buyer and seller transact. For comparison, the book value of Rocket is \$34 billion, UWM \$10.9 billion, Guild Mortgage \$876 million. I mention Guild because of its acquisition news from yesterday, noted below. And I mention Rocket because of the UWM earnings call yesterday where CEO Mat Ishbia listed off [the wholesaler's accomplishments](#) in the first quarter. UWM Holdings' stock price, however, is trading near its all time low, its dividend yield is approaching 6 percent, and it is the defendant in [a well-publicized lawsuit](#) filed by brokers. Every lender, public or private, is watching economic trends in their areas: record low inventory, builders' inability to keep up with demand, low mortgage rates, an influx of new buyers, strict lending standards, and muted foreclosure activity should prevent the housing industry from a future crash. Today's audio version of the commentary and is [available here](#) and is sponsored by [Candor Technology](#) and includes an interview with its CEO Tom Showalter on how he moved from his career at the NSA to one applying machine learning to the underwriting process. Candor Technology offers a dynamic underwriting engine that eliminates underwriting bottlenecks.

Company-Sponsored Training and Events

We've all seen the headlines: M&A interest and IPO activity are heating up in the mortgage industry. Whether 2020's record-breaking profits have you looking to buy, sell or take your company public (or if you'd just like to brush up on your mortgage M&A knowledge), you won't want to miss this fireside chat with the one and only Rob Chrisman and LBAWare CEO & Founder Lori Brewer, happening tomorrow, May 13th from 1-2 PM ET. Topics include deal-making 101, Rob's take on recent M&A deals, due diligence musts, and more. [Register for the free webinar here.](#)

When contestants give crazy answers on [Family Feud](#), host Steve Harvey relies on what the "survey says" to set the record straight. But surveys don't always reflect reality. Almost all lenders poll borrowers after closing, at which time roughly 70% say they had a great experience and would use the same lender again. Then a few years go by, and only 18% of borrowers actually return to their original lender. Join Kristin Messerli of Experience.com (formerly Social Survey), Alex Kutsishin of Sales Boomerang, and Malcolm Hollensteiner of Sandy Spring Bank on May 19 at 2 pm ET for "[Survey Says: Happy Borrowers Come Back. Or Do They?](#)" to learn why post-close survey results don't always translate to repeat business and reveal the secret to higher customer satisfaction and borrower retention.

Leading Non-QM lender, [Angel Oak Mortgage Solutions](#) is excited to host a one-of-a-kind, unique webinar featuring their Top Producers! The panelists on "[Learn From the Top to Get to the Top](#)" have closed almost \$2 billion in non-QM since 2019. The best way to learn HOW to succeed in anything is to hear from the pros, the people who are top of their game and know every aspect of their business. Originators will have access to the leaders in the industry to understand how to increase their volume with non-QM. Moderated by industry pioneer, Tom Hutchens, this webinar is a must for anyone looking to excel using non-QM in 2021. [Register today!](#)

Lender and Broker Services and Products

Haven't heard of [QuickQual by LenderLogix](#)? See why this LOS integration is completely changing the game for loan officers. Within minutes you can text borrowers a link to an interactive pre-approval right from your LOS, making boring PDFs that require manual changes and tireless back and forth between you and the borrower a thing of the past. One loan officer saw an 85% conversion rate for every QuickQual issued, processing 465 applications in 2020 (by himself). [His success story](#) explains how this product can help loan officers reclaim precious time in their day, increase applications and conversion rates, and increase efficiency without losing personalization. Spend less time doing clerical work and more time closing deals with [QuickQual](#).

Some things are worth repeating and the launch of Jumbo Portfolio lending from the Correspondent Lending Channel at Citibank, N.A. falls squarely into that category! Initial feedback from our Jumbo launch has been amazing, especially when looking at the pricing incentives being offered for purchase transactions on properties residing outside of Citi's brick and mortar footprint. With housing prices being driven to all-time highs, originators need a well-positioned Jumbo product in order to compete and one supported by a brand they can trust. We also made significant enhancements to our Agency Jumbo pricing to complement our Jumbo Launch. Citi Correspondent's competitively priced Jumbo with loan amounts up to \$3 million is the perfect tool to enhance your originators' product set, and just the latest example of Citi's commitment to correspondent lending. Learn more by contacting our National Client Services Team (800-967-2205) or completing [our new seller Questionnaire](#) and sending it to us.

Raise your hand if you're happy with appraisal turn times these days. Anyone? Bueller?!? Appraisal turn times are slow right now, and there are some obvious reasons (hello, insane market demand!) and some not-so-obvious reasons. If you've ever wondered whether there are any repercussions for tardy appraisers, or if anything can be done about these delays, then [click here to read Appraisal Turn Times: Can We Speed Them Up?](#) This is brought to you by Triserv, a 50-state AMC that has client-specific, dedicated teams on both coasts offering high-touch, personalized service. To find out more, contact Triserv Appraisal Management Solutions.

"Up to 50% faster turn times & best in class customer service. At [Service 1st \(S1\)](#), we create significant value via loan manufacturing efficiencies. The results (verifications and tradeline updates [delivered 2x's faster](#) than industry benchmarks) without the hefty price tag. Add our automated [Income+](#) calculation reports to gain even more underwriting efficiencies. S1 is integrated with multiple loan origination platforms you probably already use for VOE, credit reporting, 4506-C, and SSA-89 processing. Instantly cascade through S1 solutions within your current fintech environment. No signup fees or minimums. Get started today with a no obligation price proposal. [Schedule with one of our lead experts](#) for performance metrics, newsletter registration and referral statements from existing clients."

Ever wonder why you don't see ads from Google when you're online? Or why Facebook ads don't follow you around the internet? It's because they advertise using direct mail! But not spray-and-pray direct mail. Google's direct mail is intelligent, data-driven, mature, and profitable... Exactly like Monster Lead Group's solution. 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." Schedule time to [talk to the team at Monster](#) if you need to generate more leads and are committed to growing or [learn how they can help](#).

Lenders: Make 2021 the year you ride the inevitable digital wave to generate more leads and close more mortgages! Today's borrowers research the home-buying process and compare lenders online. If you don't use digital strategies to connect with those leads, your competition will. Don't be left behind with an outdated funnel that can't flex with market changes. Instead, prepare for this year's purchase-heavy conditions by modernizing your mortgage lead generation practices. Want a free step-by-step guide? [Click here](#) to read digital mortgage platform [Maxwell's](#) latest blog post, "5 Powerful Ways to Generate Mortgage Leads in 2021."

M&A

There are a variety of reasons why one bank or lender would buy another, or why they'd merge. Cultural capability, geographic fit, operations economies of scale, channel pairing, increased financial net worth or leverage, the list goes on and on.

The latest example was announced yesterday with Guild Holdings Company (NYSE: GHLG) and Residential Mortgage Services Holdings, Inc. [signing a definitive merger agreement](#) under which Guild will acquire RMS. "Guild expects the transaction to be accretive to 2021 earnings per share and to close in the third quarter of 2021, subject to regulatory approvals and other customary closing conditions."

The addition of RMS will "extend Guild's presence into new geographies and create growth opportunities as Guild continues to build market share across the United States. With RMS' strength in the retail, purchase market, Guild will leverage its core competencies to drive near and long-term growth. Based on 2020 loan originations, the combined company would have been the seventh largest non-bank retail lender in the country."

RMS is no wallflower, with 70 offices across 14 New England and Mid-Atlantic states and generating \$8.5 billion of loan originations last year with an average, over the last 11 years, of 70 purchase biz. Following the transaction, the RMS management team will continue to manage the business.

For its part, Guild knows a thing or two about not M&A as well as going public. This transaction will be the Company's seventh successful acquisition since 2008. "Under the terms of the merger agreement, the purchase price is estimated to be \$196.7 million based on March 31, 2021 tangible book value, representing 3.25x estimated 2021 earnings. The final purchase price will be determined by the June 1, 2021 tangible book value, subject to certain transaction related adjustments. RMS will also receive a three-year earnout. The initial consideration will be predominantly cash with key members of the RMS management team receiving a meaningful portion of their consideration in stock.

Wells Fargo Securities, LLC served as lead financial advisor, STRATMOR Group served as financial advisor, and Mayer Brown LLP served as legal counsel to Guild. Houlihan Lokey served as financial advisor, Winston & Strawn LLP served as legal counsel, and Buckley LLP served as regulatory counsel to RMS.

I received this note from the M&A team at STRATMOR led by Garth Graham. "With the announcement that Guild Mortgage will acquire the stock of Residential Mortgage Services, there are some interesting insights from behind the curtain. The initial conversations started pre-COVID, but circumstances, and market conditions, imposed management distractions for both parties. The mighty refinance boom, beginning in March of 2020, pushed origination capacity to the limits. Then Guild Mortgage executed their successful IPO in August, so M&A action was limited during the mandated quiet period.

“From STRATMOR’s vantage point, it was the compelling strategic fit which sustained the discussions in spite of those significant distractions. With the additional RMS production concentration in the Northeast, Guild will complete its destiny to achieve a true nationwide mortgage origination footprint. The RMS shareholders will own an equity stake in one of the mortgage industry’s premier public lenders. The cultural compatibility and origination model match were evident from the early discussions. STRATMOR has been privileged to represent Guild Mortgage on two previous acquisitions which established Guild’s origination presence in the Pacific Northwest.”

Capital Markets

Economic releases over the past week have continued to point to the momentum building since earlier in the year with the exception of the official jobs report from the Bureau of Labor Statistics. The report was a significant diversion from the ADP employment report which was released a couple days before. While both reports showed a surge in leisure and hospitality jobs, the ADP report also showed strength in manufacturing, business and professional jobs, construction, and education whereas the BLS report showed losses in those categories. It’s also noteworthy that on a non-seasonally adjusted basis, the BLS report showed a gain of 1.1 million jobs. Meanwhile, initial claims for unemployment insurance continued to decline and hit 498,000, the first sub 500K reading since the beginning of the pandemic. But total continuing claims were at 16,157,024 for the week ending April 17. While the economy continues to expand from the pandemic lows headwinds such as labor shortages, global supply constraints, and rising prices remain. Treasury Secretary Yellen, who was dovish during her tenure as Fed Chair, commented last week that the Fed **may need to raise rates to prevent the economy from overheating** although she noted it was not meant to be interpreted as a recommendation to do so.

Remember when the talk driving movements in the bond market was all about Brexit and the U.S. – China trade war? I can’t quite say I miss those days, but all anybody wants to talk about now is that i-word: “inflation.” Much like those previous two topics I mentioned, overly stimulative central bank policies should keep inflation on the tips of market participants’ tongues for the rest of this year, if not longer. On the bright side, **it is a sign that the economy is poised to overheat rather than become anemic.** We saw yesterday that small business optimism rose in April, though companies are having trouble finding qualified workers and the highest percentage of business owners since 1981 reported increasing prices. Yesterday’s Treasury market response was muted, while the MBS basis widened.

Today’s economic calendar is already underway and we have seen that mortgage applications increased 2.1 percent from one week earlier, according to data from the Mortgage Bankers Association’s Weekly Mortgage Applications Survey for the week ending May 7. In consumer inflation news, also out were April CPI (+.8 percent) and core CPI (ex-food & energy +.9 percent). This afternoon brings a \$41 billion 10-year note auction and the April Treasury Budget. **Three Fed speakers are currently scheduled:** Vice Chair Clarida, Atlanta’s Bostic, and Philadelphia’s Harker. **Today’s NY Fed Desk purchase schedule is the largest of the week at \$8.2 billion** over three operations, including two in UMBS30 2 percent and 2.5 percent. We begin the day with Agency MBS prices worse .125 as the 10-year is yielding 1.64 percent versus closing yesterday at 1.62 percent after the strong inflationary news.

Employment

“In 2020, Union Home Mortgage TPO channel secured more than \$1.5 billion in funding. To continue its year-over-year growth, Union Home Mortgage Corp. is actively seeking experienced Account Executives nationwide, with a focus on AZ, NM, and TX markets. With an emphasis on expansion and responsible lending, Union Home Mortgage President and CEO, Bill Cosgrove, “is committed to be ALL IN to grow Union Home Mortgage’s broker and non-delegated space on a national level.” Union Home Mortgage supports both NDC and Wholesale Business Partners. You’ll receive world-class on-boarding and ongoing support as you build your business. From high-level coaching to fireside chats with leadership, you’re set up for success from the very beginning. Explore [our new TPO website](#). If you’re interested in advancing your career as an Account Executive with Union Home Mortgage TPO, contact Jim Wickham, VP - Third Party Origination (248.318.8553).”

Christopher M. George, founder, president, and CEO of CMG Financial, knows the best way to succeed in an industry is to influence it. Throughout his career, he has worked with and led trade organizations like the MBA, the California MBA, and more. While [leading CMG Financial](#) for the past 28 years, he has concurrently advocated on behalf of the consumer and the lender for responsible lending practices and a competitive mortgage market. Under the guidance of Mr. George, each of CMG Financial’s lending channels, Retail, Wholesale, and Correspondent, was ranked as a top-producing lender by Scotsman Guide last year. Growing beyond the core channels, Mr. George led the development of a new joint venture partnership division and launched CMG Securities LLC, an owned affiliate broker/dealer. Outside of his tireless work, he gives back through the CMG Foundation. To work with leadership who advocates on your behalf [here](#).

The market has lost its mind and getting a purchase offer accepted has never been more difficult! If you know what I mean, check out [this funny, 60-second video](#). Which is why our exclusive program is a “must-have” right now! You’ll be able to make offers with no loan contingency: <https://youtu.be/wDMlgYBSXB4>. With no middle management, Gold Star Mortgage is positioned to help you with deeper

margins too: [No Middle Management](#). Contact [Gold Star](#) today for a confidential discussion!

View this Article: <https://www.mortgagenewsdaily.com/opinion/05122021-mortgage-company-valuations>