

AE Jobs; Processing, Pricing, Retention, Sales Tools; Ginnie, FHA, VA Changes

By: Rob Chrisman | Wed, Jul 28 2021, 11:05 AM

I didn't sign up for a 401k. I can't run that far. Understanding numbers is important, as is accurately reporting them. For example, yesterday I mistakenly noted that the TMBA's [Annual Convention](#) was August 29-30 when it's actually the August 29-31. Borrowers aren't the only ones refinancing. Are you going to take a cruise soon? Me neither, but Carnival Cruise Lines just issued (sold) some debt to investors with a coupon of 4 percent to pay off debt it issued last year at 11.5 percent. Speaking of refinancing, and loan volume in general, traders estimate total daily origination supply is running \$5-7 billion. On the demand side of the equation, through its trading desk in New York, the Federal Reserve is buying \$4-6 billion per day of Agency MBS. You don't have to break out your calculator to see what is happening on a daily basis. (The audio version of today's commentary, [available here](#), is sponsored by [Origence](#) providing lending technology that delivers the ultimate origination experience to increase loan volume, create efficiencies, and grow accounts.)

Lender Services and Products

[Connexions](#) is excited to announce its new ICE Mortgage Technology integration. This means Connexions can now deliver a more flexible user experience to those ordering Appraisals and other services from within Encompass. And it means that Connexions can now be even more responsive to customer requests regarding the ordering process in Encompass, by being able to deploy enhancements at will, versus on the ICE Mortgage Technology's deployment schedule. [Connexions](#) can now give lenders and AMC partners an even higher level of automation while supporting more complex workflows. Discover why both Lenders and AMCs are looking to Connexions to optimize and streamline their valuation processes. [Learn more](#) about how Connexions latest product offerings can increase your productivity, and [schedule your demo](#) today.

JuVaughn Harrison made history at the U.S. Olympic track and field trials when he placed first in both the high jump and the long jump. He'll be the first American man to compete in both events since 1912. To win gold, Harrison will need to approach each event with the right game plan. Most lenders I know have a game plan for winning new customers, but what about retaining existing ones? On average, mortgage lenders retain just 18% of their borrowers on future mortgage transactions. Thank goodness Sales Boomerang, the #1 automated borrower intelligence and retention platform, has put together a Borrower Retention Playbook to help lenders win the retention game! [Download it today](#).

1000%. That's how much jumbo production has increased at Stearns Wholesale in the last two months. By providing great rates, speed, variety, and flexibility with Stearns' six jumbo products, brokers now have the opportunity to take back market share when it comes to jumbo origination. The rates on its six jumbo products are currently the best in the nation, so don't miss out! To download the Stearns Wholesale Jumbo Product Guidebook, click [here](#). If you'd like to partner with Stearns or learn more, [click here](#) to be contacted.

Did you know you can turn your Encompass® LOS into a printer/mailer? Yep, with the help of Connector by Velma®, Encompass will automatically print and mail goodbye letters, insurance transfer notifications, statements, NOI's and more... At exactly the right time with the right information. Increase your accuracy and timeliness while eliminating labor costs for a positive ROI. More info [here](#).

Compare & Share from digital mortgage point-of-sale [Maxwell](#) is a powerful addition for users of Optimal Blue's product and pricing engine. QuickPricer Compare & Share allows loan officers working borrower leads to quickly create and send multiple pricing scenarios. Unlike competitor pricing tools, which require the loan officer to manually create side-by-side comparisons for the borrower, Compare & Share seamlessly integrates with Maxwell for both the lender and the borrower. Its user-friendly interface saves the loan officer valuable time, letting them focus on building more referral volume and carrying more loans per month. To find out more about QuickPricer Compare & Share and the other features that help LOs on Maxwell close 20% more loans per month, [request a demo](#) or [start exploring here](#).

"Do more with the Encompass LOS. Encompass by ICE Mortgage Technology is one of the most popular loan origination systems out there and it just got a bit better by adding an easy integration with Truework for VOE/VOIs. [Loan processors can now submit VOE/VOI without leaving Encompass](#). Truework can verify any U.S. employee through its easy-to-use web app. Truework recently announced verifications for 1099 contractors (i.e. uber drivers) as well as employees at government agencies, all through the same tool! [Sign up to Truework for free](#) and never worry about VOE/VOI again because [Truework is a verification tool where customer support actually responds to your questions.](#)"

Ginnie, FHA, and VA on the Move

Ginnie Mae is enhancing data disclosure for its Platinum securities to provide investors with information that supports their sustainable

investing decisions and solutions. The new environmental, social and governance (ESG) data provide investors with Platinum pool level aggregate information about the extent of UPB dollars that are in low- and moderate-income areas. More details on this ESG enhancement can be found in the [Bulletin update](#).

Ginnie Mae is considering increasing the capital requirements for GNMA servicers. In addition to the \$2.5 million and 0.35% of the GNMA servicing book UPB, it is looking at requiring 0.25% of the UPB of a servicers agency book. When the foreclosure moratorium ends, servicers will have a lot of wood to chop. Ginnie Mae is requesting feedback on Single-Family Issuer eligibility requirements. Read this [Press Release](#) for details.

The MBA called for more testing and transparency. "The risk-based capital provisions are entirely new and untested and could adversely impact otherwise strong issuers," said Pete Mills, the MBA's SVP of residential policy. "Ginnie needs to back-test this through prior periods to demonstrate the impact before moving forward."

The VA is offering [two new mortgage relief programs](#) for those impacted by COVID.

FHA [announced](#) streamlined COVID-19 Recovery options to help homeowners with FHA-insured mortgages who have been financially impacted by the COVID-19 pandemic bring their mortgage current and remain in their homes. The simplified COVID-19 Recovery waterfall allows mortgage servicers to offer eligible homeowners who cannot resume making their mortgage payments a reduction in the principal and interest portion of their monthly payments. For homeowners who can resume making their existing monthly mortgage payments, FHA has established a revised COVID-19 Recovery Standalone Partial Claim. So yes, the simplified COVID-19 Recovery waterfall allows mortgage servicers to offer eligible homeowners who cannot resume making their mortgage payments a reduction in the principal and interest portion of their monthly payments.

The new FHA policy will allow mortgage lenders to use a borrower's actual monthly student loan payment amount, even if it is below the traditional amount of 1% of the total balance. And if a student loan borrower's calculated payment is \$0 (which is possible under an income-driven repayment plan), the mortgage lender will automatically apply 0.5% of the outstanding student loan balance as an assumed payment, rather than 1%.

The Federal Housing Administration (FHA) published a new update to the [Single Family Housing Policy Handbook 4000.1](#). The updates include enhancements and revisions to existing guidance as well as various other technical edits. In most cases this newly added language augments and enhances existing policy and various technical edits. In most cases, however, this newly added language augments and enhances existing policy. Highlights include Section I — Doing Business with FHA, Section II — Origination through Post-Closing/Endorsement, Section III — Servicing and Loss Mitigation, Section IV — Claims and Disposition, Section V — Quality Control, Oversight and Compliance.

First State Mortgage addressed clients about the [FHA Student Loan and updated MERS fees](#).

[Mountain West Financial](#) announced the Diamond program is now available throughout Arizona, Oregon, and Utah. This flexible program provides an FHA first mortgage with up to 6.50% down payment assistance (DPA). Plus, Diamond is not restricted to First Time Homebuyers (FTHBs)! Generous income limits, credit scores as low as 620 and manual underwriting allowed.

Don't forget that Flagstar Bank [announced](#) that manually-underwritten government (mostly FHA & VA) loans has been reinstated.

Recent loanDepot [updates](#) include changes to underwriting Commitment Fee, removal of expired COVID-19 Temporary WOE Flexibilities in the FHA matrices, VA IRRRL policy expansion on exterior-only appraisals and updates to Conventional Lending Guide regarding transferred appraisals.

Citi Correspondent Lending issued [Bulletin 2021-08](#) containing information and updates on COVID-19 temporary policies from FHA and VA Income & WOE loan requirements, FHA's new Notification that two Regulatory-Related Manual Sections have moved, Disability Income, QM Eligibility and W-9 requirement reminders

PennyMac posted information on updates to Government LLPAs (FHA & VA) in [Announcement 21-55](#). And for all FHA full doc and credit qualifying streamlines, PennyMac is aligning with the requirements in FHAML 2021-13 Student Loan Payment Calculation of Monthly Obligation. Read [Announcement 21-52](#) for details.

Capital Markets

Argue what you will about the pandemic, the bond market reflects the reality of the current thinking about world economies. An uptick in COVID cases due to the delta variant shook markets last week as the yield on the 10-year Treasury note fell almost 10 basis points on Monday. The movement in the financial markets was somewhat unexpected as the uptick in cases had been widely reported for the last few

weeks. Sure the markets mostly recovered as the week progressed and the focus turned to improving outcomes for the infected as hospitalizations and deaths have not risen in proportion to the number of infections. Given the outcomes, worry about a return to less socialization and the resulting effects on the economy waned. Meanwhile supply shortages continue to weigh on activity in most industries which is preventing stronger rebound in economic growth. Job openings remain near record highs **with many industries reporting difficulty in filling open positions**. This week all eyes will be on the Federal Reserve as committee members are expected to discuss the winding down of the asset purchase program in light of heightened inflation and a strong economic recovery.

Yesterday a solid \$61 billion 5-year Treasury note sale, following Monday's highly-demanded 2-year note offering, was good news for those looking for lower rates. At least those that believe Treasury yields and mortgage rates are correlated. Lower mortgage rates would certainly be welcome by those such as first-time homebuyers who feel that rises in home prices are crippling purchasing power. We saw some evidence of that yesterday in the backward-looking form of the FHFA Housing Price Index rising 1.7 percent in May and the S&P Case-Shiller **Home Price Index rising 17 percent over the previous year in May**. Those higher home prices are reflected in the declining share of purchase mortgage applications seen below.

We got a look yesterday at preliminary July agency prepayments. The "speed" of borrowers paying off their mortgages early is projected to slow between 4 percent and 5 percent on average. Why does that matter? Investors care about prepayment speeds because when mortgage loans are paid off early, the associated fixed-income securities no longer receive interest paid on the principal. In that event, investors must reinvest capital at current market rates, which are usually substantially lower. Bonds with prepayment risk often have prepayment penalties to compensate for their yield-to-maturity being unknown for certain at the time of purchase. Investors have early pay off penalties when they buy loans because a loan purchased at a premium (a price greater than 100) that pays off quickly was not worth being purchased at a premium. Which is one reason investors want their premium back when a loan pays off early.

The bond market's attention is now firmly on the Federal Open Market Committee events today. With rates largely expected to remain unchanged at 0 percent to 0.25 percent and the Committee's asset purchase program also expected to remain steady at \$120 billion, any highlights should come from the statement, specifically, any discussion about reducing asset purchases, **as well as Chair Powell's remarks at his press conference**. Before those FOMC events, we've already seen most all economic data points germane to mortgage rates today.

Mortgage applications increased 5.7 percent from one week earlier, according to data from the Mortgage Bankers Association's Weekly Mortgage Applications Survey for the week ending July 23. Refinances for conventional loans increased over 11 percent, though the purchase index decreased for the second week in a row to its lowest level since May 2020, and has now declined on an annual basis for the past three months. The refinance share of mortgage activity increased to 67 percent of total applications from 65 percent the previous week.

We've also received the June advance goods trade balance (\$91.21 billion), June advance Retail Inventories (+.3 percent), and June advance Wholesale Inventories (+.8 percent). The Desk will purchase up to \$4.5 billion of conventional MBS across 15-year 1.5 percent and 2 percent and 30-year 2 percent and 2.5 percent. In the afternoon, the Desk will release a new schedule covering the July 29 to August 12 period and expected to average \$4.9 billion per day. We begin the day with current coupon Agency MBS prices worse .125 and the 10-year yielding 1.27 after closing yesterday at 1.23 percent.

Employment and Transitions

PCF Wholesale is excited to announce the addition of Lee Ann Casanova as its East Coast Divisional VP of Sales, TPO. "Lee Ann is a result oriented Senior Financial Executive with a noted track record in driving business development and building lending platforms. Lee Ann has vast experience in the leadership and creation of effective teams of sales," says Keith McKay, CEO. East Coast Account Executives, if you like to be a part of our team, please contact Lee Ann directly. **PCF Wholesale** is a top priced lender on Loan Sifter, Conventional, FHA, VA, Jumbo, & Non-QM.

First Community Mortgage is expanding its Delegated Correspondent Lending Division! "This award-winning company is looking for AEs in the North, South, East, West, and all parts in between, to develop and deepen business partner relationships in our growing Correspondent channel. We are committed to offering unparalleled service and support to our business partners, as we seek to broaden our reach into all markets across the US. As a relationship lender with a penchant for service, FCM recognizes that people are the key to successful partnerships! If you are interested in learning more about FCM's Correspondent Lending division and our 'best in class' operations team, please send a message to Brandon Sandefur, EVP Del-Corr."

If you're an Account Executive in TPO, it's time to talk to PennyMac. PennyMac has become one of the fastest-growing wholesale lenders by helping its business partners succeed. Now PennyMac wants to help you succeed and is hiring experienced Wholesale and Non-

Delegated Correspondent AEs across the U.S. Here's your chance to be a part of something great. With one of the largest national mortgage companies on your side, providing you with a range of innovative solutions, PennyMac can help change the way you do business. PennyMac has the tools and support you need to achieve your potential as an Account Executive. If you've got game in wholesale or non-del, you should be talking to PennyMac. Join this top 10 Wholesale Lender by reaching out confidentially to one of our SVP's: Scott Houpp (Wholesale East), Jason Bannister (Wholesale West), or Matthew Mead (NDC) today.

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