

Digital, Sales, Non-QM Webinars; Rohit and the CFPB on the Move; Big-Name Mortgage Earnings

By: Rob Chrisman | Fri, Oct 29 2021, 11:27 AM

I got some exciting news yesterday. Snickers are gluten free! Actually I don't care (the more gluten the better... does the government allow us trick or treating?) but figured I'd pass that along as it is much more fun to talk about than, say, COVID. The press has turned its attention to the "Delta Plus" COVID variant. It'll never end. Housing discussions are a constant, and Ivy Zelman, CEO of Zelman & Associates and author of "[Gimme Shelter](#)," believes housing in the U.S. is overbuilt and co-hosts The Mortgage Collaborative's "[The Rundown with Rich and Rob](#)" today at noon PT. Something else that doesn't end is marketing. I'm amused when I receive a plain envelope in the mail and the letter inside begins with, "This is not just another life insurance offer." Because we all know it is just another life insurance offer. Technology isn't going to end or go away, but in a good way. Want to sell your mortgage vendor company to a VC firm, or receive private equity money? Label it a "Mortgage technology disruptor" firm. Breaking up Facebook, Amazon, and Google would destroy innovation? Just like breaking up the Bell Telephone system destroyed our ability to communicate. Speaking of technology, today's audio version of the commentary is [available here](#) and this week's is sponsored by [Richey May](#), delivering cybersecurity services designed to help organizations identify and mitigate the risks presented by their people, processes, and technology.)

Lender and Broker Services and Products

With shrinking refinance volume, margins will compress as competition turns up the heat. Purchase business will continue to be strong, yet performance optimization is not negotiable when you want to be king. Did you know that Accenture partners with clients to supercharge their fulfillment teams with [new credit capabilities](#)? For example, we helped a top lender in the high-net-worth space reduce costs by 51%. And that's just the beginning! With 28-minutes saved per decision, underwriters now have the edge to handle more volume without an impact on cycle time. So how did we do it? Contact John Sarris today to learn more.

Your Digital Mortgage Transformation is here! Are you ready for mortgage manufacturing nirvana? Lender Toolkit is the only mortgage automation software vendor offering a full suite of mortgage automation products. For more than four years, [Lender Toolkit's products](#), including disclosure automation, AI Underwriter, eligibility engine, post-close, and investor delivery, have been delivering profitable results. Think about your business: where are the gaps that allow profits to fall through? Is a fully staffed disclosure desk necessary? (Hint: it's not.) "Lender Toolkit's automation products allowed me to virtually eliminate my disclosure desk and post-closing department," said Mark Workens, CEO of Mortgage One. [Read a Case Study for Mortgage One here](#). Do your vital and highly compensated underwriting employees spend their days doing tedious stare and compare activities? Eliminate these redundant tasks, improve your employee experience, and supercharge your profits with Lender Toolkit's [AI Underwriter](#). Schedule a [demo today!](#)

Company-Sponsored Training and Events

Do you need instant access to loan programs and pricing that's easy to use? Then you need Sprout Mortgage's iQualifi. During our next Scenario Station Webinar, we will review iQualifi: your go-to program & pricing engine for Sprout Mortgage non-QM, jumbo, and agency loans. Get acquainted with a tool designed especially for originators that provides scenario-based pricing and instant email summaries. Learn more during the [Scenario Station Webinar by Sprout Mortgage](#) on Wednesday, November 3rd at 9:00 am PT. [Register now!](#) Remember to submit your unique loan scenario on the registration page. Sprout is committed to providing [product education](#) and marketing assistance to help you [grow](#). Loan Scenario Desk, bank statement analysis tool, condo review service, and marketing tools via The Sprout Marketing Store mean you can [serve more borrowers](#) in less time and with less effort. Loan amounts up to \$10 million. [Register today.](#)

Forty years ago this month, Journey released the karaoke classic "Don't Stop Believin'" as a single. The song's journey up the charts was supported by album sales and listener data from radio stations (basically, you could listen to it "Any Way You Want It"). Today, all those musical data points are just a drop in the bucket; data scientists estimate that 90% of the world's data was generated in the last 12 months alone. This explosion of data, and the customer and operational insights it reveals, have the power to transform lending. Join Sales Boomerang's Alex Kutsishin, Clear Capital's Kenon Chen and Atlantic Coast Mortgage's Corey Shelton on Nov. 3 at 1PMET to learn how leading lenders use data to improve the customer journey so their borrowers never say, "I'll Be Alright Without You." [Register now.](#)

"Embracing a Digital Middle Office" Virtual Roundtable, 11/10/21! Over the past few years mortgage lenders have automated the "front" office, but the borrower experiences a chasm when the loan moves into setup through closing. Robotic process automation (RPA) is a technology used to automate rules-based and repeatable tasks in any business process. Rather than approach RPA implementations as traditional software implementations, how can lenders adopt a different approach to deploy mortgage-specific RPA more as digital workers

than as traditional software? Join Indecomm for a client roundtable on “Embracing a Digital Middle Office” on Wednesday, November 10 at 1PMET. The panelists are Dan Lader, SVP, Technology Portfolio Delivery, for Goodleap (FKA LoanPal) and Nazim Ahmed, EVP & CIO, Arc Home Loans. Indecomm's Narayan Bharadwaj, SVP, Automation, and Linda Bomar, SVP, Sales and Marketing, will moderate the panel. [Register Now!](#)

Our CFPB

“Rob, are you hearing that the CFPB is searching emails in an effort to be ‘out for blood’ and is suggesting lenders ignore the ATR (Ability to Repay) requirements just to lend to minorities?” I don’t know the answer to that, but feel free to contact the CFPB at <https://www.usa.gov/federal-agencies/consumer-financial-protection-bureau> and ask.

The Consumer Financial Protection Bureau has announced that it is issuing a final rule, applicable January 1, [amending the official interpretations for Regulation Z](#), which implements the Truth in Lending Act (TILA). The Bureau is required to calculate annually the dollar amounts for several provisions in Regulation Z. This final rule revises the dollar amounts for provisions implementing TILA and amendments to TILA, including under the Home Ownership and Equity Protection Act of 1994 (HOEPA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Rohit Chopra is the Director of the CFPB, and in [his first testimony](#) to the House Financial Services Committee he said that a lack of competition in mortgage refinancing was hurting disadvantaged borrowers. “Today, there are many other places where greater competitive intensity would benefit households and businesses alike. For example, I am concerned that there is a dearth of competition in the mortgage refinance market for families with lower balance mortgages. The lack of refinancing may disproportionately affect communities of color and others that are historically disadvantaged... We will be keeping a close eye on practices that might impede competition.”

In recent months Chopra indicated that he would focus on the housing market, “unlawful and avoidable foreclosures,” and “systemic inequities faced by families of color” in the mortgage market. The CFPB has taken an increasingly substantial role in the oversight of ongoing mortgage servicing and CARES Act forbearance and is expected to significantly ramp up fair lending examinations and enforcement. The Mortgage Bankers Association believes that the market is best served when the CFPB uses its supervisory tools to provide clear and effective published guidance.

Capital Markets

Fannie Mae told us this morning that its [net income was \\$4.8 billion](#) in the third quarter of 2021 compared with \$7.2 billion for the second quarter of 2021. That’s quite a drop, although its net worth increased to \$42.2 billion as of September 30, 2021. Fannie had \$115.4 billion of Single-Family home purchase acquisitions in the third quarter of 2021 of which nearly 50% were for first-time homebuyers. LOs are particularly interested in Fannie reporting that home price growth in the first nine months of 2021 was 16.0%, the highest nine-month growth rate in the history of Fannie Mae’s home price index.

Redwood Trust reported its Q3 results which [beat expectations](#). For the residential lending side of the business, the company locked a record \$4.7 billion of jumbo residential loans and loan purchase commitments were \$3.3 billion. Lock mix was 59 percent purchase money loans and 41 percent refinances. The company purchased \$3.2 billion of jumbo loans and distributed \$2.9 billion of jumbo loans, including \$2.4 billion through whole loan sales and one securitization backed by \$449 million of loans. It also completed SEMT 2021-6, leveraging RWT Horizons' investment in Liquid Mortgage to create the market's first non-agency residential mortgage-backed securitization leveraging blockchain-based technology, settled call rights on two Sequoia securitizations, purchasing \$66 million of seasoned jumbo loans at par, and year-to-date, have funded approximately \$1 billion of jumbo residential loans through “Rapid Funding” programs since launching in the first quarter of 2021.

Mr. Cooper also beat expectations, but the nation’s fourth largest residential servicer saw an [earnings decline of 31.2% in the third quarter](#), despite stating the asset value of its massive portfolio of mortgage servicing rights to 121 basis points. (For comparison, JPMorgan Chase and Wells Fargo assigned values of 104 bps and 93 bps, respectively.) Mr. Cooper earned \$299.0 million in 3Q21 while posting originations of \$19.9 billion, down from \$22.2 billion in the second quarter.

Looking at rates, we saw yesterday that U.S. economic growth slowed more than expected in the third quarter to the slowest pace of the pandemic recovery period, increasing at a modest 2.0 percent annualized rate, well below the 6.7 percent growth rate from the second quarter. While snarled supply chains and a surge in COVID cases hurt spending and investment, fortunately, there was no sign of stagflation... just a lot of talk about it. Economy-wide demand gained 6.6 percent, on track with the pre-COVID trend. People spent more but got less because of rising prices, though pay at private businesses did gain 9.2 percent, easily outpacing inflation.

The day’s \$62 billion 7-year note auction went poorly compared to the 2-year and 5-year note auctions this week, and that helped depress

Treasury and MBS prices and drove up yields. Black Knight reported another week of modest improvement in the number of active forbearance plans, with a 19k total decline across all investor classes and the strongest declines seen among GSE and FHAVA plans. As of October 26, 1.22 million mortgage holders remain in COVID related forbearance plans, representing 2.3 percent of all active mortgages. This week's Primary Mortgage Market Survey from Freddie Mac saw fixed mortgage rates rise to their highest levels since April and within striking distance of their year-to-date highs. The average 30-year fixed rate rose 5 bps to 3.14 percent.

Today's calendar is busy: September personal income and spending (-1.0 and +.6 percent), the core PCE Price Index, a Fed favorite (+.2 percent, as expected), and Q3 employment costs (+1.3 percent: strong). Later this morning brings Chicago PMI and final October Michigan sentiment. The NY Fed Desk will target up to \$4.7 billion MBS in conventionals. We begin the day with Agency MBS prices worse .125-.250 and the 10-year yielding 1.60 after closing yesterday at 1.57 percent. . . blame vague inflation fears.

Jobs and New Hires

Guardian Mortgage is excited to announce the addition of **Cue Lipscomb** as a Mortgage Area Manager. Cue has been serving clients in the mortgage industry for 25 years and has originated approximately \$2 billion in mortgage loans, an achievement driven by his depth and breadth of experience. Cue and his team successfully originate conforming loans, jumbo loans, VA and FHA mortgages, lot, and construction financing, and Cue is currently one of DFWs top 10 mortgage producers and a former mortgage company owner. He joins Guardian Mortgage with a reputation as one of the profession's most well-respected managers. He has a track-record of creating several high-performing teams and is excited to further expand Guardian's Texas market! Cue knows putting client needs first is the most important factor in being a successful originator and team builder. He is a strong proponent of attention to detail and a relationship-first mindset, the reason that repeat clients and client referrals comprise most Cue's business relationships.

"**Northpointe Bank's** seasoned, national warehouse lending program is growing, and we are adding an experienced Relationship Manager to the team. We have expanded programs and tools that set us apart from typical warehouse lenders. Contact us if you are looking for a new home with a high performing bank* that values its employees and customers like family, while supporting you to grow and cultivate relationships. Send confidential resumes to David Christel or Ashley Lockaby at Northpointe Bank. *In 2020, Northpointe Bank was ranked number eight best performing bank in the nation according to S&P Global Market Intelligence, based on return on equity and other key bank metrics.

Nations Lending continued its West Coast expansion with the addition of **Mike Towery** as West Coast Regional Manager. Towery will manage existing branches and teams in the region while also executing the company's strategic growth plans. As part of Nations Lending's leadership team in the West, Towery will help build upon the company's success in that region, where its focused growth in the West has already exceeded last year's volume YTD, while expecting to finish 2021 strong. "Mike brings seasoned leadership to the team, something that is truly invaluable," said Nino Saso, West Divisional Manager at Nations. "Nations was a great fit for me," Towery said. "The company is on an impressive trajectory, yet they haven't jeopardized the quality and integrity they are known for to achieve that growth." Contact Nino Saso or Mike Towery or VP of Recruiting Douglas Opdycke to learn more about opportunities at Nations!

Sprout is looking for high performing loan officers. **Sprout Mortgage** has what high performing loan officers want: product, pricing, technology, marketing, recognition, and big opportunity. Sprout is a fast-growing residential and investment housing lender with national scale and is now expanding its client-focused mortgage solutions into their retail sales channel. Sprout offers a traditional set of mortgage products together with an industry leading set of non-QM products that positions LOs for today, the next business cycle, and beyond. Sprout is actively growing this retail channel via direct-to-consumer outreach, brick-and-mortar retail facilities, and strategic joint ventures in local markets throughout the country. If you are a high performing LO looking to achieve your potential and your clients' needs, contact Cheri Brousseau (888-505-7568).

NP, Inc., a leading National Lender specializing in all mortgages, including **Non-QM**, announces the expansion of its retail division with a new DBA, **Villa Home Loans**. The Villa Home Loans team has funded over \$2 billion in the last 12 months and has plans for nationwide expansion. **NP, Inc.** also welcomes Eddie Brown as Managing EVP, Villa Home Loans. Eddie brings over 24 years of expertise in the residential mortgage industry and has served as Chief Executive Officer and Vice President to numerous world-class mortgage companies. Eddie is passionate about driving innovation, and with the introduction of FinTech mortgage processes online he plans on transforming the direct-to-consumer mortgage model. NP, Inc. continues to challenge the status quo in lending by stepping into the world of FinTech. The company plans to expand production by 250% while cutting production costs in 2022. Eddie Brown's appointment to the Senior Management Team marks the first step in this exciting ongoing process.

Flagstar Bank has named James Campbell EVP and head of servicing for Flagstar's residential mortgage business. "He brings to Flagstar over 30 years' experience in the financial services industry with a focus on the customer experience, employee development, process

improvement, automation, and change management.”

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