

Capital Markets Update; Hedging, Compliance, Sales Tools; Fed's Tapering and Mortgage Rates

By: Rob Chrisman | Thu, Nov 4 2021, 10:58 AM

Excuse me while I rant a bit. Let's throw some money questions your way on a Thursday. Do you have any Rice Krispies at your store? If you do, buy them: Kellogg's cereal plant workers are [on strike](#). (I want to let them know that they have my full support after I finish my breakfast.) Did you know that China controls 30 percent of the world's manufacturing capabilities? It has already cut back on steel production to alleviate pollution ahead of the February 2022 Olympics. What else lies ahead in its controlled economy, and how will it impact consumers around the world? Do you own any art done by someone older than your kids? I have some lithographs of sad-eyed Italian children that must be worth something, but I mention this because [you can buy shares of a company that invests in art](#). What could go wrong? (Let's ask Zillow about treating houses like a commodity instead of a home.) Do you know what LOs and processor comp trends are? SimpleNexus' LBA Ware team tells us that third-quarter [LO comp shrank 17 percent](#) from this time last year and processor bonus comp fell 33 percent. [available here](#) and this week's is sponsored by [DocProbe](#), the nation's leading Trailing Documents service provider. It takes control of the entire process and deliver efficient, cost-effective, and reliable document fulfillment so you can get back to closing loans. Today's episode features Part Two of an interview with Steve Rimmer, CEO of DocProbe, on how he saw an opportunity to make trailing docs easy for the mortgage industry.)

Broker and Lender Services and Products

Michael Brenning, AmeriSave's President of Wholesale Lending, describes [Capacity](#) as a game-changer! "Capacity allows us to meet our customers wherever they want to be met from a customer service standpoint. By providing customers with a self-service platform they can access 24/7, we can differentiate our company." Capacity correctly and instantly answers more than 90% of all prospective and current borrower questions without any human intervention. Top lenders like AmeriSave, APM, and PRMG turn to Capacity to effortlessly tap into key systems to provide real-time access throughout the entire loan life cycle. Capacity allows you to take care of your borrowers with superior customer experience and 24/7 automated support, all through a mobile-friendly chat interface. Deploy within 30 days. [Learn more about Capacity](#).

Need fast, reliable, and cost-effective residential property market trend information? Black Knight's online HomePriceTrends solution generates near-real-time data, reports and visualizations on local home prices, sales activity, and market conditions. With decades of historical property data and transaction information, HomePriceTrends provides coverage on virtually any location or property type in the U.S. From origination, underwriting and quality control to servicing, portfolio review and default management, HomePriceTrends offers reliability and affordability throughout the lending and property valuation process. [Learn more about this powerful, easy-to-use online tool, or request a demo here](#).

In honor of Will Rogers' birthday, today is "Use Your Common Sense Day." According to Rogers, known for his many talents and long-lasting quotes, "common sense ain't that common!" Success Mortgage Partners applies uncommonly good sense every day when its LOs use Sales Boomerang to expand borrower outreach and retention. In a recent case study, Brett Miller said, "One of our groups reported last quarter that 17% of its closed loan volume came from Sales Boomerang's mortgage inquiry, credit improvement and equity watch alerts. These LOs have told me they'd pay for Sales Boomerang themselves if they had to. They wouldn't be without it." Want to learn more about how Sales Boomerang is helping Success Mortgage Partners connect with homebuyers and increase revenue? [Use your common sense and download this free case study today](#).

"Likely driven by the investment property economy, demand for second homes was up 60% in September, an increase from pre-pandemic levels according to a [recent industry publication](#). That's not all that's rising. Caliber Wholesale non-QM production is up for the third consecutive month via our Smart Series, as brokers across America recognize the powerful combination with Newrez in growing its business. The Smart Series enables a full range of products to support non-QM lending, including those with multiple properties via our SmartVest offering. Competitive pricing, underwriting expertise, and super-fast turn times. The trifecta is yours via Caliber Wholesale. Reach out to us today to learn more about how you can advance your business."

"[ActiveComply](#). Love it or hate it, social media is a critically important tool that lenders and servicers utilize to attract new customers, promote brand awareness, and stay on the cutting edge of contemporary marketing strategies. But how does one safely navigate the cluttered tangle of federal and state mortgage advertising regulations while also staying up to date on the newest changes in the social media landscape? Read ActiveComply's most recent article: [Facebook's New Business Pages & What That Means For Compliance](#) for insight on Facebook changes and see our [Record Retention Geomap](#) to learn about regulatory expectations for retaining mortgage advertising. Request a free

compliance report for your company today. ActiveComply will be attending CMBA's 2021 Legal Issues & Regulatory Compliance Conference in San Diego December 7th-8th! Will we see you there? Schedule a time to get a peek at your company's social media for brand reputation & compliance issues.

When you think of the streamlined collection and processing of borrowers' loan information, you think of [Blend](#). When you think of a streamlined product and pricing engine built for the 21st century, you think of [Polly](#). This past week, the two tools announced [their integration together](#). Where Blend replaces previously-cumbersome and manual processes to determine an applicant's loan eligibility, Polly makes complicated tree folder structures and duplicate logic a thing of the past, allowing lock desk users to configure eligibility and rule logic with ease. The efficiency and accuracy of the two platforms stems from their reliance on modern technology that's easily deployable for both platform's customers, reducing lenders' costs while accelerating workflows and creating savings for borrowers. This ethos of innovation and efficiency is also at the center of Polly's newly-released [dynamic pricing](#), which gives your LOs the ability to see best-ex total price across your investors for any given product in a single view.

Capital Markets

[MCT](#) just announced it has automated the data reconciliation process to seamlessly transfer (via API) information between [MCTlive!](#) (Hedging Platform) and [MSRlive!](#) (MSR Platform). The EBX technology now provides clients live, loan-level MSR values to enhance the retained vs. released decisioning process. Clients using this new technology access a "real-time" bridge between MCTlive! and MSRlive!. This provides insight into how loans are trading and what investors are paying along with the intrinsic servicing value to enhance the retained vs. released decisioning process. What was once a manual and time-consuming exercise is now completely automated with EBX, making all of the essential execution data elements accessible with the click of a button. [View the full release](#) or [contact MCT today](#) for a live demonstration.

As widely expected, the **FOMC announced a tapering in its asset purchases at yesterday's policy meeting**: \$10 billion of treasuries, \$5 billion in MBS, a month in initial scale backs, starting with the next schedule beginning November 15th. But the Committee continues to stress that it likely will keep rates on hold for the foreseeable future. The timing and amount of tapering are in line with market expectations and as previously communicated by the Fed. Right now, the Fed purchases \$120 billion every period, and the assets on its balance sheet have swollen to almost \$9 trillion. Tapering will start this month and will thus probably end in June. This expedited start to tapering will **give the Fed more time between the end of tapering and the start of rate hikes**, and that will largely depend on the level and direction of inflation moving forward. The statement echoed the familiar verbiage of past statements regarding gradual improvement in the economy that remains dependent on the course of COVID. In my opinion, the Fed did a good job of reassuring everyone that it's watching inflation without pulling away too much too soon. During his press conference, Fed Chairman Powell acknowledged the ongoing presence of supply shortages but didn't offer anything that the market has not been aware of. The next Fed meeting is December 14-15.

What is the takeaway for originators dealing directly with borrowers, adding value and wealth to their clients? Experts expect this move to eventually increase mortgage interest rates, since the Fed was buying these securities at low rates, keeping mortgage rates at historic lows. Given yesterday's news, it's quite possible that rates will continue to inch up, increasing the urgency for homeowners considering refinancing. But we all know that mortgage rates already have moved since the tapering-off of asset purchases has been expected for several months. Rates moved little on the actual news, but the speculation is that rates will grind higher as the economy improves.

In other news from yesterday, we learned that the economy added 517k jobs in October, according to the ADP Employment Survey. Leisure & hospitality and transportation had the biggest gains. Expectations are now for 400k payrolls in tomorrow's jobs report. Separately, the ISM Non-Manufacturing Index for October increased to a record high 66.7 percent, marking the 17th straight month of growth for the services sector. Demand shows no signs of slowing and services sector activity is running at a record pace even with the constraints of labor shortages, logistics problems, and difficulty in obtaining materials. Finally, factory orders for manufactured goods increased 0.2 percent month-over-month in September, as the pace of order growth remained positive for nondefense capital goods, excluding aircraft, a proxy for business spending, demonstrating that manufacturing demand remained sturdy in spite of the pressures related to the Delta variant.

Today's calendar is already underway with Challenger job cuts for October: cuts at U.S.-based employers rose 27.5% in October to 22,822 from the 17,895 announced in September. It is the highest monthly total since May. We've also had weekly jobless claims (269k), and productivity/unit labor costs (-5 percent, pitiful, and +8.3 percent, higher than expected). Later this morning brings Freddie Mac's Primary Mortgage Market Survey and the return of Fed speak with **Fed Governor Quarles delivering remarks**. The Desk is scheduled to purchase up to \$4.7 billion of conventional MBS. We begin Thursday with current coupon Agency MBS prices better by .250 and the 10-year yielding 1.57 after closing yesterday at 1.58 percent.

Employment and New Hires

There's still time to catch AmeriHome Mortgage, the 2nd largest correspondent and 14th largest mortgage lender in the country, in person this month at the Oklahoma MBA National Conference, Texas MBA Annual Mortgage Symposium, and the San Antonio MBA Annual Golf Classic! Email CLsales@amerihome.com to schedule a meeting at an upcoming event, or for more information on partnering with AmeriHome. To support the growth of its [Portfolio Suite](#) of products (Jumbo, Express, and upcoming NonQM products) AmeriHome is looking for Underwriters, including Delegated, Non-Delegated, Senior Rep & Warrant, and Sr. QC Underwriters with positions open in both California, Texas, and remote. If you are interested in joining the AmeriHome team, be sure to visit the careers page to view all open positions and submit resumes to careers@amerihome.com to schedule an interview. Follow AmeriHome Mortgage, AmeriHome Correspondent, and AmeriHome Consumer Direct on LinkedIn to keep up on any updates, job openings, and more.

Does your employer offer a full benefits package? Academy Mortgage is redefining the benefits available to originators! Academy takes every measure to ensure its team members and families are taken care of by offering comprehensive and cost-effective health insurance benefits. With the health and wellness of team members in mind, Academy strives to keep options rich in benefits and low in cost. In 2022, Academy will be introducing a new transparent, innovative, and cost-efficient health solution to save employees time, energy, and money. Academy's comprehensive benefits package also includes medical, dental, and vision coverage, HSA and FSA options, company-paid basic life insurance and AD&D, short- and long-term disability, 401(k) plan with company match, deferred compensation, and voluntary pet insurance. Looking to join a company that invests in both you and your loved ones? Contact EVP of Growth Patrick Welberg to find out more about the competitive compensation and top-notch benefit options offered at Academy.

"Ready to join a team that's focused on helping you win more business? Last month Citizens Home Mortgage hosted an exclusive virtual Power Hour featuring two real estate industry experts: Tom Ferry, well-known real estate coach, and Michael Fratantoni, Chief Economist at the MBA. Michael and Tom shared valuable insights on current industry market trends, as well as best practices and strategies designed to help our partners take their business to the next level. This was just one example of how Citizens Home Mortgage is providing top notch tools and resources to our sales force and to their referral partners. If you want to be part of an organization that provides opportunities like this, come join our team! Visit jobs.citizensbank.com today to see all of our openings. Click [here](#) to access the replay, use the Password: jJbewam9."

[DiwyHomes](#) is searching for a [VP of Capital Markets](#) to continue to build out the capital markets team and function, scale up its capital structure, diversify, develop and manage relationships with capital partners, ensure sufficient asset acquisition capacity, and improve Diwy's cost of capital.

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