

Automation, Processing, Title, Due Diligence Tools; FHA and VA News; The Fed and Rate Increases

By: Rob Chrisman | Fri, Nov 5 2021, 11:02 AM

Nothing brings women together quite like an unclear dress code. Dress codes have been all over the map during the pandemic, and as companies adjust to having everyone come back into the office, a hybrid approach, or letting workers stay home (each with pros and cons), some look at what other professions are doing. In the legal biz, courts are facing pushback from litigators who are less-than-eager to give up the efficiency, safety, and cost-effectiveness of remote proceedings. Seating a jury is problematic. Demand for diverse legal talent is higher than ever, and recruiters are facing new pressure to place candidates from underrepresented backgrounds at client's law firms. Will law firms' new normal include naptime? "Forward-thinking employers should be encouraging midday check-out sessions," says a leader at one midsize firm. And analysts say that the level of law firm workplace turnover is shaping the legal industry, with one saying the level of discontent and disconnectedness driving it seems "almost unmanageable." What about comp? Inflation is a concern and even more so when put in the context of wage growth. The U.S. Census Bureau announced that median household income in 2020 decreased 2.9 percent to \$67,521. That was the first statistically significant decline in median household income since 2011. But employers, from mom & pop restaurants to multi-national corporations, are having trouble finding staff. Staytuned! (Today's audio version of the commentary is [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 One of an interview with Josh Stech, Co-Founder & CEO of [Sundae](#), on why Zillow has been having a tough go of it as of late.

Broker and Lender Services and Products

Looking for [due diligence help](#)? SitusAMC has hired more than 1,500 professionals this year to expand its support capacity across residential originations and secondary market due diligence. The expansion helps alleviate an industrywide due diligence logjam that developed during the height of COVID amid record originations. Due to shortages in due diligence capacity, billions of dollars in private-label mortgage portfolios heading for securitization are awaiting reviews, with months-long wait times in some cases. "Our increased capacity enables a broader pool of market participants to leverage SitusAMC's solutions, including the review of mortgage portfolios for rated securitization transactions or for the acquisition of loans into investment portfolios," said Tom Britt, Executive Managing Director and Head of Residential Real Estate. For more information, contact Tom at 212.247.5782.

Are you lending in California? Time is money, and a big way to save both are instant title reports now available in California. [Vantagepoint Title](#) is now licensed in all 58 counties. What does that mean for you? Instant title and underwriting. Yes, 60% of your title orders will come back to you ready to close within hours. Not just the report, but clear to close status. In addition, you will have access to our point-of-sale pricing engine. Give us two bits of information and voila, guaranteed pricing. Learn more by contacting the title duo, John Contreras and Nelson Genteel.

How did one local lending team increase its closed loans by 79%? Learn how Modern Home Lending dramatically boosted its closed loans while retaining top borrower experience in the latest customer story from mortgage solutions platform [Maxwell](#). Using features like Maxwell's QuickApply™ pre-fill loan application, Modern Home Lending created a fast, easy lending process for its customers. "Maxwell helps lending teams provide a modern lending experience that wins over borrowers, growing market share and increasing pull through," said Evan Einhorn, Modern Home Lending Founder and President. Want to see exactly how Modern Home Lending achieved rapid growth with Maxwell Point of Sale? [Click here](#) to read Maxwell's latest customer story profiling Modern Home Lending.

"RPA, Bots, and Automating the Middle Office": Industry Roundtable on 11/10! Considering implementing robotic process automation, or RPA, in your organization? Wondering how RPA differs from AI? Should you DIY or implement out-of-the-box bots? What processes or tasks should you choose for automation? How can you measure ROI and benefits? What about implementation? Get the answers to these questions and more in Indecomm's interactive client roundtable focused on "Embracing a Digital Middle Office" on Thursday, 11/10 at 1 pm ET. Featured panelists are Dan Lader of Goodleap and Nazim Ahmed of Arc Home Loans. Indecomm's Narayan Bharadwaj and Linda Bomar will moderate. [Register Now!](#)

Government Program News

FHA published updates to the Single Family Housing Policy Handbook 4000.1 ([Handbook 4000.1](#)). The updates include enhancements and revisions to existing guidance as well as various other technical edits. This newly added language augments and enhances existing policy.

FHA posted a draft update of the Single-Family Housing Policy Handbook 4000.1, Appendix 8.0 – FHA Defect Taxonomy with a new proposed section for Servicing Loan Reviews. The update is available for public review and feedback on [FHA's Office of Single Family Housing "Drafting Table"](#) (Drafting Table).

Fiscal Year (FY) 2022 funding for Rural Development's Single-Family Housing Guaranteed Loan Program [is available](#). Loan guarantee requests that received Form RD 3555-18/18E, "Conditional Commitment for Single Family Housing Loan Guarantee" contingent upon the availability of an appropriation, will be obligated in the Agency's financial system over the next 3-4 business days. Closing transactions are not eligible for submission to USDA until a loan is successfully obligated. When the loan has closed (including loans that were closed prior to the obligation of funds by the Agency), the lender may submit their request for Loan Note Guarantee along with a closing package.

In [FHA INFO #21-84](#), HUD announced it has awarded a new Single Family Secretary-Held Loan Servicing contract to Information Systems & Networks Corporation (ISN) that will be responsible for servicing for some FHA Single Family Secretary-Held Mortgages beginning October 9, 2021. This transfer of servicing does not affect to whom borrowers make their primary mortgage payments. Borrowers should continue to make their primary mortgage payments to the entity listed on their monthly mortgage statement.

FHA has posted for comment a proposed Defect Taxonomy for servicing loan reviews, [21-92](#). The elements of the proposal are the same as those used for underwriting: defect areas, sources and causes based on FHA policy requirements and regulations, severity tiers and remedies. Check out the announcement to see the six servicing defect areas. The Severity Tiers are same as for underwriting defects. ([Here is the link](#) to draft Taxonomy: Appendix 8 of Handbook 4000.1.)

VA posted [Circular 26-21-21](#): Updated Hold Harmless Concurrence Process for Loans Referred for Seasoning or Excessive Term. This Circular updates the VA concurrence process on refinancing loans submitted for statutory violations and/or term requirements. Where violations are discovered, the findings are documented in WebLGY and the lender must be contacted for execution of a Hold Harmless Agreement. The affected lender will be sent a copy of the countersigned agreement.

[loanDepot Wholesale announced](#) the removal of COVID-19 overlays for government loans, effective immediately. [LoanDepot's mello® Broker Portal](#) has been updated to reflect these eligibility changes.

PRMG is once again offering the CalHFA (California), CHFA (Colorado) and WHEDA (Wisconsin) HFA products to the wholesale channel. These products provide down payment assistance to qualifying borrowers located in the state each product is available. Note that the Chenoa product is available nationwide. Details are available in [PRMG's Product Update 21-57](#).

Effective for new locks as of Friday, October 29, Flagstar Bank revised some of the Government loan level price adjustments. [View Flagstar Announcement 21144 for LLPA updates](#). Recall that on October 8, Flagstar Bank improved the FHAVA 20-30 Year LLPAs. [View Flagstar Announcement 21137 for details](#). [Flagstar Bank updated its government guidelines](#) removing various overlays on FHA and VA products.

PennyMac issued a reminder regarding the expiration of the FHA COVID-19 Temporary Flexibilities in [Announcement 21-81](#). Recall that PennyMac increased the maximum base loan amount for VA loans, effective October 7, 2021. [View Announcement 21-78 for details](#).

[FAMC Correspondent National Bulletin 2021-41](#) outlined topics related to the expiration of FHA COVID-19 temporary guidance for loans with case numbers assigned on and after September 30.

Based on Ginnie Mae's interpretation of the seasoning rules in APM 17-06 and APM 18-04, [AmeriHome issued a policy clarification](#). Loans that have been modified must meet the seasoning requirements beginning with the first payment due date after the modification. Applicable Program Guides have been updated to reflect this change.

For an FHA case assignment date on or after September 20, 2021, cash to close guidelines were updated on [Sun West Mortgage FHA non-credit qualifying streamline refinances](#).

Capital Markets

While the Federal Reserve will begin tapering this month, which should counteract inflation, Fed Chair Powell did say in his press conference that **officials will nevertheless remain patient on raising interest rates**. Tapering "does not imply any direct signal regarding our interest rate policy," Powell said. "If a response is called for, we will not hesitate." But of course, the mainstream press is consumed with conjecturing about if and when the Federal Reserve's Open Market Committee will raise rates, none of which does mortgage loan originators any good.

Last week showed us that consumer demand remains strong despite numerous drags on economic activity. Homebuying saw a resurgence in September with **new home sales spiking 14 percent following a 7 percent rise in existing home sales**. While there is still concern over builders' ability to source materials and labor, they have been able to navigate their supply constraints and completed homes

reached a six-month high. Annual price gains softened to a still high 18.7 percent increase, however that is down from a 23.3 percent annual gain in August. Declining COVID cases and a still hot job market led to the first gain in consumer confidence over the last three months. The percentage of consumers planning to take a vacation hit a post-pandemic high and many indicated they planned on making large purchases over the six months as well. Recreation services and food services saw sales increase in September. The backlogs at the nation's ports and warehouses continue to create problems for the supply chain as a record \$235 billion of core capital goods waits to be delivered.

Yes, the question is now out there, when, and how fast will the Fed begin to raise rates? Inflation could force the Fed's hand, even as committee members remain divided over the first rate hike with half forecasting 2022 and half 2023. There is also debate about how easily higher rates tighten financial conditions and cool off the economy. So far, there's little sign they'll have much effect, and the muted reaction in the bond market after the tapering announcement is the near **opposite of what happened during the "taper tantrum."** The last time the Fed faced unresponsive markets, between 2004 and 2006, it had to hike rates at 17 consecutive meetings from 1 percent to 5.25 percent.

With the Fed's course of action fairly established, scheduled economic news becomes mundane and less likely to actually move rates. Yesterday's batch of economic data featured a larger than expected drop in Q3 productivity while unit labor costs increased more than expected. This first Friday of the month means the October employment report. Nonfarm payrolls (+531k, stronger than the +480k expected), the unemployment rate (4.6 percent, the lowest post-pandemic number), and hourly earnings were +.4 percent. Later today brings September consumer credit and remarks from Kansas City Fed President George. **The Desk is scheduled to purchase up to \$5.95 billion 30-year 2 percent and 2.5 percent MBS.** We begin the day with Agency MBS prices worse .125 and the 10-year yielding 1.54 after closing yesterday at 1.52 percent after the solid October jobs data.

Employment, Business Opportunity, and New Hires

Navy Federal, a top 10 direct lender and best place to work award winner, is looking for a seasoned mortgage executive to head the Credit and Underwriting area for the fast-growing lender to work from Vienna, VA or Pensacola, FL. NFCU funds over 5,000 loans a month for NFCU members. NFCU is building a modern tech platform, and is looking for an executive to report to the head of Real Estate Lending and revamp the underwriting process for first mortgages and home equity products. This is for the experienced professional who is looking for that next step opportunity. Must be a strong leader, with a total staff of over 250 across three sites, and have a desire to retool the process and continue to build out automation to meet the future of the digital mortgage. Please contact Bryant Luciano if interested.

Have you ever wondered how originators close \$100M+ per year? The answer is simple: They have a team in place that allows them to originate all day without distractions or getting pulled back into files. One of the Top Originating teams in the nation is looking to provide one Originator an extremely unique opportunity. This Originator would plug directly into the team, have their files worked on by two processors, two underwriters, and one operations manager with a combined 70 years of experience. Sounds pretty good right? This Originator will also be personally coached by one of the top producing Originators over the last decade. If you close \$35M or more per year and are looking for a breakthrough in your career, contact Anjelica Nix to forward your note schedule a confidential conversation.

Exciting news! Newrez announced the launch of its 19th Joint Venture Partnership, **Coast One Mortgage, LLC**. Headquartered in Cleveland, OH, "Coast One Mortgage is committed to creating a top-tier experience for our customers and to growing our footprint into new markets," said Marty Garrity, President of Coast One Mortgage. "With our platform and industry experience, we can create a better experience for borrowers as they purchase a new home or refinance their existing one." The company is actively seeking Area Sales Managers in Florida and Ohio, as well as Loan Officers in Ohio, Michigan, and Florida. Want to learn more or looking for new opportunities? Contact Marty Garrity at or our recruiting team at recruiting@newrez.com.

Evergreen Home Loans added Ken MacDonald as its new SVP Innovative Products, responsible for adding new investors, loan programs, and developing innovative products that will add to the company's unique product offering including CashUp™ by Evergreen.

Out of Kansas City comes news from **Commerce Bank Mortgage** that President Jeff Gerner has promoted Todd Farley to mortgage sales and production manager and Bridget Fairchild to mortgage sales manager. Farley will oversee mortgage sales and production strategy that includes relationship growth, lead generation, direct to consumer (DTC), concierge service and the retail mortgage banking channel, and Fairchild is responsible for managing both retail and DTC sales teams.

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