

# Tech, Sales, Subservicing Tools; Fee and Processing Changes Around the Industry; Fed Chair Powell Confirmed

By: Rob Chrisman | Tue, Nov 23 2021, 11:06 AM

The price of plenty of things, not just mortgages, is set by supply and demand. Forget the price of turkey... how 'bout Christmas trees?! I don't know how Christmas tree "experts" figure that out, but look for 10-30 percent higher prices than last year, and it has nothing to do with ships stuck in the Suez Canal or China closing down steel production ahead of the Olympics. It takes ten years to grow a tree to the right size, and 10 years ago Christmas tree farms were reeling from the recession and slashed plantings. And the [demand for trees has been rising](#) over the past several years. And we're seeing demand for manufactured homes: shipments have been steadily rising since the 2009 recession. Manufactured houses hit their numerical peak in the late 1990s, with 390,000 shipments in January of 1999. Things bottomed out in December of 2010 with 40,000 shipments in December of 2010. Two months ago, in September, there were 104,000 manufactured homes shipped. These houses, not necessarily the single-wide or double-wide variety which are the butt of underwriting jokes, are constructed efficiently in a factory and then trucked out to the actual location, and are seen as a potential solution to the growing housing affordability crisis. Excluding the cost of land, the average site-built home cost \$308,597 in 2020, [compared to \\$87,000 for manufactured](#). (Today's audio version of the commentary is [available here](#) and discusses Fed Chair Powell's appointment.)

## Products and Services

Flagstar Bank just announced product improvements and pricing specials on what was already one of the most impressive of mortgage products lineup in the industry. Flagstar reduced qualifying credit scores to 600 on FHA and VA products and removed several overlays. Flagstar has expanded its ARM offerings on Jumbo products including adding a 10/6 term, increasing cash-out limitations, and reducing reserve requirements. Additionally, Flagstar has extended their pricing special on agency loans down to a 700 credit score. Flagstar Bank is the nation's third-largest warehouse lender and sixth-largest bank mortgage originator, and these enhancements are the latest reasons why. Visit [Why Flagstar](#) to learn about all the ways Flagstar can help grow your business.

Credit unions are uniquely positioned to retain and grow membership throughout the mortgage servicing life cycle. However, doing so requires forward-looking review processes, including consistent mortgage servicing rights (MSR) valuation, to help inform recapture and retention strategies. Black Knight's Mark Teteris, CMB, and Mike Vough recently examined the intersection between credit union member retention and MSR valuation in a webinar presented by the American Credit Union Mortgage Association (ACUMA). The session, titled MSR Due Diligence: How Your Servicing Portfolio Can Lead to CU Member Growth and Retention, is now [available on demand](#). During this active discussion, the presenters explore ways credit unions can use technology, such as Black Knight's [CaptureSM lead analytics platform](#), to gain more actionable insight into their MSR portfolio. Don't miss this opportunity to learn how you can proactively identify members at risk of refinancing elsewhere and take action before it's too late!

Do you have full control over your automation platform? Do you understand how your systems work together or are you relying on third-party vendors? If you don't have the ability to easily update your automation, your system isn't working for you. Richey May's [RMAutomate Services](#), leveraging the world-class Zoral Automation platform, give you full control to easily make real-time changes to your platform. Contact us to see a demo and to learn how you can command efficiency from your core systems throughout the entire origination process.

"Your LOs are calculating borrower income, Processors are checking the LOs calcs, and Underwriters (who don't trust the results) reconfirm once again. Ughhh! There is a better way to systemically calculate and validate income, and it's integrated into many LO Systems. Join [Service 1st](#) as we conclude 2021 with our "[More Than a Handshake](#)" program. Lock in 2021 pricing, including bundled offers with our innovative [Income+](#) solution – standardizing income calculations. Establish origination consistency across multiple channels. Lock in pricing and create your VOE and credit reporting cascade with innovative tools that launch you into 2022. There's still time. Visit [sv1st.com/about](#) to explore the service advantage."

For almost 20 years, Krispy Kreme shops have been turning on the 'HOT DONUTS NOW' sign to let customers know when hot, fresh donuts are available. Now, [there's an app for that](#). To let LOs know when hot leads are available, Success Mortgage Partners relies on Sales Boomerang. Director of Marketing Brett Miller even customizes his company's Sales Boomerang alerts to focus on leads that are FICO pre-qualified and that belong to past SMP clients. That way, his team can simply reach out and say: "We came through for you and got you a great mortgage once, how about we do it again?" [Download the free case study](#) to learn more and turn your own 'HOT' sign on today.

Most mortgage lenders outsource critical operations to technology companies to reduce costs, mitigate risk, or find specialized skillsets not staffed in-house. But recent changes in consumer behavior and expectations are incenting lenders to turn to technology companies for a much bigger ask: the latest and greatest [borrower-engagement tactics](#) for a competitive purchase market. Better yet, lenders are turning to

tech companies because they need to differentiate themselves from their competition in the experience provided to consumers. But how do you find the right partner? [Download Total Expert's guide](#) for three ways to identify the right technology partner to help you innovate and create customers for life.

"With covid forbearance plans coming to an end and the next stage just starting to take shape, lenders have an even greater need for reliable, competent subservicing. For homeowners, the subservicer acts as a lifeline, providing information and guidance, and resolutions to their unique challenges. From the outset of the pandemic, a subservicer's competence and approach with customers was often the difference between a homeowner staying current or becoming delinquent on their mortgage payments. As forbearance plans end, the need for subservicers to play an active role in educating, guiding, and empathizing with homeowners will be crucial to helping them get back on their feet as quickly as possible. At TMS we know that information is power. So we arm homeowners with the information they need to navigate the post forbearance landscape successfully. It's good for the homeowner — and good for a lender's bottom line. It's why we have kept delinquencies well below the industry average, and how we maintain a 99% customer satisfaction rate. Ready for a boost in reliability? [Partner with TMS.](#)"

### Changes in Pricing, Fees, and Processing

loanDepot spread the word among brokers that LD has [enhanced its mello broker portal](#), streamlining the closing process for broker partners.

Fee increases for all loans are on the horizon: Wells Fargo Funding will be increasing its processing and underwriting fees, effective February 1, 2022. For details, review

[Wells Fargo Funding Newsflash C21-060](#).

PennyMac Correspondent introduced a new method of locking, enhancing the efficiency and lock experience for Delegated Best Efforts clients. [Batch Best Efforts \(Batch BE\)](#) enables clients to price and lock multiple loans at once while maintaining the Best Efforts commitment type on each loan. [View Announcement 21-5 for information on PennyMac updates](#) to Conventional and Government LLPAs effective for all Best Effort commitments taken on or after Friday, November 19.

PennyMac improved pricing by over 3 points on the 'Approve/Ineligible, <720, >625,000' LLPA in the Conventional High Balance Mortgage Loans grid effective for all Best Effort commitments taken on or after Thursday, November 4, 2021. View the new values in [PennyMac Announcement 21-90](#). Effective for all Best Effort commitments taken on or after Wednesday, October 20, [PennyMac updated the Conventional High Balance LLPAs](#).

[Flagstar has expanded Allowable FICO score](#) on the agency Enhanced Credit price improvement LLPA from  $\geq 760$  to  $\geq 700$ , applicable on new locks. [Flagstar Bank's line of Jumbo Products](#) have been broadened and enhanced. Also, various [Flagstar FHA and VA Products](#) will have reduced minimum score requirements.

[FAMC Correspondent National Bulletin 2021-49](#) includes information on Update to Tax Filing Relief-Hurricane Ida & California Wildfires.

For loans locked on and after December 13th FHA MyHome borrowers < 80% AMI will be added to those exempt from the \$15,000 cap. Use the [Area Median Income Lookup Tool \(fanniemae.com\)](#) to see if your borrower qualifies. This change is for MyHome FHA products only and does not affect MyHome Conventional borrowers. Learn more in [Mountain West Financials' Wholesale Bulletin 21W-083](#).

PCF Wholesale reduced the adjustment on its FHAVA: FICO 600-619, from -3.000 to -2.000 effective immediately. [PCF](#) also offers VA 100% Cash-out with 660 AUS approval.

PRMG announced its in-house renovation products were discontinued and will require brokering out. Details and additional PRMG updates are posted in [PRMG Product Update 21-60](#).

Fifth Third Correspondent Lending issued a reminder, applicable to all loan products, the Early Payment Default definition has been simplified and the requirement that all EPDs result in repurchase has been removed. Effective with loans purchased on or after January 1st, 2022, the seller will be required to repay the SRP plus a \$3000 administration fee for any loans becoming ninety (90) days or more delinquent on the first four (4) payments due to Fifth Third after purchase. Additionally, the seller will be required to repurchase the loan if the loan is unsold and the EPD renders the loan unsalable.

And Fifth Third Correspondent Lending will be implementing a Suspense Fee on loans that were not delivered in fundable condition and when documents to clear suspense conditions have not been delivered in a timely manner. The fee will be assessed when suspense documents are not delivered for more than a week after the later of the lock expiration or suspended date. The change is currently targeted for locks on or after January 1st, 2022. Additional details on the fee calculation will be provided ahead of the required system update.

Updates have been made to Radian's Underwriting Guidelines for all mortgage insurance applications submitted on or after November 15, 2021. In addition, Radian supports the GSEs expansion of their RefiNow™ and Refi PossibleSM programs and updates have been made to Radian's rate cards. [To learn more on these recent updates, reference Radian's recent eBulletin.](#)

Effective with new Best Efforts rate locks completed on/after Tuesday, October 19, Citi added a new loan level pricing adjuster applicable to condos and co-ops as follows: Co-op or Condo, conventional Fixed and ARM products: (.500) The new adjuster will be added to page 3 of the Citi Best Efforts rate sheet as of 10/19/21. Questions? Contact your Correspondent Pricing Support Team at [CMCRRRCRR@citi.com](mailto:CMCRRRCRR@citi.com).

Effective with new Best Efforts rate locks completed on/after Friday, October 22, [Citi Correspondent Lending](#) updated state geographic adjusters across all conventional loan products. Additionally, three loan size adjusters are being revised as follows: Loan sizes of \$175,000-349,999 will be (0.050) on 15-year Conventional and (0.100) on 30-year Conventional. Contact your Correspondent Pricing Support Team with any questions at [CMCRRRCRR@citi.com](mailto:CMCRRRCRR@citi.com).

Effective with new commitments taken on and after Monday, November 1, 2021, AmeriHome Mortgage administration fee for Fannie Mae, Freddie Mac, FHA, VA, and USDA transactions being underwritten as Delegated will change. Conventional and GSE Administration Fee: \$320.00. The current \$75.00 Tax Service Fee will not be affected by this change. [View AmeriHome Announcement Number: 20211007-CL for additional information.](#)

## Capital Markets

Ahead of the data dump tomorrow, and after weeks of speculation, President Biden named Jerome Powell for a second four-year term as the Federal Reserve's chair and nominated governor Lael Brainard for vice chair. Biden said he'd chosen not to replace the Republican Powell with the more liberal nominee Brainard because "we need stability and independence" at the Fed. The president rewarded Powell for helping rescue the U.S. economy from the pandemic, which has drawn praise from both sides of the aisle. **Powell's job now will be to protect a fragile recovery from inflation** and decide when is right to raise rates. What does the chair choice mean for mortgage rates? Well, there shouldn't be any radical changes in policy, though traders priced in a ramp-up in Fed tapering and a June 2022 rate liftoff. By the day's close, U.S. Treasury prices sank across the curve, leading to a rise for mortgage rates.

The Fed news overshadowed yesterday's economic data, which was limited to an above-consensus Existing Home Sales report for October. The National Association of Realtors (NAR) reported that **existing home sales rose 0.8 percent in October to a seasonally adjusted annual rate of 6.34 million**, though sales were down 5.8 percent from a year ago. Prices remain high as inventory remains tight (2.4 months' worth), hurting sales growth as affordability pressures continue to haunt prospective buyers. The median home price rose 13.1 percent to \$353,900. Lawrence Yun, NAR's chief economist, said "Inflationary pressures, such as fast-rising rents and increasing consumer prices, may have some prospective buyers seeking the protection of a fixed, consistent mortgage payment."

The big day for data this week will be tomorrow, when we get GDP, personal incomes and spending, and new home sales. Today's calendar is already under way with Philadelphia Fed non-manufacturing indices for November (strong at +47). Later this morning brings Redbook same store sales, preliminary Markit manufacturing and services PMIs, and Richmond Fed manufacturing and services. The U.S. Treasury then auctions \$59 billion 7-year notes in the afternoon after weak demand at yesterday's sales of \$58 billion in 2-year notes and \$59 billion in 5-year notes. **The Desk is scheduled to conduct three MBS purchase operations**, one in each class, for a total of \$6.8 billion. Today's Treasury purchase operation sees the Desk targeting up to \$1.075 billion 7.5-year to 30-year TIPS. We begin the day with Agency MBS prices worse nearly .125 and the 10-year yielding 1.66 after closing yesterday at 1.63 percent.

## Employment

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 2 processors, 2 underwriters, and 1 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 Chrisman LLC's Anjelica Nix to forward your note and schedule a confidential conversation.

"OptiFunder is growing! As the only warehouse funding platform offering integration, optimization, and automation, we've supported over \$150 billion in funded production YTD and need to add seasoned sales professionals to support our national sales effort. Preferred candidates should have 5+ years' experience selling to C-Suite Executives or manage a portfolio of warehouse lines of credit. Additional candidates considered with national contacts and the energy to sell a fast-growing technology solution for independent mortgage bankers. Submit your resume to Anjelica Nix or for more information, visit [optifunder.com](http://optifunder.com)."

Needed immediately: those who believe in infinite possibilities and desire the chance to be a part of transforming the lives of thousands of people annually. [XINNIX, The Academy of Excellence](#), invites those who share the same spirit of their award-winning team the opportunity to be a part of their continued growth in 2022. "Everything we've done in the past 20 years, especially the past two has given us the impetus we need for explosive growth to build more transformative performance development programs and performance enabling technologies, tools and apps for companies across the globe," said XINNIX CEO and Founder, [Casey Cunningham](#). New opportunities in sales, marketing, technology, training, client success and operations are being added regularly. If you or someone you know wants to transform every life you touch with the career of a lifetime, visit online, or follow them on [LinkedIn](#).

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