

Servicing, Closing, AI, MI Products; USDA, FHA, Ginnie News; Rates Quiet... Holiday Slow Down?

By: Rob Chrisman | Mbn, Dec 13 2021, 11:31 AM

Everyone has a plan until they get punched in the mouth. If you haven't seen a video [this one from a drone](#)) of the destruction in the South and Midwest, especially Kentucky, take a look. The loss of human and animal life is terrible, and it will take years to clean up and rebuild the communities. (Many in our industry have had some good years; [The Better Business Bureau](#) has a list of charities in those areas that can help.) The tornadoes that struck a few days ago were predicted, but due to [a few reasons](#) the fatalities were high. Shifting our attention, who predicted these inflation numbers that we've seen in recent months? Certainly not the Fed. These sky-high numbers remind us that, as Dr. Michael Fratantoni puts it, "All forecasts are wrong but some are useful." How are lenders planning for 2022? Our economy, and therefore mortgage rates, continue to be driven by virus news in the headlines. I was recently reminded by an emergency room doctor (at a social event) that all viruses attempt to mutate in an effort to spread faster but typically become less lethal over time. But we can expect mutations to be headline news for a long time to come, making it difficult to make forecasts, whether inflation or rates. (Today's audio version of the commentary is [available here](#) and this week's is sponsored by [Richey May](#), a recognized leader in providing specialized advisory, audit, tax, technology, and other services in the mortgage industry and in banking.)

Lender and Broker Products and Services

Although it's normal for the gray matter in our skulls to contract as we age, research shows that routine bad habits like sleeplessness and not getting enough sunlight have been linked to premature brain shrinkage. As the refi boom wanes, margins are predicted to [shrink more than a brain without enough sleep](#). With the prospect of layoffs on the horizon, lenders are wondering what best practices to apply when workforce reductions become necessary. At 2 pm EST today, SimpleNexus EVP and General Manager Lori Brewer and regulatory, labor and employment law litigator Ari Karen will address this issue by discussing force reduction strategies that minimize fallout and maximize desired outcomes. [Register now to reserve your seat for the free webinar.](#)

Picture this: your borrower finds a great house in their budget... But it needs some work. What do you do? [See how mortgage insurance helped Maria buy and renovate the home of her dreams](#). If you think mortgage insurance is just for first-time homebuyers, it's time to rethink your strategy. Create new opportunities and save deals when you use mortgage insurance to help borrowers find the loan that works best for them. [Check out MI Solutions from MGIC.](#)

This past fall, [Caliber Wholesale](#) began offering three new, non-QM products: SmartEdge, SmartSelf and SmartVest. The Smart series allows Caliber and its broker partners to offer customers more options and opportunities, especially first-time homebuyers or borrowers who have experienced credit challenges. Dustan Haycock has been in the mortgage industry for more than 20 years and regularly works with Caliber. He believes the Smart products have made a significant impact with his clients. "The Smart series opens avenues to borrowers who may have had a credit mishap in the recent past," explained Haycock. "I am able to offer a deal that is still close to going market rates. They were grateful they could still obtain financing with a competitive rate, even with a short sale. The Smart Series is proof Caliber wants to see people succeed!" If you're interested in becoming an approved partner, visit Caliber's website or email the Wholesale Team.

[A Look Back and A Look Forward—Where Do We Go From Here To Increase Black Homeownership](#) Zoom event! Thursday, December 16, 9:00 A.M. Pacific/12:00 P.M. Eastern, New American Funding & Freddie Mac have teamed up to recap the highlights of the 2021 New American Dream and Freddie Mac webinar series and discuss the next steps that need to be taken by the mortgage industry, real estate industry, housing counselors, and the federal government to create opportunities for Black Homeownership. Moderated by Nora Guerra, Affordable Lending Manager, Freddie Mac, and joined by Charles Lowery, Director of Legislative Affairs, New American Funding, Marcia Griffin, CEO/Founder, HomeFree-USA, David M. Dworkin, President and CEO, National Housing Conference, and Danny Gardner, SVP of Client & Community Engagement, Freddie Mac. All industry professionals are invited, in addition to perspective and current homebuyers, to join this conversation about the journey homeownership! [Register today!](#)

It's evident that reassurance, transparency, simplicity, and speed are vital to the future of the mortgage servicing industry. A simplified application process, backed by reassuring customer support with all key data in hand (no eleventh-hour surprises) is what leaders must emphasize now to win new customers and keep the ones they have. All of this is driven by engaging borrowers in productive conversations right from first connection. That's the aim of Conversational AI. Today, forward-thinking mortgage servicers are deploying Conversational AI to speak with customers via chatbots, or in some instances voice bots, to respond to simpler and more repetitive requests from borrowers. For more information, or to schedule a demo on Sutherland's Conversational AI - contact Neil Armstrong, AMP.

ServiceLink leverages industry-leading technology, proven processes, and a national network of certified signing agents to offer superior mortgage loan service. All of a lender's closing needs are met faster with EXOS®. EXOS® Close streamlines signing scheduling and eliminates frustration and uncertainty around the closing process. [Learn more.](#)

We are now winding down 2021 and looking ahead to the 2022 market, anticipating changes that may be in store. Across the industry, everyone is polishing up their business strategies. Whether you release or retain your servicing, [Computershare Loan Services \(CLS\)](#) is uniquely positioned to help you execute your 2022 strategy. [Reach out to CLS](#) to learn about their competitively-priced [co-issue MSR acquisition platform](#) available on a wide range of Agency eligible products. As one of the nation's top MSR purchasers, they offer flexibility and consistency, all backed by the strength of Computershare (ASX: CPU), a diversified global market leader. Or, if you retain servicing, you may need a solid [sub-servicing partner](#). CLS is a highly-rated performing and non-performing servicer with over 18 years of experience protecting clients' portfolios. To learn more about CLS' solutions, [contact their team](#) today.

USDA, FHA, Ginnie Changes

[rural housing and the USDA](#) are doing next year, loan amount-wise." "Your readers should know that USDA has two section 502 housing programs. The smaller one is a subsidized Direct loan program, with USDA making loans directly to low and very low-income households in rural areas who cannot obtain credit elsewhere. These loans are held by USDA and are serviced from a USDA facility in St. Louis. These loans are not packaged into mortgage-backed securities or transacted in the secondary markets. The other much larger program, the one of most interest to your subscribers, is the unsubsidized Guaranteed loan program in which private sector lenders originate, service, and sell the loans which are guaranteed by USDA. These loans are actively traded in the secondary markets. The loan limits you stated apply only to the smaller Direct program. The much larger Guaranteed loan program does not have loan limits. The maximum Guaranteed loan amount is determined by affordability and the debt-to-income ratios. It is an 'affordability' limit and there are no loan limits comparable to conventional, FHA, or USDA Direct loan limits." Thank you!

[USDA Rural Development issued a reminder bulletin on 12/09/2021](#) regarding GUS – Desktop Underwriter® Specification MISMO v3.4 Document Version 1.8.2 Impacts.

Ginnie Mae reported on December 8 that mortgage-backed securities (MBS) issuance volume for November 2021 was \$67.38 billion. Ginnie Mae MBS issuance reflects the liquidity of the program and its value in meeting the mortgage needs of homebuyers and rental property owners. Approximately 248,087 homes and apartment units were financed by Ginnie Mae guaranteed MBS in November. For more information on monthly MBS issuance, UPB balance, REMIC monthly issuance and global market analysis [visit Ginnie Mae Disclosure](#).

[Citi Correspondent Lending Bulletin 2021-17](#) provides credit policy updates on Reg Z / ATR / QM Threshold, 2022 FHA maximum loan amount changes and Name Affidavit clarification. Updates regarding 2022 Agency and Non-Agency loan limit changes as well as Government Shutdown notices are discussed in [Citi Correspondent Lending Bulletin 2021-16](#)

Capital Markets

Economic data over the last week continued to show a strengthening U.S. economy not yet experiencing any drag from the Omicron COVID variant. It was reported that consumer inflation during November was 0.8 percent and 6.8 percent over the previous twelve months: the highest yearly rate since 1982. The headline measure accelerated to 6.8 percent from 6.2 percent. The data reinforced expectations the Federal Reserve will accelerate the wind-down of its bond-buying program at the central bank's final meeting of the year next week.

Meanwhile, initial jobless claims for the week ending December 4th hit a 52-year low at 184k. Job openings increased to 11.0 million at the end of October for only about 7 million unemployed workers. It is likely that employers will continue to face staffing challenges into the new year. Purchase mortgage applications fell during the week of December 3rd but they have been up five of the last seven weeks. New and existing home sales rose during October and the same is expected for November. Refinance applications are down 35.5 percent over the last year and with inflation looking less transitory and more entrenched, the Fed will likely move quicker to reduce its monthly asset purchases. This will allow them to raise rates sooner in 2022 to combat inflation. Expect an upwards shift in the Dot Plots following this week's FOMC meeting as **that CPI reading probably seals the deal that the central bank will step up the pace of tapering** (although the Fed prefers the Personal Consumption Expenditures – PCE - index to measure inflation). Powell and his colleagues can take aggressive action in the first half of 2022 to bring inflation back to 2 percent, or just continue talking about how price growth will eventually slow without actual monetary policy tightening.

Black Knight reported that Origination activity slowed for the third consecutive month in what turned out to be a somewhat volatile month for interest rates. Overall rate lock volumes fell another 4.7 percent in October (Sept. -10 percent, Aug. -6 percent), driven by yet another significant decline (-9.4 percent) in rate/term refinance originations for the month. That puts rate/term refis down nearly 65 percent from the

end of Q3 2020. Not very surprising given rising rates, but important to note that there are still some 11 million high-quality refinance candidates out there who could cut their first liens by at least 0.75 percent. Both purchase (-3.9 percent) and cash-out (-2.5 percent) lock activity declined as well, though they remain nearly 13 percent and 36 percent above where they were this time last year, respectively. Still, **the declines brought overall origination activity to its lowest level since February 2020**, prior to the onset of the pandemic.

This week's calendar sees a load of central bank decisions (the U.S. Federal Open Market Committee, the European Central Bank, and the Bank of England), including the FOMC where a potentially faster pace of tapering could be announced Wednesday afternoon with the Statement and updated SEPs. With regard to MBS, Class B and C 48-hour notifications are tomorrow and Thursday, respectively. **The Desk will conduct that last two operations on the current schedule today** when they purchase up to \$5.3 billion 30-year 2 percent and 2.5 percent. In the afternoon, the Fed will release the new MBS and Treasury purchase schedules, as well as the MBS reinvestment estimate covering the mid-December to mid-January period. With no economic releases of note on the calendar today, we begin the week with Agency MBS prices close to unchanged and the 10-year yielding 1.46 after closing last week at 1.49 percent.

Employment

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 at 888-505-7568.

[Fairway Independent Mortgage](#) is searching for operations, MLOs, and AEs across the nation.

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