

Broker, ECOA, VA Cash Out Products; Disaster News; Thoughts on Yield Curve and IMBs

By: Rob Chrisman | Tue, Dec 28 2021, 11:11 AM

Whether or not you think that climate change is real, you can't deny that there is a climate, and that climate-related disasters occur... to the tune of [\\$170 billion this year per one estimate](#). And given that state-specific foreclosure laws impact servicing values, and therefore rate sheet pricing, servicing values that vary based on the likelihood of natural disasters in a given areas aren't a stretch. (More disaster news below.) Something else that that we don't regularly think about is trucking, and how trucker comp impacts productivity. Thousands of trucks are stacked up, waiting for Highways 50 and 80 to open in the Sierra Nevada mountains, impacting supply chain issues even more. Nationwide, the current "shortage" of truck drivers is reportedly around 80,000, which is interesting given the 1.85 million truck drivers in America and the reality that a productivity increase of just 4.3 percent would eliminate it. In reality, it's not a shortage of truck drivers, but rather a shortage of adequate compensation for drivers. Truckers are legally allowed to drive 11 hours per day but average just 6.5 hours, meaning 40 percent of the capacity is just idling. After the Federal Motor Carrier Act of 1980, truckers were paid by the mile instead of the hour, and spend lots of time just waiting around [not getting paid](#) outside of distribution centers. [available here](#); questions about interviews and sponsorships should be directed to Robbie Chrisman.)

Lender and Broker Services and Products

Believe it or not, [a full head of human hair is strong enough to support 12 tons](#), or the weight of two elephants! Speaking of unbelievable strength, SimpleNexus' turnkey mortgage business intelligence platform, LimeGear, is strong enough to monitor, synthesize and share data in near real-time. AmCap Home Loans Chief Analytics Officer Matt Stokes attributes his team's 35 to 38 day turn times (an approximately 37% decrease from the 60-day industry average) to LimeGear. "Closing loans significantly faster than other lenders is not just an important way to deliver value to borrowers, it also helps reduce costs by avoiding unnecessary rate lock extensions. It even gave us a recruiting edge that helped us acquire some desirable loan teams." [Read the full case study](#) to learn how LimeGear can give insight into your organization's pipeline and performance data.

Did you know that [LED holiday lights use at least 75% less energy \(and last up to 25x longer\) than incandescent lights](#)? Similarly, Sales Boomerang's automated borrower intelligence and retention platform saves lenders time and energy on lead generation by automatically notifying them when borrowers in their database are eligible for a loan. As Katherine Campbell of Assurance Financial says, "The greatest benefit of working with Sales Boomerang is the pace and efficiency of doing business. We all make money the fastest when we can win the loan and close the loan. But if we don't actually get the notification that there is a loan, then we're actually losing money in the long run." After just six-months using Sales Boomerang, Assurance Financial reported an ROI of several hundred percent. Quit wasting energy hunting down leads that won't convert and [schedule a demo with Sales Boomerang today](#).

Free ebook: Industry Insight to Help Local Lenders Thrive in 2022 and Beyond. This coming year, local lenders will face unprecedented competition as the market evolves. From flexibility and a technology-powered borrower experience to secondary market access and scale, the stakes will be raised across the entire mortgage origination process. Digital mortgage solutions provider [Maxwell](#) just published this brand-new ebook to help small and midsize lenders hone each step of their loan manufacturing operations. Each section features insight from exclusive interviews with industry veterans holding decades of mortgage lending experience. Want to arm your team with the knowledge, data, and forward-thinking ideas it needs to succeed? [Click here](#) to download "Industry Insight to Help Local Lenders Thrive in 2022 and Beyond" now.

Are You Ready for VA Cash Out opportunities in your market? Looking for tips to accelerate your underwriting experience? How can a VA Cash Out Refinance benefit your borrowers? Join the [Freedom Mortgage Wholesale Division](#), along with the National Association of Mortgage Brokers (NAMB), for a LIVE webinar training session on our VA Cash Out Refinance mortgage product and origination processes. Ideal for new or experienced government originations. Reserve your seat for [Friday, January 7th, 2PMET](#). See you there!

Considering a transition from best efforts to mandatory delivery? While there are many pieces to consider before taking the leap, developing a thorough transition plan can help you efficiently and successfully make the shift. As you begin assessing mandatory delivery strategies, Black Knight's team of knowledgeable secondary marketing professionals stands ready to support your success. In its [blog '4 Key Points to Consider When Transitioning From Best Efforts to Mandatory Delivery'](#), Black Knight outlines the following key points: Evaluate Net Worth, Analyze Production Pipeline, Assess Investor Relationships, and Adjust Internal Processes. Additionally, Black Knight offers a complimentary informative [training guide](#) on pivoting from best efforts to mandatory, from roadmap preparation to transition. For additional information on shifting to mandatory delivery, and to learn how Black Knight's suite of innovative solutions can help you manage your

hedging operations post-transition, contact us.

Is the ROI for ECOA Adverse Action Process Automation really over 500%? Connector by Velma® clients report labor cost savings across multiple departments with increased sales engagement that produced more rescued deals and faster speed to audit while eliminating risk of fines for non-compliance. If you're an Encompass user with ECOA-Reg B headaches, [see for yourself](#) how Connector by Velma® streamlines processes, improves customer experience, and saves time for your sales and operations teams while reducing labor costs for a positive ROI.

Mortgage brokers have a lot to be excited about heading into 2022, especially those who have made it a habit of working with Homepoint. Competitive pricing, great service, an expanding product list, and no shortage of brokers who'll sing their praises as a top-notch partner. Their recent story about the "right kind of AE/Broker relationships" had to be an eye-opener for so many brokers. Homepoint account executives serving more as strategic advisors to their brokers as opposed to pushy salespeople is refreshing to hear. Always nice to work with someone that treats your business partnership as a two-way street. If you're a broker that still needs to get signed up with Homepoint before the New Year, [visit its website](#).

Disaster News

Lumber prices made headlines this year. Now, not only are they impacted by the snow-related highway shutdown in Nevada and California's Sierra Nevada Mountains, but also the flooding in British Columbia which has cut off sawmills from forests and customers. That, combined with an unusually warm autumn weather (extending the building season), and wood buyers loading up in fear of further price increases and supply problems, has led to prices going up again.

It's terrible to have lost your home, or had it suffer extensive damage, due to a flood, fire, hurricane, tornado, or earthquake. Here is [FEMA's Disaster Information Page](#) which sets off Agency, investor, and lender policies and procedures. [Fannie](#), [Freddie](#), and [HUD](#) have disaster relief policies.

The Mortgage Bankers Association has asked the FHA for [a rule](#) allowing private flood insurance on FHA loans.

Five Counties in Arkansas have been granted IA to supplement state and local recovery efforts in the areas affected by severe storms and tornadoes December 10-11. A summary of disaster inspection requirements posted in [AmeriHome Announcement Number: 20211212-CL](#).

Mortgage Solutions Financial posted a revision regarding the Kentucky Tornadoes in [Mortgage Solutions Financial Announcement 27-21C](#).

[loanDepot Wholesale](#) posted Kentucky disaster information in [loanDepot WNTW 12-20-21](#).

Due to the declared disaster in Kentucky caused by severe storms, straight-line winds, flooding and tornadoes on December 10, 2021, Flagstar Bank will require satisfactory re-inspection. Review effective date information in [Flagstar Bank announcement 21170 to determine if required](#).

FEMA Disaster Area update in the state of Alabama disaster area declaration on December 21 includes designated disaster areas for Jefferson and Shelby. A list of recent disasters declared by FEMA where SunWest guidelines apply are available in [Sun West Seller Guide under HELP section in sunsoft](#).

[First Community Mortgage](#) posted Alabama Severe Storms and Flooding disaster information in [FCM Announcement DA-21-19](#).

Review [Mortgage Solutions Financial Announcement 28-21C](#) in regard to Severe Flooding in Alabama.

Capital Markets

[Angel Oak Capital Advisors](#) just completed its eighth non-QM securitization of the year, AOMT 2021-8. With this \$418M securitization, Angel Oak brings its lifetime issuance of non-QM securitizations to over the important \$10 billion milestone. Read more details in the press release [Angel Oak Capital Advisors surpasses \\$10B in non-QM securitization issuance](#).

As this Commentary has noted, and the world financial market has seen, the yield curve has been flattening, indicating a lack of confidence in long-term U.S. economic growth. Industry consultant James Johnson writes, "Rob, perhaps your readers would find some comments about the yield curve to be helpful, and IMBs a good idea on what to expect.

"The Fed is telling us that it will raise rates three times in 2022. But the Federal Reserve is talking about the Fed Funds rate, which is only 10-15 basis points today. If the rate increases are 25 basis points each, the market's assumption, that will take the Funds rate up to just under 1%.

“So, what happens to the 10-year Treasury and the 30-year Treasury? It appears very unlikely that the 10-year or 30-year will move up by 75 basis points next year. The bond market is echoing that. I would say that the 10-year will move up somewhere between 25 and 50 basis points, about half as much as the Funds rate will move up. This will flatten the yield curve, which is probably a likely scenario. As we all know, 30-year fixed-rate mortgage rates trade off the 10-year Treasury. So **will mortgage rates will go up by 25-50 basis points?** Perhaps, and the way the bond market is trading right now, that is the message.

“This would take 30-year fixed rate mortgage up to 3.5 percent, or maybe as high as 3.75. It looks like the bond market is not targeting a 4 percent, 30-year fixed rate. In my opinion, anything under 4 percent will support purchase business, but refis would decline. There is so much home equity that maybe cash out refis will continue to be quite viable, but rate and term refis will slow by some factor.

“The scary thing for IMBs is not rates moving as I suggest above, but what could happen to make them go quite a bit higher? It is hard to believe that a Funds rate of 1 percent is going to do anything that could really slow inflation. Then, clearly, we have the risk that inflation persists longer than people think, or it gets even worse. The Fed could find itself in the unwanted position of having to deal aggressively with inflation, raising rates higher than planned, which brings on concerns of disrupting asset markets. This is what the Powell Fed is trying to accomplish by “threading the needle.” But **the hope is that the Fed does not have to initiate any real hawkish policies**, and will choose to see if inflation slows down on its own, which remains its base case.” Thank you, James!

Yesterday was a bit of a snoozer although rates improved somewhat after a **decent 2-year note auction**. There was some different price movement based on 2-year, 10-year, or 30-year Treasury maturities, and various economic reports from around the world, but not enough as to make a big deal out of it.

The days of the NY Fed Trading Desk buying mortgage-backed securities are numbered, but for today's two MBS purchase operations, the Desk purchased the \$4.392bn maximum 30-year 2% and 2.5% with 32.0% hit rate as \$13.73bn was tendered. (Since the restart of asset purchases in March 2020, the Desk has purchased \$2.8 trillion MBS.) And the Desk released a new MBS purchase schedule covering the December 28 to January 13 period that totaled \$47.8bn (or \$3.7bn per day on average), as expected.

The economic news today won't move rates much, especially since good or bad rumors about the pandemic dominate the financial markets. Weekly same store sales from Redbook, S&P Case-Shiller (if you care about October's prices) and FHFA Housing Price Index (both expected to show increases of nearly 1 percent per month), Richmond Fed manufacturing and services, and Dallas Fed services for December, whatever that is. The U.S. Treasury will be auctioning off \$57 billion in 5-yr T-notes... if you have some loose change, put in a bid! Yesterday the 10-year T-note closed yielding 1.48 percent, and this morning it is still yielding 1.48 percent and Agency MBS prices are unchanged from Monday's close.

Employment

A leading national retail lender is seeking to hire a dynamic sales manager for an existing region. The ideal candidate is a demonstrated production leader with a strong, proven track record of delivering results in a fast-paced, high energy, people-centric environment. The company is seeking a leader with significant sales experience, solid financial acumen, and a history of growing a multi-state region. In addition, the right individual must be a dynamic sales coach, grower & facilitator, as well as an ambassador of our team-oriented culture. If you've built and managed highly effective teams by fostering enduring, authentic relationships and you're in search of an opportunity to be a difference maker, please email Chrisman LLC's Anjelica Nixt to confidentially submit your resume. (Please specify the opportunity.)

“Attention owners of all sizes! A leading IMB headquartered in the Southwest, and well known for being an innovator in eNotes and RPA/AI/Automation, wants to partner with you. The biggest lenders in the country are fueled by access to capital markets and private money. Now is the opportunity to join a growing organization that puts culture first and is laser-focused on innovation and fast closings. With direct access to Fannie, Freddie, & Ginnie, as well as strong relationships with the best Secondary Market investors in the industry. We provide the best tools for growth in your market. You've spent years building your brand. We want you to keep your name and reputation in your local markets. Let us be the engine powering your teams for Secondary execution, Marketing, eNote/RON closing tools, cutting-edge POS, and P&L generation.” Reach out to Anjelica Nixt for more information and begin a confidential conversation. (Please specify the opportunity.)

“There is a tremendous amount of movement for producing loan officers and operations staff because of the stresses of consolidated companies, thick bureaucracies and rigid systems that leave loan officers feeling anonymous. Employees need to have faith in their employer that the right investments are being made to support them and not simply to serve shareholder interests. [Dean Harrington](#), founder of [Shamrock Home Loans](#), out of Providence, Rhode Island, touches upon this in his impressive weekly video-cast on leadership called the [Morning Huddle](#) where he points out that both mortgage companies and employees need to be “all-in” together in order to build a culture. At Shamrock, this led us to being named one of the top Mortgage Lenders to work for, driven by Shamrock's 33-year history. Shamrock is expanding across Florida, Louisiana, New York, & Georgia, and is ready to expand across New England and the East

Coast. Production Teams, Loan Officers and Branch Managers, to learn more, email us.”

View this Article: <https://www.mortgagenewsdaily.com/opinion/12282021-yield-curve-and-mortgage-rates>