

Contract, Conversion, Retention, Margin Mgt. Tools; Jumbo and Non-QM News; Rates Near 2021 Highs

By: Rob Chrisman | Thu, Jan 6 2022, 11:26 AM

Today is about the day when you have to think twice about wishing anyone, "Happy New Year." Okay, maybe tomorrow. There's a lot of news out there to start 2022, including mortgage news. Moves by Freddie, Fannie, FHA, and VA have a ripple effect on the jumbo and non-Agency market as well. We were reminded of this yesterday when Freddie Mac and Fannie Mae, via their conservator FHFA, publicized April changes to their loan level price adjustments. Freddie announced "...changes to our Credit Fees in Price for super conforming mortgages and mortgages secured by second homes. We are making these updates in light of the significant increase in the 2022 loan limits and under the guidance of the Federal Housing Finance Agency (FHFA). These updated fees are effective for mortgages with settlement dates on and after April 1, 2022." Freddie & Fannie's change, although the industry has nearly three months to adapt pricing, is a huge adjustment. Jumbo loans (if the client has the required reserves) may be a (and probably will be) a better alternative. One seasoned vet wrote to me, saying, "This is a blunt way for Fannie to get rid of that business. The FHFA is probably hoping that the private label security (PLS) market will really step in and take second homes for good." Today's audio version of the commentary is available here and this week's is sponsored by Real Estate Connection (REC), a boutique real estate brokerage that acts as a centralized and organized, fully-managed real estate fulfillment service, connecting buyers with local qualified Real Estate Agents and walking them through the entire home purchase and selling process with the lender partner.

TPO and Lender Services and Products

Despite the fact that the average American shells out \$1,000 on holiday gifts, 75% of people admit to not liking the presents they receive. Why waste time and money on a gift that isn't wanted, when the best gifts are practical and will actually be used by their recipient? HomeBinder, a digital home management platform, is the perfect useful gift that makes understanding and maintaining a home's value easy while improving relationships between homeowners and the businesses that serve them. Using HomeBinder's adaptive home valuation tool, homeowners stay up to date with the appreciating value of their investment over time. It even takes into consideration items that appraisers and other automated valuation models don't... things like maintenance credits, appliance upgrades and home improvements or remodels. Start 2022 off right by giving your customers the digital home management gift that keeps on giving. Email sales@homebinder.com to schedule a personalized demo today.

"Find out why Planet Home Lending's Correspondent network continues to grow and how you can get those opportunities in 2022. A 30-minute meeting can introduce you to our competitive pricing, flexible service, and partnership for every market. Meet our Correspondent professionals Danny Hughes, Regional Sales Manager, Correspondent (203-981-5743) or Jim Bopp, VP National Renovation Lending (518-369-8242) at the New England Mortgage Expo, Jan 13-14, at the Mohegan Sun Resort & Casino in Uncasville, CT or at the Independent Mortgage Bankers Conference, Jan 24-27, at Nashville's Grand Hyatt and chat with SVP of Correspondent Sales Jim Loving (414-270-0027), Regional Sales Manager Jim Shaler (813-784-6237), Regional Sales Manager Stanley Tucker (804-317-9017), and VP, National Renovation Lending, Jim Bopp for great pricing on our wide array of loan products: FHA, VA, USDA, FNMA, FHLMC, FHA 203(k), FNMA HomeStyle, renovation, manufactured home loans, and buydowns for your builder clients."

Selene Finance, a specialty loan servicer, offers investors a high touch portfolio management approach to servicing loans. Our portfolio management structure and culture are built around borrower and client needs. We leverage proprietary technology and workflow for customized management of portfolios to provide full-service capabilities supporting all aspects of residential mortgage servicing, including service flow and bulk loans for agency, non-agency, non-QM, EBO, performing, re-performing (RPLs) and non-performing loans (NPLs), as well as component servicing for performing, re-performing and nonperforming loans. Invite us to a champion challenger to become your "servicer of choice". Reach out to Robert McKinley today to learn more.

Increase UW productivity, improve accuracy and deliver faster approvals using Zoral Underwriting Automation. Leveraging Zoral's Intelligent Automation Platform, this service automatically uploads data and documents from your LOS. Leveraging the most sophisticated AI powered capabilities available in the world, our engines categorize, analyze, and calculate all borrower income from paystubs, VOE's, tax returns, and other income documentation. Output can be reviewed, edited, and when approved, can be exported back into your LOS at the push of a button. Over 100 data fields and e-folders are monitored for continuous updating. Contact Peter Sandler for more information or to schedule a demo.

When market demand drops, mortgage lenders find themselves scrambling to get loans in the door. With excess operational capacity, many lenders embraced margin compression to offer consumers better loan terms and lower interest rates to fill their pipelines. During

periods of margin compression, reducing operational costs is more critical than ever. Lower margins combined with inefficient operational processes and high overhead costs can make it all but impossible for lenders to remain profitable and maintain margins. Black Knight's recent blog post, "Riding the Latest Margin Compression Wave," examines key actions lenders can take to combat the impact of margin compression on their bottom lines. Topics include incorporating operational best practices, implementing advanced technology and automation capabilities, and honing recapture and retention strategies. Read the blog today to help prepare your operations to meet the challenges of margin compression.

An Indiana interstate shut down unexpectedly last month following a semi crash that caused gallons of honey to be spilled across the roadway. Talk about a sticky situation! Here's a sticky situation you won't mind, though: Sales Boomerang helps lenders stick with their borrowers by alerting them when a borrower in their database is ready for a loan. It also improves borrower experience by connecting borrowers with opportunities that are highly valuable, relevant, and timely. As Steve Grossman of NJ Lenders says, "If you come across from a position of caring and looking out for your borrower, you'll have a higher conversion than an aggressive sale approach. Sales Boomerang's predictive alerts allow us to tailor our outreach and provide that caring approach." Lenders using Sales Boomerang see an average 20-40% lift to loan volume and 65% borrower retention rate. Now that's a sweet deal! Schedule a demo today.

Accelerate your purchase pipeline in 2022. Agent Find is an innovative mortgage lead conversion software company that enables lenders to maximize their purchase lead spend by substantially increasing their lead to fund rate. Agent Find's lead conversion software solves one of the biggest problems for purchase-focused lenders: in market, borrower retention. Agent Find converts lenders' static customer databases into purposeful, dynamic sources of value, increasing purchase lead conversions up to 50%. While providing real-time borrower alerts based on borrowers' real-time shopping activity and providing lenders access to a network of 40,000 vetted real estate agents nationwide. Loan officers leverage Agent Find's technology alerts and insights to know the perfect time to reach out to the borrower so lenders can focus on originating while Agent Find manages the entire home buying journey from pre-approved to closed. Ready to accelerate your purchase pipeline? Email contact@agentfind.com to get started today.

"Is your contract management process still manual or simply not effective? How many contract renewal deadlines did you miss last year? Here are three ways MQMR can help you! The contract review component of vendor management is critical to any mortgage company's comprehensive risk mitigation strategy because the contract dictates the beginning, middle, and end of the relationship. MQMR's HQ Vendor Management (HQVM) white paper, Rolling Sevens, provides a list of the critical vendor contracts provisions to examine. Second, download our NEW Fintech Vendor Management Whitepaper to learn how approved vendors can pose a tremendous risk to an organization. Normal vendor onboarding procedures such as contract reviews can easily be overlooked when added outside of standard company procedures. Last but not least! schedule a meeting to learn more about HQVM's vendor management solution and discover how technology will save you time, automate recurring tasks, and alert you of upcoming deadlines."

Jumbo and Non-QM News

Agency news isn't confined to Agency lenders, and lenders and investors were already honing their jumbo and non-QM offerings before yesterday's Agency pricing news.

Axos Bank is proud to announce several updates to its innovative non-QM mortgage products! With loan amounts up to \$30 million, these include an expanded Debt Service Coverage Ratio (DSCR) program available in 50 states, a new "Jumbo Cash-Flow mAXimizer" with a minimum interest-only pay rate as low as 2% and an enhanced pledged asset program offering an LTV up to 90%. These along with cross-collateralization, bank statement, asset utilization, NRA and bridge loan programs are a few of the many ways Axos Bank crafts creative non-QM mortgages for Wholesale and Correspondent lenders. Contact the Wholesale and Correspondent Lending team today at Lendingpartners@axosbank.com for more details or to become an approved seller.

loanDepot Wholesale is running a pricing special on its Jumbo Advantage Express. Price Improvement of 0.50% on Purchase's 0.25% price improvement on Rate/Term Refinance. For details, view loanDepot's Pricing Special Parameters.

Plaza Home Mortgage® just elevated their Jumbo lending options adding Jumbo AUS 2 to their original Jumbo AUS 1 program. Both products use Agency AUS findings for streamlined documentation requirements, have DTIs to 45% and minimum FICOs to 680. Plaza's Jumbo AUS 1 now goes to \$3 million, and the new Jumbo AUS 2 can go up to \$2.5 million and is allowing gift equity, Texas cash-outs and properties up to 40 acres.

Land Home Financial reminded brokers of its Jumbo program. Offerings include up to 80% LTV, loans up to \$2,500,000 and cash-out up to \$500,000, owner occupied, and second homes allowed.

Angel Oak Mortgage is closing loans that offer flexible seasoning requirements daily; loans exist for borrowers who are less than seven years out of foreclosure, short sale, bankruptcy or deed-in-lieu, and options include Bank Statement, Platinum Jumbo, Portfolio Select and

Asset Qualifier programs.

First Community Mortgage has a New Product- Select AUS 30 Jumbo. Information on this product is available in FCM Correspondent Announcement 2021-32 and FCM Wholesale Announcement 2021-39.

PCF Wholesale Non-QMEZ-DSCR's now includes 5-8 residential and 2-8 mixed use. Get more out of PCF Wholesale's EZ-DSCR.

PRMG Product Update 21-74 covers multiple topics including warrantable condo requirements for Conventional, Non-QM, and Jumbo, clarifications on Freddie Mac Products and W WHEDA Advantage FHA and Conventional Homebuyer Education Requirements updated effective 1/2/2022.

Mountain West® is offering a .25 bps price improvement on all non-QM loans through the month of January. Loans must be locked between January 1st and January 31st, applicable to new locks only.

Capital Markets

Jobs and housing drive our economy, and rates rose yesterday aided by a stronger than expected ADP Employment Change report showing that 807k jobs were added in December. The backwards looking report doesn't yet show Omicron's impact, though job gains were broad-based, as goods producers added the strongest reading of the year and service providers dominated growth. While job gains eclipsed 6 million in 2021, private sector payrolls are still nearly 4 million jobs short of pre-COVID-19 levels. Expectations for tomorrow's jobs report is for just over 400k jobs added in December.

The release of the Minutes from the December FOMC meeting Wednesday afternoon didn't help. The Minutes were some of the most "hawkish" in recent memory, **and appear to set the stage for rate hikes in the coming months** due to a strengthening economy and higher inflation. As the market suspected, many policymakers believe in reducing the \$8.8 trillion balance sheet at a faster pace than when the Fed attempted to normalize policy in the 2+ years period between late 2015 and 2018. The previously announced acceleration in the pace of tapering should lead to the end of Quantitative Easing (QE) purchases in mid-March, **followed by a liftoff in rates and a normalization of the balance sheet.** The Fed substantially shifted its policy position in December, acknowledging that the "transitory" view on inflation was wrong, agreeing to double the pace of tapering and making substantial adjustments to forecasts for inflation and for policy rates.

Today's calendar is already under way with layoffs from Challenger for December. Job cuts announced by U.S.-based employers rose 28 percent in December to 19,052 from the 14,875 announced in November. It is 75 percent lower than the 77,030 announced in December 2020. We also had weekly jobless claims (up to 207k, continuing 1.754 million) and the November trade deficit (\$80.2 billion). Later this morning brings December ISM nonmanufacturing PMI, November factory orders, and Freddie Mac's latest Primary Mortgage Market Survey. **The Desk will purchase up to \$4.5 billion** of 30-year 2 percent and 2.5 percent MBS as well as \$925 million 7.5- to 30-year TIPS. We begin the day with Agency MBS prices worse .125-.250 and the 10-year yielding 1.73 after closing yesterday at 1.71 percent given the strong employment data this morning.

Careers, Transitions and Business Opportunity

Attention owners of all sizes! A leading IMB renown 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 entrust your legacy, brand, and people with a culture-first company. With direct access to all agencies and extensive investor relationships, we can provide the tools for growth in your market. Let us be the engine powering your teams for unparalleled product diversity, exceptional branding and marketing support, cutting-edge operational workflow, lead generation, and P&L management. Reach out to Anjelica Nixt for more information and begin a confidential conversation.

"Sage Mortgage is a multi-billion-dollar lender and digital mortgage solution that is redefining the mortgage origination experience. We are currently expanding and looking to add a Senior Mortgage Sales Leader to start up operations for us in the Dallas area, fully remote until a location is selected with flexibility to be hybrid or fully remote at that time. New technology solutions create simple and clean customer experiences to simplify the Sage Mortgage application process. We've developed a fully digital online application, enabling the user to complete their application and start looking for the right mortgage that matches their needs 24/7, married to exceptional human interaction from our expert MLOs to create the best possible borrower experience. Competitive salaries, a comprehensive benefits program for full-time employees, and a hybrid culture providing the freedom to work from home with access to a great remote support system and best in class technology. Reach out to Ann Richey or visit Careers - Sage Mortgage | Red Ventures."

Axos Bank is looking for seasoned, high performing Account Executives (AEs) on a national basis. At Axos Bank, AEs enjoy a rewarding career in a fast-paced environment built on innovation and performance with the financial stability of a well-capitalized Bank. The position is a remote opportunity with flexibility in geographic account coverage, competitive pricing, marketing support and an attractive commission

plan. For a confidential inquiry, please email J Shoop, National Sales Manager.

Covid has affected everyone. Many of Shamrock's staff members have it or have recovered from it. But business continuity is important to maintaining realtor and builder relationships. Through recessions, national crises and now pandemics, Shamrock Home Loans has been a safe haven for top producers for over 33 years. Through the stable leadership of founder Dean Harrington and former professional baseball player and President of Shamrock, Rod Correia, Shamrock has grown into a national retail mortgage company, supporting Loan Officers, Branch Managers, and operations staff around the country. If you want to understand how our longevity and leadership can impact your career, watch this to fully appreciate how your career path could improve. Shamrock's Morning Huddles, are worth subscribing to. The weekly videos benefit sales and business leaders across America. To learn more about advancing your career, email us.

Promontory MortgagePath LLC has a new managing director of product and engineering: Kevin Wheeler. Congratulations!

New American Funding added Jeffrey Kvalevog as EVP, Strategy and Partnerships where he will "evaluate and establish strategic opportunities that provide additional revenue, branding, and relationships for the company, including partnership agreements, potential expansion into new business channels, and much more."

Jeff Gerner, mortgage president at Commerce Bank, promoted Ann Marie Prohaska to a newly created role of Mortgage Credit and Portfolio Manager where she will be "responsible for all Commerce Bank Mortgage credit functions across mortgage and home equity products, including setting credit parameters, the underwriting of loans, and ensuring credit parameters are appropriately reflected in loan performance."

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