

Disasters & Higher Insurance Costs; Correspondent, Sales, and Automation Tools

By: Rob Chrisman | Tue, Jan 11 2022, 11:05 AM

As freezing temperatures continue on in the Midwest and Northeast, keeping people inside, I doubt if there is a single person in the United States who doesn't know someone who has tested positive for the Omicron variant, or knows someone who knows someone. I went to the bank yesterday but the branch was closed due to staffing absences! While we deal with this variant and wait for the next one, Michigan's Victoria D. passed along, "The CDC says it's not omicron unless it comes from the Omicronne Region of France. Otherwise it's just sparkling COVID." Staff shortages and winter storms have grounded flights just as airlines ramped up schedules. And in an overlap between housing policy and disasters, do you think building affordable housing, when the Federal Government demands it, is easy? It isn't. Even replacing houses that were lost in dozens of disasters is an uphill battle. For example, only a handful of the 980 home owners who lost their homes in the CZU fire near Santa Cruz a few years ago [have given permits to rebuild](#). (Today's audio version of the commentary is [available here](#). This week's is sponsored by [SimpleNexus](#), an nCino company and homeownership platform that unites the people, systems, and stages of the mortgage process into one seamless, end-to-end solution that spans engagement, origination, closing and business intelligence.)

Coast to coast disaster news

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.

A new study found that the area in which a hurricane can be born has [been expanding](#) to include areas that previously lacked the high temperatures needed to form the mega-storms, with the number of storms that hit mid-latitude regions between 30 and 60 degrees latitude poised to increase. That means that cities that often dodged the worst of cyclones, like New York, Tokyo, Beijing, and Boston, are beginning to enter into the range of powerful storms they often were not built to withstand.

Homeowners and residential real estate investors can expect property insurance rates to rise following the growing number of natural disasters nationwide, according to [SitusAMC](#). A new [SitusAMC](#) white paper, "[Weathering the Storm: Burgeoning Insurance Costs for Real Estate](#)," found the impact of natural disasters on the residential property market has not been limited to California (fires) and Florida (hurricanes). In fact, in 2020, the states hardest hit by natural disasters were Texas, Virginia, and South Dakota. And winter storms in Texas accounted for 40% of the total losses in the U.S. property insurance market during the first half of 2021!

[Buckley](#) pointed out that, "The FDIC [released](#) a list of administrative enforcement actions taken against banks and individuals in November... Among the orders is an order to pay a [civil money penalty](#) imposed against a Nebraska-based bank related to alleged violations of the Flood Disaster Protection Act. Among other things, the FDIC claimed that the bank "made, increased, extended, or renewed loans secured by a building or mobile home located or to be located in a special flood hazard area without requiring that the collateral be covered by flood insurance."

[First Community Mortgage](#) will require an additional property inspection, prior to closing, for any property located in a designated disaster area where the appraisal was performed prior to the disaster effective date. [FCM Disaster Announcement Amend DA-21-18 – Kentucky Storms](#).

[FEMA](#) provided an Incident Period End Date of 12/11/2021, for Kentucky counties affected by severe storms, straight-line winds, flooding, and tornadoes. See [AmeriHome Mortgage Announcement 20220104-CL](#) for inspection requirements.

[Washington](#) Flooding – 3 Counties Granted IA Inspection requirements are posted in [AmeriHome Mortgage Disaster Announcement 20220103-CL](#).

FEMA declared federal disaster aid available to 3 counties in Washington State due to Flooding/Mudslides. Additional property inspection information was posted in [First Community Mortgage Disaster Announcement DA-22-1](#).

Clallam, Skagit, Whatcom Counties in Washington have been declared by FEMA as Major Disaster Areas. Access the Sun West Seller Guide under the HELP section in [sunsoft](#) and review [SVMC Disaster Area Policy for inspection requirements](#).

Disasters reported by FEMA in the state of [Arkansas](#) in Craighead, Jackson, Mississippi, Poinsett, and Woodruff Counties. Review the [Sun West Mortgage Disaster Area Policy](#)

For appraisal requirements.

[Mortgage Solutions Financial](#) posted [announcement 02-22C](#) in regard to flooding in Washington and information regarding the Colorado Wildfires in [Mortgage Solutions Financial Announcement 01-22C](#).

[FCM Disaster Announcement DA-21-21 Colorado](#) provides information on FEMA's declaration of federal disaster aid, with individual assistance, made available to Boulder County in Colorado.

Boulder County in the state of Colorado has been declared a FEMA Disaster Area, as of January 1. Read [MMF Wholesale Bulletin 22W-003](#) for inspection details.

Capital markets

Compared to Treasury yields, mortgage-backed securities are not doing quite as well: if the Federal Reserve isn't going to buy billions in MBS every day, who will? Lenders, of course, are repricing during the day if needed, and we may see more volatility with tomorrow's Consumer Price Index and Thursday's Producer Price Index, as inflation is a hot topic. Inflation is expected to be up more than 7 percent year-over-year. Expectations are now for between three and four rate hikes this year as Fed officials seem to be more sensitive to inflation risks and less sensitive to downside growth risks. The Fed has backed itself into a corner in a sense by setting expectations for bunching three tightening measures (end of large-scale asset purchases, rate increases and balance-sheet contraction) together. Critics say that setting the expectation for all to occur in 2022 could have been avoided.

Homebuilders are working hard to bring housing inventory to market, but the shortage in housing supply isn't going away in 2022. Even working out supply chain issues would not be enough to meet the current demand. Rising [mortgage rates](#) to open the year haven't done much to deter purchase activity even with home prices continuing to hit record levels. Many homeowners refinanced into near rock-bottom [mortgage rates](#) over the last couple years, which has served to keep existing home supply low. There is optimism for lenders that people will tap out their home equity to upgrade, COVID migration will continue, and Millennials will "pour out of their parents' basements" in 2022. The average amount of time that someone lives in a home has now risen to nearly 11 years.

Today's main event will likely be Fed Chair Powell's testimony and Q&A for his renomination hearing before the Senate Banking Committee. Separately, Kansas City Fed President George will speak on the outlook and monetary policy. On the data front, the NFIB Small Business Optimism Index for December led off the calendar (98.9, a non-event). The only other data point of note will be this afternoon's auction of \$52 billion 3-year notes. The Desk will purchase up to \$3.7 billion of conventional MBS and two operations in Treasuries (totaling \$6.1 billion). We begin the day with Agency [MBS prices](#) unchanged and the 10-year yielding 1.77 after closing yesterday at 1.78 percent.

Correspondent products & services

On Jan. 5, the Federal Housing Finance Authority (FHFA) announced substantial loan-level price adjustment changes for certain loan scenarios. As outlined in the [FHFA's announcement](#), these changes aim to improve capital ratios while supporting the government-sponsored enterprises' mission to facilitate equitable and sustainable access to homeownership. Black Knight's Jim Glennon, VP of hedging and trading client services, assesses these changes and how they will affect lenders and borrowers in a recent blog post. We invite you to check out this informative piece, which examines the two loan scenarios impacted and steps lenders can take for success. Don't miss this timely opportunity to learn more about the FHFA's new guidance before it takes effect on April 1. [Read the blog post](#).

As a top-performing bank in the nation*, [Northpointe Bank](#) Correspondent Lending provides tailored solutions to maximize your profitability and help your business grow. Northpointe's market leading programs give you the competitive edge to retain top sales talent and reach more borrowers. Superior portfolio products include options for [medical professionals](#), [investment property owners](#), [home renovators](#), and [self-employed borrowers](#). As your investor conduit to the capital markets, at Northpointe everything we do is focused on you. Start the New Year on the right track by partnering with Northpointe and accessing the most expansive product suite in the industry. Learn more about our programs, streamlined funding process, and our client focused approach by emailing [Correspondent Sales](#). Warehouse financing for all Northpointe Correspondent programs is available through Northpointe Bank's warehouse program. Please contact [David Christel](#) for more information. * *S&P Global Market Intelligence ranked Northpointe number eight best-performing bank in the nation for 2020.*

"Complement your automation roadmap with Zoral's plug n play Warehouse Line Clearing Automation. Our out of the box, AI powered solution currently supports 50 different investors (including FNMA, FHLMC and GNMA) as well as 25 warehouse banks. Warehouse Line Clearing Automation eliminates every manual task associated with purchase advice acquisition, LOS data entry, reconciliation of expected and actual values, accounting system preparedness, warehouse line clearing and automated notifications. A reporting dashboard is included. Zoral's Automation Platform is a cloud-based platform that provides everything needed for true AI powered automation. Contact [Peter Sandler](#) for a demo."

TPO, lender and broker products & services

Two of the most popular resources buyers used when looking at financing their home in 2021 were search engines (41%) and real estate websites/apps (40%), according to the recent Zillow Group Consumer Housing Trends Report. Advertising your live mortgage offers to online marketplaces is a great way to gain additional borrower visibility and connect with more high-quality leads, including first-time home buyers who are looking for a trusted advisor to assist them in financing their new home purchase. **Mortech**, a Zillow Group business, has the largest reach across mortgage marketplaces including recently integrated **BestMoney**, plus several others. Grow your business in 2022 by pushing your live mortgage offers to the industry's top online marketplaces. For more information call 855-298-9327 or email Mortech's Senior Partner Relationship Manager, **Mike Russell**.

Daily AI, which provides automation solutions for mortgage lenders and enterprises, announced that it acquired Whiteboard CRM. This acquisition will enable Daily AI to continue its significant market share expansion and pursue its mission of empowering mortgage professionals to increase performance. "The Daily AI team is looking forward to partnering with Whiteboard," said Spencer Dusebout, co-founder, and CEO of Daily AI. "With the combined power of our sales, development, product, marketing, and customer success teams, we will be an unstoppable force in the mortgage lending industry to create automation and AI-driven products and services of significant value to our customers." Powered by industry-leading automation, Daily AI empowers mortgage professionals to increase ROI with its suite of intelligent solutions. Daily AI enables lead conversion, in-process loan management, and database marketing with its all-in-one platform. Get to know Daily AI with [a free demo](#).

The **FeeWise™ Disclosure Automation System** integration with ICE Mortgage Technology™ creates a revolutionary combination for lenders. Retail channels access FeeWise through Encompass® or Encompass LO Connect™ and wholesale / non-delegated channels through Encompass TPO Connect™. The solution provides an intuitive and contemporary end user experience combined with rich features like a highly customizable fee itemization, settlement service provider management and compliance test results. Lenders benefit through improved operational efficiency, reduced fee tolerance cures and the opportunity to grow market share. Join progressive companies like PRMG, Sprout Mortgage and Plains Commerce Bank who have experienced remarkable gains by implementing FeeWise. [Watch this 60-second video](#) to learn more and email info@mortgagecto.com to schedule a live demonstration.

"Mortgage lenders today are all trying to find cost reduction strategies and streamline processes using automation. At Sutherland, we partner with our clients to create operational flexibility, ROI, and digital process implementation. As an experienced Business Process Transformation company, our global reach enables us to reduce costs while aligning the right mortgage specific resources that are experienced in Processing, Underwriting, Closing, Post-Closing and Quality Control support. Whether you are looking to reduce cycle times or increase your quality assurance scale, Sutherland is here to achieve your goals. *To schedule a quick meeting at MBA's IMB Conference, email **Neil Armstrong, AMP**.*"

2022 is quickly shaping up to be the year that mortgage lenders take the next step in digitizing their conventional origination processes. With an updated Disclosure Desk, Hybrid eClosing with integrated eNotes, white-labeled iOS and Android mobile apps, and native eSign solution, **Floify**, the industry's most customizable point-of-sale platform, is poised to help them do just that. Now lenders that partner with Floify can deliver a dynamic and secure end-to-end borrower experience that takes place almost exclusively online, a key to winning business and providing high-touch service in today's environment. To see how this powerful platform can accelerate your company's digital transformation, [click here to request a personalized demo!](#)

"As a market leader, **Accenture** partners with top servicing companies to break the boundaries of what typical Operations can enable. For example, we partnered with a major sub-servicer to modernize loan boarding at a massive scale. Client Challenge: Manual, human-intensive activities on 1B+ data points per year, robust business rules and quality control requirements, and complex processes and multiple systems. How We Helped: We brought our 'human+machine' talent augmented by cutting-edge technologies to unleash transformational value quickly, and our innovative services leveraged new AI Tool that sits on top of the client's servicing platform to digitize data from documents and automate tedious stare/compare/update activities, rules-based workflow to streamline work, custom UI to optimize the exception process in fewer clicks, and dedicated, offshore teams to handle exceptions. Key Outcomes: 50% faster cycle time, 40% more efficiency, and 90% reduction in manual effort. To learn more about Accenture's unique servicing capabilities email **John Sarris** today!"

Today's good mood is sponsored by the global beverage of choice...COFFEE! Did you know many coffee plantations are harvesting their beans this month? Although harvesting times vary by region, there is only one harvest per year. As the saying goes, "What you plant today, you harvest tomorrow." Implementing a robust vendor management program will mitigate any future strategic, reputational, operational, transactional, and credit risks. The following best practices will help ensure a good harvest: Reviewing The Financial Strength of Third-Party Vendors. This includes reviewing legal contracts, reviewing operational strategy, reviewing physical and data security, and reviewing regulatory/compliance. To learn more about vendor oversight best practices and ensure a quality harvest this season, [schedule a meeting with MQMR](#). Hurry, grab your favorite cup of coffee and enjoy this new whitepaper, [Fintech Vendor Management: managing the risks](#)

presented by fintech vendors.

John asked his wife Mary what she wanted for their 40th wedding anniversary.

"Would you like another diamond ring?" he asked.

"No" she responded.

"How about a new vacation home?" He asked.

"No" she responded again.

"I know, how about a luxury 1st class trip around the world?" John asked.

"No thanks" Mary replied.

Frustrated, John followed up with "Well what would you like then?"

"A divorce" Mary said.

John thought about it a while and then answered, "Sorry dear, I wasn't planning on spending that much."

(Market data provided in partnership with [MBS Live](#). For free job postings and to view candidate resumes visit [LenderNews](#). This newsletter is for sophisticated mortgage professionals only. There are no paid endorsements by me. For up-to-date mortgage news visit [Mortgage News Daily](#). For archived commentaries, or to subscribe, go to www.robchrisman.com. Copyright 2022 Chrisman LLC. All rights reserved. Occasional paid job & product listings do appear. This report or any portion hereof may not be reprinted, sold, or redistributed without the written consent of Rob Chrisman.)

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