

Processing, Dashboard, CHLA Priorities; Comp Study; The Changing Face of the Fed

By: Rob Chrisman | Fri, Jan 14 2022, 11:15 AM

It's Friday, things have slowed down a little bit, and I appreciate you taking a break from Wordle to check out today's Commentary. Here's a riddle: What's bad when it is down, just right when it's a little, and bad when it is too much? Answer: inflation. Inflation is really getting out of hand... That's my three cents. The math is simple: *if you're earning 0 percent on your savings, the boss gave you a 5 percent raise, but inflation is 7 percent, you're losing ground.* Or perhaps the price is the same, but the size of your Egg McMuffin, Domino's wing order, or toilet paper roll has shrunk: same thing. Sure you can use small amounts of your savings to cover up expenses like higher gasoline prices, but eventually it catches up. The labor markets are tight, demand remains elevated, and the effects of Covid are highly uncertain. Investors demand a higher yield, and the demand for cash increases as companies need to borrow. The nominee for Vice Chair of the Federal Reserve, Lael Brainard, told Congress that the fight against inflation is the central bank's "most important task" as it shifts gears towards tighter monetary policy. "Inflation is too high, and working people around the country are concerned about how far their paychecks will go... High inflation hurts workers and families, especially the most vulnerable. Our monetary policy is focused on getting inflation back down to 2% while sustaining a recovery that includes everyone." (Today's audio version of the commentary is [available here](#). This week's is sponsored by [SimpleNexus](#), and today's features and interview with Ben Miller, Co-Founder of Simple Nexus, on what the company has been up to recently between acquisitions and new products.

TPO, Lender and Broker Products

The Community Home Lenders Association (CHLA), which represents small and mid-sized IMBs, released its [Policy Priorities for 2022](#). A top priority is pushing back against regulatory creep, which hurts smaller IMBs. In 2022, CHLA will continue to take the initiative to oppose the extension of CRA to IMBs. CHLA will also press the CFPB to never use "regulation by enforcement" (which is especially harmful to smaller IMBs) and to strictly adhere to Dodd-Frank requirements to tier supervision by lender size and volume. CHLA is also renewing its call for full SAFE Act parity. Another key CHLA priority is access to mortgage credit. For FHA, this means ending Life of Loan premiums and cutting annual premiums. For Fannie and Freddie, CHLA is calling on FHFA to extend G Fee parity to MI pricing and to continue to reject actions like the suspended PSPA caps that arbitrarily reduce the GSEs' footprint.

Don't let the name Tiny Meecker fool you. Neither tiny nor meek, [50-year-old Meecker broke the bench press world record when he lifted 1,125 pounds](#) at the 2021 IPANational Powerlifting Championships. I'm sore just thinking about it! Even if you can't powerlift half a ton, you can still achieve powerful lift to loan volume with the right tools and strategies. To find out how, join Sales Boomerang's Alex Kutsishin and Transformational Mortgage Solutions' David Lykken as they discuss purchase market-crushing tools and strategies with industry heavyweights Katherine Campbell of Assurance Financial and Michael Guidotti of American Pacific Mortgage on January 20 at 12 pm ET. Get a strong start to 2022 by [registering for the free webinar today](#).

New ebook: Learn how to future-proof your lending business against 2022's challenging market. This year, local lenders will face unprecedented competition and shrinking margins as the market evolves. To remain profitable and survive, lenders need to develop forward-thinking tactics at each step of the loan manufacturing process. Digital mortgage solutions provider [Maxwell](#) just published this free ebook to help small and midsize lenders prepare their operations for challenges to come. Featuring insight from exclusive interviews with 4 industry veterans holding 20+ years of mortgage experience each, this ebook will help you develop a business roadmap for success. Want to arm your team with knowledge, data, and market insight from the minds of tenured mortgage insiders? [Click here](#) to download Maxwell's free ebook "Future-Proof: Industry Insight to Help Local Lenders Thrive in 2022 and Beyond."

Do you have the business intelligence and comparative benchmarking to optimize your business in 2022 and beyond? Make 2022 the year to step up your game with [Richey May's RMAalyze](#), business intelligence designed by and for mortgage industry experts. RMAalyze consolidates data from every department and every piece of software you use. It provides just the right reporting from the C-suite to the front line, all within an intuitive platform to build visually engaging reports on key indicators. Bonus: our analysts have deep mortgage experience, so you don't need to train us on your business. Don't wait any longer to set up the reports you needed yesterday. Cross-functional data. User-friendly dashboards. Real-time analysis. Contact us today for a walk-through and custom implementation plan.

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Capital Markets

Rates are on the rise over time, which has huge implications for the refinance candidate population. Mortgage rates surged higher in yesterday's Primary Mortgage Market Survey from Freddie Mac, with the average 30-year fixed rate up 23 bps to 3.45 percent, the highest in almost two years. That cuts the number of high-quality refinance candidates around 7 million, down from about 11 million at the end of December, and from as high as nearly 20 million in 2020. The last time the population was this small was back at the start of November in 2019, when rates were around 3.75 percent. However, together these 7 million candidates could benefit from an aggregate potential monthly savings of nearly \$2 billion, or about \$273/month per borrower.

The bond market is closed Monday for the holiday, but was open yesterday (and today) and mortgage-backed security and Treasury prices rose, pushing yields down slightly despite the dwindling Fed support. We saw more Fed speakers, including known "doves," joining colleagues in talking much more hawkishly as of late. (Those who believe inflation is running too hot and want stimulus removed from the economy are called inflation hawks; Those who believe growth is lackluster and want stimulus in the economy are called doves.) **The expectation is now that four rate hikes are more likely** than three this year.

The Fed may be getting a diverse makeover as President Biden fills out the ranks of a seven-member panel that wields much influence over the world's largest economy. Absences from Yellen, Clarida, and Quarles need to be filled. Fed Governors are appointed by the president and confirmed by the Senate for staggered 14-year terms, while the Fed Chair and Vice Chair serve four-year terms. You may be seeing the names of Sarah Bloom Raskin, Lisa Cook, and Philip Jefferson in the press in 2022. For some or all of the nominees, prepare for opposition during confirmation hearings in the Senate, where Democrats and Republicans each hold 50 votes. Vice President Kamala Harris can provide a 51st Democratic vote to break ties in party-line disagreements, but only if all Democrats approve of someone the entire GOP opposes.

Yesterday also saw a cooler than expected PPI report for December, owed to a plunge in the price of oil in late November that has since risen, meaning any savings will prove to be temporary. There weren't many notes of hope in the details when it came to deciphering the future of inflation and there were no serious surprises, which explained the minimal reaction in both stock and bond markets. The NY Fed Desk released its **upcoming two-week MBS purchase schedule**. It totaled \$70.9 billion in buying, with \$50.9 billion in paydowns and the tapered \$20 billion SOMA increase that will decrease to \$10 billion in the next estimate.

Although the Fed's path is pretty much set, economists will check out today's packed calendar of scheduled releases. We've seen December retail sales (-1.9 percent, quite a shortfall) and import/export prices (-.2 percent on import prices). Later this morning brings industrial production and capacity utilization for December, November business inventories, and preliminary January Michigan sentiment. **Two Fed speakers are scheduled, Philadelphia's Harker and New York's Williams.** Ahead of the MLK Holiday weekend we begin the day with Agency MBS prices worse a few 32nds and the 10-year yielding 1.72 after closing yesterday at 1.71 percent after the very week retail sales figures.

Employment

Berkshire Bank, headquartered in Boston, MA, a purpose-driven community bank with locations primarily in New England and New York, is seeking a Senior Mortgage Underwriting Professional to help support our growing and expanding mortgage lending operations. Candidate must have extensive experience underwriting to secondary market standards and knowledge of government lending with a DE certification. Candidate must be versed in correspondent underwriting and lending practices. Must have strong communication and interpersonal skills, be detail oriented, and have strong analytical skills with a focus on customer service. A minimum of 5+ years of real estate secured underwriting is required. Qualified candidates located in Rhode Island can apply [here](#) and for any inquiry, please email Stephanie Reussig.

Looking to grow your book of business? According to NRMLA, there are 24M seniors with \$7T in home equity in the U.S. today. Many have a desire to stay in their homes, provide in-home care for a spouse, or simply afford a decent retirement lifestyle. The demand for reverse mortgages is starting to explode. Now is a great time and opportunity to add the reverse mortgage product (HECM) to your toolbelt and **American Advisors Group** (AAG, NMLS# 9392) needs qualified reverse and traditional loan officers to help with this demand. Our national advertising campaign featuring Tom Selleck drives AAG's brand awareness and pushes a high volume of quality leads to our loan officers. Our amazing fulfillment teams free up our loan officers to do what they do best: sell! Bonus? The compensation potential is incredible. If you are planning your next move or would like to hear more, email Scott Timmons or call 818-472-6535.

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Due to its continued Direct to Consumer and Call Desk growth, Southern California's **Sovereign Lending Group** is hiring for **sales**, **marketing**, and **lock desk** positions.

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