

Fee Collection, MSR Acquisition Tools; Deep Dive into Recent Rate Moves; Capital Markets

By: Rob Chrisman | Mbn, Feb 14 2022, 12:14 PM

Sometimes, someone unexpected comes into your life outta nowhere, makes your heart race, and changes you forever. We call those people cops. (Where did you think that was going?) There are always riddles and surprises out there ([find the heart](#)), but one is not originators helping borrowers create wealth through leverage and tax savings. Lenders are, in one sense, in the business of creating wealth. Whether it is helping someone buy a home that will appreciate over the long term, or helping them save money through equity or on taxes. Rates have moved higher, as we knew they would. But there's still [\\$10 trillion in untapped, much of it tappable equity](#) in the U.S. Housing Market. Some estimates suggest \$5 trillion since the pandemic began. Not all this can be converted to cash or used to pay off debt, of course. Credit card debt is back above \$1 trillion as stimulus checks have dried up. Delinquencies are down, active foreclosures are down. It is still a great time to be in our business! (Today's audio version of the commentary is [available here](#) brought to you by [SimpleNexus](#), an nCino company and award-winning developer of mobile-first technology for the modern mortgage lender. Today's includes an interview with Curinos' John Sayre on recent industry trends in ARMs, jumbo loans, and HELOCs/cash-out refinances.)

Broker and Lender Services and Products

"[Northpointe Bank Warehouse Lending](#) is pleased to announce our new integration with ICE Mortgage Technology's TM Encompass Loan Origination System (LOS). Loan delivery from the Encompass pipeline to Northpointe will allow our clients to fund loans without navigating outside the LOS and automates the receipt of data elements and documents uniformly. Northpointe Bank has always maintained a strong focus on technology, which helps to enhance our partnerships with lenders and stay ahead of the fast-moving improvements to our industry. With this in mind, Northpointe Bank Correspondent Lending is rolling out an Encompass Investor Connect integration in the second quarter. Northpointe's Warehouse Program was developed to reach all segments of the mortgage industry. We are a true relationship lender focused on assisting clients seeking their first facility, a replacement facility, or just in need of additional capacity. For more information on Northpointe Bank Warehouse Lending, contact [Ashley Lockaby](#), Director of Warehouse Lending."

When was the last time you reviewed the basics of hedging and risk management to protect your margins and profits? Given the recent market volatility, hedging best practices should be assessed to understand risks and avoid surprises. Join industry experts from Optimal Blue, a division of Black Knight, on Wednesday, Feb. 16, for a discussion on the current state of the market, common hedging challenges, and recommendations for success in any market environment. [Save your seat](#) today for this timely and informative webinar.

LOS + CRM = L for [LoanMAPS](#)! LoanMAPS checks all the boxes off your forever LOS checklist. So get ready to fall in love with LoanMAPS and ditch your expensive FinTech stack. Cloud-based LoanMAPS, a fully integrated digital processing and underwriting system, will eliminate your need for a POS, a LOS, a CRM, report writer, income calculator, and more. Do you know your costs of your full-time employee? Does your Fintech truly improve their process and reduce your cost to close? LoanMAPS does. With LoanMaps you can have confidence in entry level mortgage bankers closing in no time! "LoanMAPS is not about replacing people, but about using technology to its fullest potential so that your employees can reach theirs." [Take3Tech](#)! Happy Valentine's Day from LoanMAPS and Take3Tech. [Swipe right](#) on LoanMAPS.com to schedule our date today.

The [Freedom Mortgage Wholesale Division](#) is heating up! Now offering up to a (0.625) improvement in VA & FHA FICO-based LLPAs. Plus! A (0.375) improvement on Conventional loans from \$400-\$499k and a (0.500) improvement on \$500k+ Conventional. That's \$3,000 on a \$600,000 loan! To learn more, check our rate sheet or email [Freedom Wholesale](#) to have an Account Executive contact you.

After a few wild weekends of NFL football, including last night's big game (sorry football lovers, today is still not a holiday!), it's time to get back to business... Which may be just as wild! But don't worry, [Computershare Loan Services \(CLS\)](#) has you covered! Meet up with the CLS team at Southern Secondary in Houston (Feb 21 – 22) and at MBA's Servicing Solutions Conference in Orlando (Feb 22 – 25) to hear the benefits of tapping into CLS' servicing solutions, origination's fulfillment services, MSR acquisition program, and mortgage cooperative. And, CLS' Dave Vida, EVP of Enterprise Sales, will discuss the latest issues in servicing at the Servicing Solutions Conference Super Session on February 25th. If you're not quite ready to catch him in person, contact Dave and the team at Computershare Loan Services to learn how CLS can help your business succeed in this unpredictable environment.

Upfront fees. Everyone does them the same way and they're always a disaster. Loan Officers capture credit card numbers on forms and someone in operations then keys them into a card processor and manually updates the LOS. Upfront fee collection is the poster child of inefficiency. How about this instead... The loan officer clicks a button, the borrower gets a text message with a link, and pays the fees on their device. The LOS is automatically updated and the receipt uploaded to the eFolder. No more declines. No more incorrect card numbers.

No more PCI compliance issues. It's called [Fee Chaser by LenderLogix](#), and it's how the most efficient lenders collect their fees. Check it out [here](#).

"Do you have the compensation to attract and retain top talent? Find out with Richey May's 2021 Independent Mortgage Lender Compensation Survey. It's relevant, covering over 150 mortgage banking job titles, so you get data directly related to your specialty. It's dynamic, displaying the data on an interactive dashboard that lets you drill down into compensation data in local markets, not simply national averages. It's convenient: Just send us your payroll data files, and we extract what we need. It's affordable: We cover the full range of compensation data and keep our fees competitive. [Sign up on our website today](#). Looking to gain efficiencies and replace the need for more headcount? Check out [RMAnalyze](#), business intelligence designed by and for mortgage industry experts, and [RMAutomate](#), powered by [Zoral](#), an end-to-end intelligent automation solution that streamlines your operation from lead generation to post-closing."

Free new ebook: The Future of Secondary Market Trading for Local Lenders, featuring insight from industry experts with 25+ years of capital markets experience. Today's competition and changing market trends are daunting—but they're not insurmountable. For local lenders, the secondary market provides a prime opportunity to pursue better margins, more competitive rates, and increased profitability. And yet for years, technology-driven secondary market solutions haven't catered to small and midsize lenders. Luckily, that trend is changing, with new offerings now available that enable unprecedented access to the secondary market. Dive into this new ebook from mortgage solutions provider [Maxwell](#) to learn how partnering in this area can help you generate world-class results, allowing you to compete with the industry's largest players. [Click here](#) to download Maxwell's latest ebook, The Future of Secondary Market Trading for Local Lenders.

M&A: 2022 Will be a Big Year

We can expect large lenders and vendors to grow larger this year, much of the growth coming from mergers and acquisitions. The latest example...

Who is Romulus? [Perseus Group](#)? Constellation Software? One piece of the conglomerate, [Constellation Mortgage Solutions](#), acquired [ReverseVision](#), a provider of Home Equity Conversion Mortgage (HECM) and private reverse mortgage sales origination software. The acquisition includes ReverseVision's core platform, ReverseVision Exchange as well as RVDOC Composer, providing customized and compliant reverse mortgage documents, and ReverseVision Sales Accelerator which includes advanced loan modeling and comparison tools. ReverseVision's comprehensive reverse mortgage platform and HECM products leverage integrations and APIs that open the total addressable market to allow its users to originate reverse mortgages alongside their traditional lending portfolios, creating seamless lending experiences and expanded opportunities. The acquisition of ReverseVision marks CMS's second in the mortgage space, following the acquisition of LOS and LSS provider, Mortgage Builder in 2019. Terms of the deal were not disclosed.

Secondary and Capital Markets

Anyone wanting some bond market volatility, for whatever odd reason, got it on Friday. Treasuries reversed course from the selloff over the prior part of the week to rally as many investors sought safety, fleeing stocks in favor of Treasuries and MBS. The move came after PBS reported that U.S. officials believe that a Russian invasion of Ukraine is imminent, though that report was contradicted by the U.S. National Security Advisor. What can be agreed upon is that we are seeing the flattening of the yield curve as the market is predicting aggressive Fed rate hikes will stifle future economic growth. The 2-year Treasury note yield rose 20 basis points last week while the 30-year Treasury bond yield rose only 3 basis points for the week.

When it comes to the Fed, the question isn't when, but how much, it will hike the overnight Fed Funds and Discount rates. As Bloomberg says, "Contrary to what many people seem to believe, the Fed doesn't have a magic wand to bring down inflation quickly and painlessly. It can't unclog the ports, procure more semiconductors, or persuade millions of Americans who have dropped out of the labor force during the pandemic to return to work. Its tools (interest-rate changes plus purchases and sales of financial assets) can directly affect credit conditions in the economy, but these changes affect prices and wages only indirectly, and do so gradually over a considerable time period. What the Fed does have the capacity to do fairly quickly, if it gets things wrong, is crash the housing market, the stock market, and the economy. Powell and his colleagues remain in an unenviable position. And the task they are facing just got harder."

Wall Street now firmly expects a half-point hike in the federal funds rate at the next Fed meeting in March, which would be the biggest single increase since 2000. There has even been speculation that Fed Chair Powell and his colleagues might enact an emergency rate bump before then. Markets have priced in the Fed raising rates a whopping seven times this year to contain inflation, up from the five increases it previously anticipated before the January CPI report. That's a 25-basis point hike at every meeting left on the calendar this year. Traders also expect 175 basis points of tightening by the end of 2022, largely to stem inflation.

Speaking of which, the headline story last week was the January CPI report that showed the highest year-over-year inflation since 1982, at

7.5 percent. Back then, 30-year [mortgage rates](#) were north of 17 percent. Rising costs of food, electricity and shelter caused the lion's share of last month's spike. Previously, higher prices had been largely confined to physical goods, such as cars and furniture, but have now spread to the much larger services sector, which makes up about three-quarters of the economy. There is still more inflation data, February CPI and hourly earnings in the February jobs report that may influence Fed voters.

All this talk of inflation is certainly impacting consumer sentiment. Consumer sentiment reached its worst level in a decade in February, according to the University of Michigan's Consumer Sentiment Survey. Sentiment fell 8.2 percent from January and 19.7 percent from a year ago. Consumers now see purchasing power soon exacting a cost from the nation's strong economic rebound. A downturn in consumer spending would not be good for an economy that derives close to 70 percent of GDP from consumer spending. In addition, fewer households cited rising net household wealth since the pandemic low in May 2020, largely due to the falling likelihood of stock price increases in 2022.

On Friday afternoon the NY Fed released a new MBS purchase schedule covering the February 14 to February 28 period as well as announced the MBS purchase estimate for the February 14 to March 11 (total \$52.8 billion, as expected, consisting of the remaining \$10 billion in monthly SOMA increases in addition to \$42.8 billion in paydowns). The new schedule averages \$2.8 billion per day with 30-year 3.5 percent and 15-year 2.5 percent added to some days. Today's schedule sees the Desk in conventionals for up to \$2.6 billion across 15-year 1.5 percent and 2 percent and 30-year 2.5 percent and 3 percent.

The likely highlight of this week's calendar could very well be Wednesday's release of the minutes from the January 25/26 FOMC meeting. Besides the Fed minutes, we also receive updates on retail sales, wholesale inflation, import prices, industrial production / capacity utilization, business inventories and the NAHB Housing Market Index. With only Treasury bill auctions and no economic release of note on the calendar today, we begin the week with Agency [MBS prices](#) worse .125-.250 from Friday (on technical dynamics) and the 10-year unchanged, yielding 1.96.

Careers and New Hires

"Are you feeling unsure of your future with the market shifting? In times like these, consistency and continuity are critical. That's what we have at [New American Funding](#). Our company has had a strong foundation since 2003. Our fundamental elements include a core mission, values, and a passionate team. Come join us at New American Funding, where we have stability and expertise across the nation. Our Senior Retail Sales Leaders have an average tenure of 8 years with New American Funding and help guide our team in times of triumph and times of uncertainty. Learn from leadership who helped build the company from the ground up and have decades of origination experience. Transparency and vision from our executives provide clarity, which leaves our entire team feeling empowered. Interested in joining the team? Contact SVP, Recruiting & Business Development, [Brooke Anderson](#) today! (609) 500-1520 EOE."

Want to work for the FHA in Philly? There are [three underwriting positions](#) paying upwards of \$112k per year. Job duties include determining consistency of the conclusions by comparison with other conclusions reported in similar cases recently processed... Provide telephone and written guidance and technical assistance to DE Underwriters, as a result of case evaluation and analysis. Or up to \$134k per year as a [Senior Single Family Housing Specialist](#), performing reviews and analyzing reports from onsite reviews of Title I and Title II lenders to determine compliance, investigate and gather evidence for use by either branch, Division and/or HUD Headquarters in administrative proceedings, civil cases and criminal referrals. Or make \$176k being a [Director at the Homeownership Center](#) in Philly or Denver identifying problems and trends and develop appropriate corrective strategies, interpreting regulations, policies, and procedures, and identifying resource needs and upon receipt of annual budget, identify, manage, and use resources.

Congratulations to [Shelley Duffy](#) who has joined [Incenter LLC](#) as SVP, Enterprise Sales where she will be introducing C-level mortgage banking executives to Incenter's solutions, services and technologies for improving operational performance.

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