

Secondary, DSCR, Broker Products; Fannie and Freddie Updates; What's the CDFI Program?

By: Rob Chrisman | Wed, Feb 16 2022, 8:48 AM

Things change and time passes. A little more than three months ago we “fell back” and now we have less than a month until most states in the U.S. change their clocks again (spring ahead). Less than two months ago, Ohio’s Community Savings Bancorp was purchased by Double Bottomline Corp., led by Evan M. Stone, President and CEO, and by rumored other entities in residential mortgage banking. Evan’s a good guy, likes being busy, and likes making a profit, so why not be the Co-founder and CEO of Champions Funding LLC TPO along with New American Funding’s Rick and Patti Arvielo? “As a Community Development Financial Institution, Champions Funding LLC is an institution that provides non-traditional access to mortgage financing... We are able to empower the dreams of diverse homeowners and fulfill our mission of serving underserved communities!”

Hey, profit margins for CDFI loans are rumored to be near five points! Think Quontic, an “Adaptive Digital Bank.” “As a U.S. Treasury certified CDFI, Quontic’s mission is to provide non-traditional prime mortgage financing to low-income households, small business owners, immigrants, and other diverse borrowers. We base our underwriting decisions upon character, credit, equity, and the borrower’s overall circumstances.” Lenders of all types are being squeezed, even Consumer Direct, and especially wholesalers: Hometown Equity Mortgage, aka the Lender, sent “due to unforeseen market conditions, will be unable to honor locks on NONI Business Purpose Loans locked on or prior to 2/4... you will have to relock on or after 2/15 at current market.” Interesting.

Broker & lender services and products

If you haven’t already registered for XINNIX’s free webinar, “What It Takes To Be Successful in Selling – Part II”, happening today at noon ET, there’s still time to [reserve your seat](#)! Sales veterans, Michael “Go-To” Norton (XINNIX President) and Michael Altshuler (Keynote Speaker and Sales Expert at Altshuler International) will cover five “ifications” from Norton’s book, *The Ifications of Selling*, and will share their unique perspectives and the insight that they’ve gained from more than two decades each working in sales and leading others to high levels of performance. [Register now](#)! If you would like to learn more about the next event to help you grow your business or receive a recording of today’s session, [schedule a call](#) with a XINNIX associate today.

Did you know that the world’s first bobsleigh club was founded in 1897 in St. Moritz, Switzerland? The U.S. Women’s Bobsled Team has won medals at every Olympic Winter Games since women’s bobsled debuted 20 years ago. Let’s see if they can keep the winning streak alive during today’s games! Orion offer investors a medal worthy business cash flow product, that now includes 100% gifts allowed up to 80% LTV with no LTV reduction or minimum borrower contribution. Orion conducts Non-Agency Program Overview Training on Titan DSCR for Broker Partners every other Thursday! To view the complete calendar, please [click here](#). New Brokers can be Express Approved, meaning you can start submitting loans by the end of the day. And if that wasn’t enough, New Brokers receive a 15 BPS Price Special. [Click here](#) to become approved with Orion!

68% of loan officers say that talking with their peers helps them continually improve. Join the conversation! Check out the [2022 Loan Originator Survey Report](#) from MGIC and Loan Officer Hub, where you’ll find insights from successful loan officers on marketing, social media, referral relationships and more. [Download the report](#) and hear what LOs had to say about their activities, challenges, and successes during this past unusual year!

Candor’s Autonomous Intelligence makes complex decisions with no human assist. “Candor is real AI. It has automated the capabilities of an underwriter,” said Shane Osborne, Hallmark Mortgage. With Candor you can banish Margin & Capacity worries. By programming underwriter expertise, Candor’s AI technology makes a 1 UW touch on 70% of loans reality. >1,100 data cross checks identify data mismatches. One-of-a-kind ability to scrutinize information for integrity issues. A 49,000-defect resolution gauntlet to identify and resolve data and information defects. Decisions are warranted. 63 happy clients. It’s hard to think of a reason to not contact Candor for more information. [Calculate your added profit here](#).

“At Richey May we dig in and go deep. We have been focused on the mortgage banking industry for over 35 years. It’s where we came from and it’s what we know. This singular intent has created a full suite of services and products designed specifically for mortgage banking leaders by people who truly know the ins and outs of your operations. Our goal is to equip mortgage leaders with the best, whether that means you are utilizing our game-changing platforms or utilizing our experts as an extension of your team, so you can accomplish your goals more easily and stay ahead of the curve. From audit and tax to accounting services, cybersecurity to intelligent automation, and business intelligence, we have you covered. [Contact our experts today](#) to learn more about how we can help you reach your goals.”

Deephaven's DSCR loans help new and seasoned real estate investors compete for properties and build their portfolios. The purchase market remains highly active as homebuyers gobble up properties, often within hours of listing. Non-QM lender Deephaven's DSCR program helps real estate investors compete! A DSCR (Debt Service Coverage Ratio) loan relies on a property's projected rental income to cover monthly loan payments. No borrower income verification necessary, making a DSCR loan an option for new and seasoned investors, as well as foreign nationals. Applicable to warrantable and non-warrantable condos, 2-4 unit and single-family homes (long-term or short-term rentals) with loan amounts up to \$2,000,000 and LTVs up to 80%. Investors can also use a Deephaven DSCR loan to refinance and take cash out of portfolios to acquire additional assets. Deephaven's more flexible in-house underwriting and fast response times are the real secret sauce. Want to know more? Contact info@deephavenmortgage.com.

Fintech is here to stay! It is no secret that fintech companies have had the opportunity to alter financial institutions by streamlining processes, cutting costs, and mitigating risk more efficiently. Establishing strong fintech, vendor partnerships will go a long way when building a process that can adapt and be flexible with your growing business, but don't get too comfortable. You're still responsible for the actions of your fintech vendors and must ensure they adhere to regulatory requirements and cybersecurity best practices. MQMR's new [Fintech Vendor Management Whitepaper](#) will educate you and give you tools on how to perform effective oversight of your fintech vendors. Contact MQMR today. "It's what you do right now that makes a difference." (Black Hawk Down)

Capital markets & pricing products

As the mortgage industry's top feline influencer, Myrtle doesn't have to be concerned with money. And for that, she thanks all of our readers for keeping her catnip well-stocked last year. [2021 was also a great year for our friends at Vice Capital Markets](#). Last year, Vice Capital set a new internal trade volume record, trading more than \$202 billion on behalf of its full-service clients. That's a lot of catnip!

What steps are you taking to position your business for success in today's volatile lending environment? According to the Optimal Blue Mortgage Market Indices, the 30-Year conforming fixed rate has increased by 60 basis points since Jan. 1, and refinance lock activity has decreased by nearly 45% over the past six months. As rates continue to rise, it's important for lenders to focus on purchase-money transactions. Optimal Blue's Competitive Analytics solution gives lenders access to extensive lock data from the Optimal BlueSMPPE – the industry's most widely used product, pricing, and eligibility engine. Leveraged by 62% of the top 50 lenders, this data includes highly granular rate, price and margin comparisons, with the ability to filter by business channel, MSA and many other loan characteristics. Contact [Optimal Blue](#), a division of Black Knight, to learn how Competitive Analytics can help you boost profitability in today's dynamic mortgage market.

Agency moves

Currently under U.S. Government conservatorship (remember when we'd talk about that ending?), and overseen by the Federal Housing Finance Authority (FHFA), the Federal National Mortgage Association (FNMA, or Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC, or Freddie Mac), GSEs, make changes that impact the primary markets and secondary markets. And rightly so, given the majority of home loans pass through their system. Let's see what's up.

First, a sign of private mortgage insurance company health: [Radian announced plans to return additional capital to stockholders](#) through an increase in quarterly dividend (43 percent% to \$0.20 per share) and a \$400 million share repurchase program.

[CAMP issued a reminder regarding Fannie Mae Lender Letter \(LL-2021-14\)](#), which announced Temporary Requirements for Condo and Co-op Projects that impact the eligibility of certain condo and co-op projects.

[The Fannie Mae February Selling Guide update, Announcement SEL-2022-01](#) includes changes to allow desktop appraisals for certain purchase transactions, updates the HomeStyle® Renovation loan agreement, modifies certain time frames and processes for HomeStyle® loans, provides a loan-level price adjustment credit for HomePath® properties, simplifies documentation requirements for depository assets, clarifies reporting requirements related to anti-money laundering Bank Secrecy Act requirements and other Selling Guide updates.

[Fannie Mae updated LL-2021-03](#), Impact of COVID-19 on Originations, retiring the COVID-19 temporary requirements for borrowers with self-employment income. Additionally, Fannie Mae created a [job aid](#) to help track the status of COVID-19 temporary selling policies in one easy document.

Fannie Mae updated the Redesigned Form 1003/Desktop Underwriter® (DU®) MISMO V3.4 [Quick Guide](#) and [Top Trending Questions](#) for DU MISMO V3.4 based on recent questions received. Refer to these materials in preparation for the March 1 retirement of the legacy Form 1003 and DU format. [Check out the URLA timeline](#).

Fannie Mae published a research report looking at appraisal values of homes owned by Black and white borrowers in refinance

transactions as part of its ongoing commitment to help all homeowners receive a fair and impartial appraisal. Findings discussed in [Fannie Mae's Research Publication - Appraising the Appraisal](#) showed Black borrowers on average received a slightly lower appraisal value relative to automated valuation models, while homes owned by white borrowers were more frequently overvalued than homes owned by Black borrowers.

Effective March 1, AllRegs access will no longer be available from the Fannie Mae website. Find historical policy information on the policy archives page and stay updated on current policies by visiting the Selling and Servicing Guide Communications and Forms page and by using [Ask Poli®](#), [Fannie Mae's powerful search tool](#).

Quiet capital markets

And somewhat quiet on the Eastern Front this morning, and fears of a Russian invasion in Ukraine appeared to recede a little yesterday as Russia supposedly, depending on who you ask, withdrew some troops from the border and left the door open for more talks. After multiple U.S. media outlets spent the past few days claiming that an attack was imminent, the report led to an improvement in general sentiment in capital markets. Aiding the pullback in Treasuries was a hotter than expected producer inflation report, which jumped 1.0 percent month-over-month in January, double expectations. Inflation has yet to show any meaningful signs of abating. (On a year-over-year basis, the index for final demand was up 9.7 percent.) Elevated prices will either crimp profit margins or be passed onto consumers.

Mortgage credit availability decreased in January, according to the Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association (MBA) that analyzes data from ICE Mortgage Technology. A decline in the MCAI indicates that lending standards are tightening, and the index reached its lowest level since August 2021, due largely to rising [mortgage rates](#) and limited inventory.

Today's calendar contains the most market moving potential of the week with the minutes from the January FOMC meeting should give MBS market participants an idea of discussions relating to reducing the Fed's MBS portfolio including via potential sales. First up, however, was MBA mortgage applications which posted another dip, dropping 5.4 percent, as mortgage rate increases across the board last week hurt consumer demand. We've also received retail sales (+3.8 percent, +3.3 percent ex-auto!) and import/export prices for January (+2.0 & +2.9 percent, respectively). Later today brings industrial production and capacity utilization for January, business inventories for December, the NAHB Housing Market Index for February, a 20-year bond auction for \$19 billion at 1PMET, and the aforementioned minutes of the January 25/26 FOMC meeting. We begin the day, post strong retail sales figures, with Agency [MBS prices](#) "unch-ed a bunch" and the 10-year unchanged from Tuesday yielding 2.05.

College has been back in session for a while.

Dear Dad,

\$chool i\$ really great. I am making lot\$ of friend\$ and \$tudying very hard. With all my \$tuff, I \$imply can't think of anything I need, \$o if you would like, you can ju\$t \$end me a card, a\$ I would love to hear from you.

Love,

Your \$on.

Dear Son,

I kNOW that astroNOmy, ecoNOmics, and oceaNOgraphy are eNOugh to keep even an hoNOr student busy. Do NOt forget that the pursuit of kNOWLEDge is a NOble task, and you can never study eNOugh.

Love,

Dad

Employment & hiring

[Evergreen Home Loans™](#) defines its GROWTH conviction as empowering personal and professional success. The company is strengthening this commitment with recent noteworthy changes. Don Zender was promoted to President of Production and will continue to focus on loan production and market share while emphasizing an amazing experience for our loan originators, business partners and customers. Todd Miles, Executive Vice President of Loan Production continues to lead the company in growing production through the addition of new branches and new originators. In addition, Haavard Sterri was promoted to Chief Marketing Officer, managing all aspects of marketing including driving new business for Evergreen's retail and consumer direct channels. If personal and professional growth are important to you, check out the [Evergreen Careers page](#).

[New American Funding](#) has named Brooke Anderson as its SVP, Business Development and National Recruiting where she will oversee national retail growth.

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