

# Loan Sales, POS, CD, Jumbo Products; Rocket Earnings and Industry Changes; Capital Markets

By: Rob Chrisman | Fri, Feb 25 2022, 11:54 AM

Remember how you wished that the pandemic wouldn't be in the headlines every day? You got it! Unfortunately, it has been replaced by the Russian invasion of Ukraine, long discussed and now occurring, and we can all watch and follow along due to technology. Technology is flippin' amazing. I believe that, at any given time, there are approximately 60,000 people in the air over the U.S., and thank you to Orion's Jeremy S. for sending this live map of airplanes in the air anywhere in the world: look at the U.S. or scroll over and [check out the void over Ukraine](#). The number of people who remember "Talkies" gaining in popularity in the late 1920s is dwindling. (If you've never contemplated the term "Movie" here's your chance.) Unfortunately, what is also dwindling somewhat are the number of people in our business as companies reduce costs, and therefore workforce. (Anyone displaced can [post their resume for free here](#), and employers can view them for a nominal charge.) Changes are happening everywhere, as they always do in a cyclical business such as ours, and many are listed below. (Today's audio version of the commentary is [available here](#) and includes a discussion between two RC's about Ukraine, rates, and flights to quality. This week's is brought to you by [Sagent](#), bringing the modern experience customers expect from loan originations to servicing with platforms that let consumers manage their home-owning lives from anywhere.)

## Lender and Broker Products and Services

[Merchants Bank of Indiana](#) is excited to introduce a new Non-Agency Jumbo & High Balance product via its Correspondent Lending platform. The Jumbo/High Balance product is offered on a Non-Delegated and Delegated basis. As with all its Correspondent products, Merchants' mission is to remove the friction from the correspondent lending process. Management believes Jumbo loans should not be a big hassle and Jumbo clients deserve a better experience. From underwriting through purchase of the loan, the Merchants Jumbo program is designed to provide an easier, faster, more consistent experience. For more information about Merchant's Correspondent platform, contact [Rob Wilson, Vice President Correspondent Lending](#).

Aged 2nd chance assets weighing down your portfolio? At [RealtyBid®](#), Covius' national online and live auction platform, we understand the intricacies and challenges of moving aged assets. We have the expertise to sell inventory others struggle with and the track record to prove it, with a greater than 55% success rate moving clients' aged 2nd chance inventory. RealtyBid has sold assets that have been on clients' books and competitors' websites for as long as four years! Onboarding is fast and easy, and we begin marketing your properties on the site within 48 hours. Additionally, our Dynamic Dashboard provides clients interactive reporting and on-demand inventory control. If your aged 2nd chance assets aren't selling, what are you waiting for? Let [RealtyBid](#) handle your inventory today. Learn more at [RealtyBid.com](#).

The new generation of homebuyers is quite diverse, and the housing industry needs to catch up. Between 2000 and 2020 the number of U.S. households headed by a minority grew by more than 15 million. Multicultural homebuyers will make up about two thirds of new households moving forward. Homebuyer diversity exists across age, gender, race, ethnicity, and orientation- marketing strategies and the corporate workforce need to reflect that. Download our new complimentary eBook, [State of Diversity in the Mortgage Industry](#) today.

"[Birchwood Credit Services](#) has provided credit reporting solutions to financial institutions for over three decades. We're passionate about what we do because we believe it matters. Our proprietary bundled pricing models guarantee all add-on fees and back-end processing costs up front so there are never any additional "surprise" fees. In addition to eliminating hidden costs, these models improve TRID compliance and lower your credit expenses. Visit us [today](#)."

How about some interesting stats? Amazon orders per second show the company handles an average of 67 orders per second. That translates to about 4,000 sales per minute and 240,000 product sales per hour. Here is another impressive stat: Silk Title Co. is now producing Balanced CDs in 5 minutes. Want to learn more? Email [marc@silktitleco.com](mailto:marc@silktitleco.com) or stop by Booth 13 at the ICE Experience 22 in Las Vegas March 14-16.

With an expected \$1.74 trillion purchase market this year, brokers need to have technology at their disposal that can get them in front of more potential borrowers, speed up their origination process and increase productivity. Digital loan origination technology like [Calyx's Zenly®](#) enables brokers to address and overcome these challenges. Zenly is cost-effective, intuitive solution specifically designed for busy brokers to help build better customer relationships, grow their business, and decrease time to close. With Zenly, originators have an integrated, mobile-friendly point of sale to capture more leads at their disposal. [Contact us today to schedule a demo!](#)

The property types that most lenders run from (Adult Care Facilities, Short-Term Vacation Rentals, Condotels, Non-Warrantable Condo...), this lender is salivating over. Join National Mortgage Professional Magazine for "[DealDesk: Focus on Investor Cash Flow and Unique](#)

[Property Types](#)” on Wednesday, March 2, at 10AMPT. Discuss the files that many lenders cannot close because of the Unique Property Type and Investor Cash Flow niche to avoid a lot of income/REO documentation. Adam Morris, VP of Wholesale Sales, Acra Lending, will help you understand what to look for when pre-qualifying for Adult Care Facilities, Investor Cash Flow Loans, Condotels (pricing & guidelines), non-warrantable condos (what to look for on the HOA Cert, Pre-pay options, Non-Owner-Occupied Purchase & Refinancing a loan to the borrower’s needs with LPC & Interest Only options), and pricing & guidelines for short-term vacation rentals.

### Earnings: Reflective of the Industry?

The overall mortgage market is forecast to fall to \$2.6 trillion this year, down from \$3.9 trillion last year and \$4.1 trillion in 2020, according to the Mortgage Bankers Association. Lenders and vendors that can’t adapt quickly may not survive, and the earnings retained over the last few years will only last so long if they don’t adjust. Changes in our industry are everywhere, including odd articles and videos about companies that seem not real. But some are real. In the last few month, besides rumored and actual layoffs everywhere... [Santander](#) shutting down mortgage and HELOC lending. [KKR](#) acquiring Merchants Mortgage Trust & Corporation, LLC. [Mortgage Solutions Financial](#) acquiring First American State Bank, Stearns Wholesale shuttered by G-Rate, Redfin buying Bay Equity, [Texas Partners Bank](#) partnering with Legacy Mutual Mortgage, and Better Mortgage’s publicized layoffs over video. Not to mention the mergers, acquisitions, and capital flowing into vendors.

Rocket Companies (which includes auto, personal, home sales, and other businesses) is starting to feel the industry-wide slowdown in the mortgage business, although it still made a strong \$6 billion in profits last year and saw its market share grow. Yesterday Rocket reported [\\$12.9 billion in total revenue for 2021](#), which was down 21% from 2020, and net income, or profit for 2021, was \$6.1 billion, down from the record \$9.4 billion of 2020. (Rocket employees returned to in-person office work Feb. 14 after having mostly worked from home since March 2020.)

Rocket is the top mortgage lender by volume, and Rocket Mortgage grew to a nearly 9% industry market share in 2021, company officials said, up from about 8% in 2020 and about 5% between 2014 and 2018.

### Capital Markets

Take control of your [bulk trade execution with MAXEX](#). MAXEX recently worked with a top-25 bank in acquiring ~\$600 million in jumbo loans and made it simple with a turnkey process, a dedicated team to assist and multiple ways to execute. With the existing MAXEX infrastructure you can act as buyer, seller or both depending on market conditions, with MAXEX acting as the counterparty to all transactions. Whether you’re an experienced bulk buyer/seller, or trying it out for the first time, the team of experts at MAXEX can make the process simple and efficient for you. [Contact us today to learn more](#) about how you can take advantage of this shift in the market without spending on added infrastructure.

Market participants are busy attempting to gauge how Russia’s full-scale attacks on Ukraine will impact the global economy in addition to inflationary risks to struggling supply chains and oil prices. While the MBS market response has been muted thus far, watch for increased market volatility and lenders trying to mitigate risk. We could see lenders limiting or discontinuing locks outside of market hours and adding temporary margin to offset the risk of market volatility. **MBS will probably lag any improvement** in rates as the Fed’s tapering will be the dominant factor. Fortunately, even if benchmark rates drop, we probably won’t have a repeat of the margin calls of 2020 since the Fed is buying less and [mortgage rates](#) will be stubborn.

It will be interesting to see if the tone of “Fedspeak” changes, as the situation for the Fed has become quite fluid. Cleveland Fed President Mester said in a speech yesterday that, “The implications of the unfolding situation in Ukraine for the medium-run economic outlook in the U.S. will also be a consideration in determining the appropriate pace at which to remove accommodation.” Meanwhile, Atlanta Fed President Bostic and San Francisco Fed President Daly noted that the economy is robust and inflation high, keeping to the March rate hike mantra. **Odds have dramatically shifted for a rate hike in March**, dropping from 100 percent for a 25-basis point hike last week to about an 87 percent chance now and a 13 percent chance of a 50-basis point hike versus about 65 percent at the start of this week. Expectations for the overall number of rate hikes this year have also fallen.

Though the bond market will be driven by global risk sentiment rather than economic numbers in the short-term, we did receive home sales data yesterday after the GDP figures came in as expected. New home sales decreased 4.5 percent month-over-month in January to a seasonally adjusted annual rate of 801k units, missing expectations and down 19.3 percent from a year ago and 4 percent lower than December. Sales of lower-priced homes have decelerated, likely due to less supply and affordability pressures. That is leading to higher-priced homes accounting for a larger percentage of new homes sold, **which is driving up both median and average selling prices**.

The week closes out with a number of key economic releases, including the Fed’s preferred inflation reading, PCE for January, which was

+6 percent, as expected, +6.1 percent for they year, Personal Income and Spending (flat and +2.1 percent; we're spending!), and Durable Goods for January (very strong at +1.6 percent, +.7 percent ex-transportation). Later this morning brings final February consumer sentiment, and the Pending Home Sales Index for January. Support from the NY Fed will be a bit larger than originally planned at up to \$3.8 billion from \$2.7 billion due to technical difficulties yesterday. We begin the day with Agency [MBS prices](#) down .250 and the 10-year yielding 2.00 after closing yesterday at 1.97 percent.

## Jobs and New Hires

Something so many businesses struggle to get right. How does a company, team, or individual write its Mission Statement, identify its Core Purpose? How about its Vision Statement? And who is the right audience for each of these things? Shamrock Home Loans CEO, Dean Harrington, recently spoke to several hundred CEOs and leaders about how to message well. The talk is hands-on and practical. Click [here](#) to learn more. You can reach [Dean](#) if you'd like to discuss your messaging or if you are a talented loan officer or branch manager that would like to discuss joining the oldest "start-up" lender in the country. [Shamrock Home Loans](#) has been Building the Next Generation of Mortgage Leaders since 1989.

"[Towne Mortgage Company](#) continues to demonstrate strength and stability as a TPO lender and nationally acclaimed Top Workplace by Detroit Free Press. Our Account Executives have unlimited opportunities in all channels: Wholesale, Non-Del, and Full Delegated offering single AE territories in large markets. Towne offers an extremely competitive compensation and benefits package to our Account Executives. We provide our Sales Teams with a full FNMA/FHLMC/GNMA agency product set, renovation (203K & FNMA HomeStyle), manual underwrites, Jumbo products with full delegation, and more! Let Towne's years of experience in this space help you generate more business from your clients. Towne also offers flexibility based on client needs and can provide all in-house fulfillment from disclosures to retention of loan servicing. Towne is interested in filling open territories across the country. Please send your confidential inquiries to [Mark Zierott](#)."

Are you hearing that Mortgage Applications are down? Not at Unite Mortgage! February has been our best submission month as more and more brokers are adapting to Non-QM loans. At Unite Mortgage, we have you covered with a wide variety of Non-QM options. From DSCR, Bank Statement, Tax Return – W2 – 1099, Foreign National, Interest Only, and more. Plus, our "12 Day Purchase Pledge" offer will continue to benefit your business. We are also growing our sales team so if you're an AE looking for a change for the better, Unite offers its sales team some of the most competitive Conventional, Government and Non-QM pricing in the industry today. A competitive compensation plan and company culture that is sales oriented as well. Schedule a confidential interview today! Email Unite Mortgage President [James Hooper](#). Be sure to [visit us](#) and follow us on all our social channels. "Let's Unite." And now, see our aggressive Agency and Government Pricing, up and LIVE on LoanSifter's Platform.

How's this for starting the year off with a bang? So far in 2022, [Embrace Home Loans](#) has opened three new branches, hired 25 loan officers, and added \$1 billion+ in production. Embrace is experiencing particularly rapid growth in Northern Virginia and along the West Coast of Florida. The nationwide lender also just launched Approved to Move Plus (ATM+), which provides home buyers with a fully underwritten pre-approval and may eliminate the need for an appraisal in the real estate contract. ATM+ gives buyers a competitive edge when submitting a home offer and gives sellers and agents peace of mind that the deal will go through. "Along with superior technology and unparalleled marketing resources, ATM+ is another example of how we arm our loan officers and branch managers with everything they need to excel," said Steve Adamo, president of National Retail Production. Ready to embrace a career change? Contact Steve [here](#).

The American Credit Union Mortgage Association ([ACUMA](#)) has named [Peter J. Benjamin, CMB](#) as the next President of the organization. A deeply experienced mortgage lender, Mr. Benjamin will succeed Ms. Tracy Ashfield and assume the responsibilities of President on March 7, 2022.

Michael Ringwood will lead [Wells Fargo Funding](#) after being with "The Coach" for 25 years. The new head of Wells' Correspondent channel replaces Eric Stoddard, who recently retired after 21 years in the role.

[AXIS AMC](#) announced the addition of [Mike Kirk](#) to its Executive Team as EVP of its Modern Appraisal Group. "His deep experience in all facets of the alternative valuation space for some of the premier companies in our industry and universal respect from his peers will bring dividends to all clients who adopt these new tools. Mike will be responsible for engineering a world class alternative valuation products division to meet the industry needs for today and develop the architecture - and team - to carry us into tomorrow. He has already forged a strategic partnership with CAPTURE Data Services to provide best-in-class technology. CAPTURE will accommodate today's demand for a more streamlined data collection process that, among other features, meets Fannie Mae's and Freddie Mac's requirements for a floor plan with interior walls. Mike has also engaged BEACON Property Data Collection Services as a strategic partner to provide unparalleled third-party PDC reports nationwide based on appraiser-modeled inspection standards and protocols."

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