

TPO Products, CRM, Accounting Products; Primer on the Capital Markets Job

By: Rob Chrisman | Fri, Mar 18 2022, 10:50 AM

When did pineapples in shopping carts become a thing (more below)? But I digress... This morning I head to Miami, because isn't there where [most rap videos](#) are filmed? Remember when there were one-hour LO-sponsored happy hours for new borrowers, friends, and referral sources like real estate agents at fancy establishments like the local Olive Garden? With mask mandates crumbling, LO-sponsored events are back in full swing. Mortgage conference season is in full swing too, with its plethora of applewood smoked bacon and pineapple cubes in the breakfast buffet line. I like pineapple as much as the next guy, but how the heck did an upside pineapple in one's shopping cart develop into an invitation for [certain types of sex, namely swinging](#)? (Ain't nobody in the Food Lion I want to talk to, much less swing with.) Yes, humans are odd creatures. For MLOs, and more grounded, is the "Big Skip Energy [Podcast](#)" diving into the world of sales and business development with a mortgage twist. In the first installment of a two-part series, Skip interviews three top producing women originators. They share their experiences and habits that have led to their success. Take what they share to help you dominate your origination day! And on the processing side, today's audio version of the commentary is [available here](#) and this week's is sponsored by [Candor](#), AI that puts your underwriting on autopilot.)

Lender and Broker Products

[Class Valuation](#)'s Chief Innovation Officer Scot Rose recently participated in the webinar, "Understanding Desktop Appraisals with Fannie Mae and Freddie Mac," hosted by HW Media. The webinar covered new desktop appraisal rules going into effect on March 19. Rose sees desktop appraisals as a huge opportunity for the appraisal industry. "There's potential to improve cycle times and create more certainty upfront on purchase transactions," he said. "We can also improve the overall experience for all stakeholders, including the appraiser and downstream originators. So far, we've seen up to 70% reduction in revision rates compared to the traditional process. That's a huge improvement for the appraisal management side." For more information, you can find the webinar [here](#).

"Will the accounting resources you have today meet your needs tomorrow? Skilled mortgage accounting staff are getting harder to find and more expensive to hire. At times like these, it helps to have ways to outsource to a team of experienced mortgage accounting professionals. Richey May's [Client Accounting and Advisory Services](#) (CAAS) provides a comprehensive mortgage accounting service that lets you outsource your accounting functions at will. It fills the gaps when internal accounting resources get stretched thin or the talent pipeline shrinks... or both. It also lets you turn fixed accounting costs into variable costs when volume drops or your needs change. The best part? Utilizing our CAAS team puts your finances in the hands of mortgage accounting experts and lightens your administrative load, so you can focus on making key business decisions. [Contact us](#) for details and learn more [here](#)."

"Do you know the ROI of your CRM? One of our enterprise clients recently asked Usherpa, to compare the loan officer production of those who were using Usherpa versus those at the company that did not. We had data going back four years. [Take a look in particular at '20 and '21](#). In 2020, everybody did well, regardless of what platform they used. You'll agree, it was a great year for all. But in 2021, when volume falls off, LOs using Usherpa SmartCRMSales and marketing automation closed nearly [twice as many loans](#), as those who didn't. Pretty remarkable. [Click here to see the data](#)."

HousingWire's [LendingLife](#) newsletter is designed with loan originators in mind. Sent four times per week, [LendingLife](#) delivers the most important news and analysis straight from HousingWire's award-winning newsroom. Subscribe to [LendingLife](#) and get the insights you need to keep moving the housing market forward.

New TPO Products

"[Towne Mortgage Company](#) is excited to highlight our Jumbo Flex Product! Since inception we are getting a great response. We are 100% delegated and underwrite and close these products in house using our clients DU and LP findings, without any Investor pre-funding approvals or surprise conditions at the finish line. This is a truly flexible Jumbo product and may be a better option than traditional Agency High Balance. Yes, we can close a High Balance Loan using our Jumbo Flex pricing option. Towne's flexible options include loan amounts up to \$3M, DTI up to 45%, LTV up to 89.9%, no mortgage insurance, first time homebuyers allowed, and can be used on primary residences, second homes and investment properties for purchases, rate and term refinances and cash out transactions! * We've got your Jumbo borrowers covered! If you are interested in expanding your program offering with this unique and flexible Jumbo program, contact [Mark Zierott](#) or visit [tpo.townemortgage.com](#). *Some restrictions apply, contact us for program details."

Brokers took note Wednesday that UWM announced it will now offer bank statement loans. "To better serve self-employed borrowers, it will accept personal or business bank statements instead of income documents or tax transcripts to qualify for a loan. Bank Statement Loans will be available for self-employed borrowers only, for loans up to \$3 million, up to 90% LTV with no mortgage insurance required... (good) when it comes to working with non-W2 borrowers. This release follows the announcement that UWM is extending its No-Cost Appraisals for primary purchases until the end of April."

What do Those Capital Markets People Do?

My background is in secondary marketing and hedging pipelines, so occasionally people ask me about what those jobs entail. The head of capital markets is responsible for capital markets and secondary marketing functions, including pricing, trading, hedging, secondary market execution, interest rate risk management, investor relations, mandatory commitment desk operations, and production channel pricing analytics. In some companies this person is also responsible for credit policy, shipping, and product development functions, and managing investor relationships with GSEs, government agencies, and private investors.

The Director of Capital Markets manages the Company's interest rate risk on its pipeline of mortgage loans. Primary responsibilities are hedging the pipeline and performing a best execution of loans for sale. The candidate works directly with Fannie Mae, Freddie Mac, Ginnie Mae, and many other secondary market investors to ensure optimal pricing is achieved. The head of capital markets manages a team of employees to manage the day-to-day aspects of the capital markets functions including but not limited to, lock desk, buy side mandatory bids, pull through reviews, and best execution.

They manage the company's interest rate position, including calculating the best execution of loans held for sale in the secondary market, and interfaces with a hedge vendor to ensure locks are appropriately hedged. Analyzes pipeline for trends and performance. Facilitates inter-company meetings for process workflow improvements. Ad hoc reporting as required by senior management and has miscellaneous duties as assigned.

More specifically, the person oversees the lock desk and the daily best-ex pricing of mortgage products for the company. He or she manages any pricing engines and pipelines to identify loans marked for sale, and works in concert with hedging firm to determine best price, investor, and delivery method for efficient and profitable loan delivery. They ensure that the lock desk is managing rate locks, extensions, and re-pricing according to pricing and product guidelines. Recommend pricing target levels by product to senior management to optimize application activity and profitability. Actively work with other departments to ensure new investors, agencies and other business relationships work hand in hand with secondary and the distribution of products. Identify, develop, and implement pricing strategies to meet established and strategic goals. Maintain knowledge of the concepts, practices, and procedures to deliver mortgage loans to various investors. Maintain current knowledge of changing legislation and regulatory climate and recommend changes to mortgage loan policies and procedures. Assist and support the development of new products, pricing, and product enhancements. Analyze data on the performance of the sold-loan portfolio for trends and profitability by investor, product, and loan officer.

Among other direct reports, the capital markets person is typically in charge of the lock desk. The Lock Desk Specialist plays a critical role in the profitability of each loan by being responsive to an ever-changing unpredictable set of circumstances (i.e. market movement, volume levels, loan characteristics affecting price, investor requirements, etc.). This position can be fast-paced, deadline driven, and offers a variety of tasks throughout the day: reviewing and verifying price quotes and lock requests, committing loans with many investors and issuing confirmations to appropriate parties, data entry of lock requests and pricing information accurately and efficiently into the LOS, assistance with daily pricing to the company's loan officers, pricing engine maintenance including adjusting margins, adding users and investor configuration, daily interface with mortgage advisors on processing loan level changes, generating Excel reports used in pipeline and position management, spreadsheet analysis for pipeline and profitability trends, and weekly price analysis of pricing against wholesale lenders and other competitors.

Hope that helps!

Capital Markets: Quiet...

It was a bit of a snoozer yesterday in the bond market yesterday after Wednesday's FOMC release. We did actually see [mortgage rates](#) drop a little bit as comments from Chair Powell perhaps added some comfort when he indicated that the framework through which balance sheet reduction would occur would likely preclude any selling, the same as prior episodes. February housing starts increased 6.8 percent month-over-month to a seasonally adjusted annual rate of 1.769 million, above expectations. Single-family units (+5.7 percent) drove the strength in starts, yet a 0.5 percent decline in permits for single units (a leading indicator) **tempered some of the enthusiasm for the otherwise encouraging February number.**

Today's economic data consists of existing home sales and leading indicators, both for February and both due out later this morning.

Fedspeak also resumes after this week's FOMC events with **Richmond's Barkin, Chicago's Evans, and Governor Bowman delivering remarks**. The Desk will again conduct just one MBS purchase operation, this time in UMBS30 2.5 percent through 3.5 percent for up to \$1.4 billion. We begin Friday with Agency **MBS prices** better .125-.250 and the 10-year yielding 2.14 after closing yesterday at 2.19 percent.

Careers

Loan Officers- don't let your talents fade or your career opportunities stall as the markets continue to shift. #SowYourSuccess at Sprout Mortgage and gain the ability to sell over 30 unique non-QM and QM mortgage solutions bolstered by superior technology, sensible underwriting, and aggressive pricing. Sprout is a "one-stop mortgage shop" continuing to grow and win market share as one of the most agile and successful independent lenders on the block. It costs nothing to simply chat about the possibilities, so reach right out to the friendliest recruitment team in the biz via [Cheri Brousseau](#) at 888-505-7568.

[AmeriSave Mortgage Corporation](#), one of the fastest-growing privately-held mortgage lenders in the nation, announced today the hiring of Joel Rose, VP of Business Development, Eastern United States. Rose brings nearly 30 years of mortgage industry experience to his new role at AmeriSave. Previously, Joel worked as an executive at major financial institutions such as SunTrust Mortgage, Wells Fargo, and more. "AmeriSave offers a unique retail platform with incredible technology and purchase lead generation for retail loan originators. More importantly, AmeriSave puts people first and I am excited to grow and be a part of this organization," said Rose. "We are thrilled to add a servant leader with Joel's experience to our Business Development unit" said Leif Boyd, Chief Production Officer, Retail Sales at AmeriSave. "Joel has a track record of success in executing growth and business development strategies. Our team will benefit greatly from the experience he brings to our Traditional Retail division." For more information, please contact [Peter Schwartz](#) (916-770-0053).

Nations Lending adopts Fannie Mae's Rent Payment History Report! [Nations Lending](#) announced it has adopted Fannie Mae's Rent Payment History Report, making the company one of the first in the industry to do so. The process allows Fannie Mae's Desktop Underwriter tool to use verification of asset (VOA) reports to identify recurring rent payments to potentially enhance the credit assessment of prospective, first-time home buyers. With this method, Desktop Underwriter will attempt to identify consistent payment amounts of \$300 or more per month for rent from the 12 months of transaction data appearing on the VOA. One or two rent payments absent from a report do not count against a borrower, which makes it a win-win situation for all parties. "Integrating rent payments as part of our risk assessment will help more eligible borrowers achieve the dream of purchasing their first homes," said Jeremy Sopko, CEO of Nations Lending. To learn more about Nations Lending, you can visit [Nations Lending](#).

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