

Secondary Mktg., Appraisal, Fulfillment Products; Home Affordability Slips; Jumbo News; Crypto Mortgages

By: Rob Chrisman | Thu, Mar 24 2022, 9:57 AM

The state of most commodity prices around the world? Prices are higher. What is the current state of donating blood? I tried donating blood again yesterday in San Luis Obispo, CA. Never again! Too many intrusive questions. 'Whose blood is it? Where did you get it? Why is it in a bucket?' The current state of the real estate market? Let's see what these "rappers" have to say about it. The status of [cryptocurrency mortgages](#) is worth knowing. How about the current state of the jumbo biz? There's more jumbo and non-Agency news below, but from the production perspective for many independent mortgage bankers (IMBs) it's ugly as banks continue to use their ample deposits to price "under" market. (But if that's where they're pricing, isn't that the market?) From an ops perspective, the #1 problem is disagreement about the income calculation. Of course there's always the question about collateral... How about from the compliance perspective? The CFPB has made no secret of its focus on Fair Lending, and nearly everything associated with it. The California's MQAC committee is hosting a [webinar](#) on Fair Lending today at 11am PT. (Today's audio version of the commentary is [available here](#) and this week's is sponsored by [ICE Mortgage Technology](#), the leading cloud-based loan origination platform provider for the mortgage industry, with solutions that enable lenders to originate more loans, lower origination costs, and reduce the time to close, all while ensuring high levels of compliance, quality and efficiency.)

Lender and Broker Products and Services

Humans aren't alone in loving junk food, as proven by [this kitten](#) that won't let anything get between it and its favorite snack. Similarly, lenders strive to offer a mortgage experience that borrowers can't get enough of. But providing timely, personalized service to a diverse database can sometimes be too much for one mortgage advisor to handle. Leads and past clients get lost in the shuffle or put off by generic outreach that isn't relevant to their financial situation. To create brand loyalty that lasts, lenders should take advantage of automated solutions that help build and maintain trusting relationships with borrowers. Join Sales Boomerang's Alex Kutsishin and Homebot's Brad Bieber on March 29 at 1 pm ET as these borrower retention masters break down cost-effective digital solutions and strategies lenders can wield to earn consumers' trust. [Register for the free webinar to keep your borrowers coming back for more!](#)

ACES Quality Management adds key industry experts to conference line-up! Taking place at the historic Broadmoor Hotel in Colorado Springs on May 23-25, 2022, [ACES ENGAGE](#) will bring together the nation's top financial services quality management professionals to discuss industry trends and best practices across the mortgage lending, loan servicing and consumer lending spectrums. With an agenda featuring industry experts, a keynote speaker with a harrowing story, the latest ACES product innovations, and client-led discussions, key session highlights include a [keynote session](#) led by Aron Ralston, NYT best seller, *Between a Rock and a Hard Place* & Oscar-nominated film, *127 Hours*. An Economic Update and Outlook led by Dr. Eddie Seiler, AVP of Housing Economics at MBA. How to Best Prepare for a MORA Audit led by Steve Spies, President at SWS Risk Advisory LLC. A Compliance Update led by Amanda Phillips, EVP of Compliance at ACES Quality Management and Richard Andreano Jr., Practice Leader at Ballard Spahr's Mortgage Banking Group.

"Got misfit loans? In a purchase market, defects are a matter of when, not if. [Mid America Mortgage](#) provides a competitive alternative for loans traditional correspondent investors may not fund due to missed overlays, guideline interpretation or minor underwriting/compliance concerns. With multiple investor outlets, including an exclusive relationship with Spectrum Mortgage Holdings, we quickly help liquidate aging loans from warehouse/servicing lines. Mid America accepts single loan and/or bulk packages for performing and non-performing government-insured loans, conventional-conforming loans, new production, and seasoned products. By focusing on the fundamental credit decisions underlying the loans for purchase, our due diligence process enables us to achieve timely and consistent purchase timelines. We also [service our own production](#), so your loans will land with a reputable servicer delivering limited impact to customers. For more information or to submit loans for consideration, contact TradeDesk@MidAmericaMortgage.com. Download our bid tape template at www.mamcorrespondent.com under the Resources tab."

Worried that fluctuating loan volume will hurt your bottom line? Future-proof your business by shifting to a variable cost model for fulfillment services. Lenders that outsource volume can save over 20% on fulfillment costs and gain the ability to be agile, scaling their fulfillment expenses in proportion to loan volume availability. [Maxwell](#) is one of the nation's leading tech-powered onshore fulfillment providers, offering processing, underwriting, and closing talent that ensures lenders capture maximum loan volume no matter the market cycle. To learn more about Maxwell and its Fulfillment Platform, [click here](#) or [schedule a call](#) today.

"Does your team have the insights they need to reach your quarterly goals? Empower your team with actionable insights to move your business forward with Richey May's [RMAnalyze](#). Our platform is designed and implemented by mortgage industry experts to quickly set you

up with the critical reports you need to run your business. We work with you to build custom visualizations to focus on key initiatives across every area of your company. Our [Peer View Ops functionality](#) lets you dive deeper and see how you're performing in vital production and operational areas relative to your peers. [Contact us today](#) and we'll walk you through the platform and set a plan for how to solve your specific challenges with actionable insights delivered."

Over the last few years, technology has considerably impacted the appraisal industry and how valuations are conducted. But that's not the only significant challenge the appraisal industry is facing. Fewer new appraisers are entering the field than ever before, and home valuation regulations are shifting towards a more digitized process. In this white paper [The Future of Technology in the Appraisal Industry](#), Connexions answers these questions and addresses their issues. Visit the link to [download your free copy](#) of this white paper today.

Jumbo and Non-Agency Items

Some \$20.13 billion of jumbos were originated through correspondents, up 15.3% from the third quarter. Inside Nonconforming Markets reports that, "The retail platform (where most jumbo products come from) experienced a 1.2% quarter-over-quarter decline while lending through brokers dropped 26.5%. Jumbo production through brokers was up on an annual basis in 2021. "Among a large group of lenders that originated \$119.85 billion of jumbos in 4Q21 and reported production by channel, correspondent lending grew on a sequential basis while retail and broker volume declined."

[Citi Correspondent Lending](#) implemented a loan level pricing adjuster change for Non-Agency purchase transactions, reflected on page 5 of the 3-11-2022 Best Efforts rate sheet.

First Community Mortgage updated its Summit/Peak Guidelines, details available in [FCM Wholesale Announcement 2022-11](#).

United Wholesale Mortgage (UWM) announced 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. This will give independent mortgage brokers another competitive edge when it comes to working with non-W2 borrowers. In addition, [UWM](#) extended its No-Cost Appraisals for primary purchases until the end of April.

Non-owner? The UWM product is called "Investor Flex" and offers 30-year terms. Borrowers can qualify for the loan based on the property's monthly rental income rather than the applicant's wage earnings. "It's available on purchase and refinance loans up to \$2 million, and can be used to finance up to 20 properties."

Home equity lender, [Spring EQ](#), announced significant home equity product updates and improved guidelines for investment properties, second homes, bridge loans, and more.

Examples of Spring EQ's recent home equity product updates include Availability of Bridge Loans in all licensed states, Maximum total financing increased to \$3 million on primary residences and Acreage limit increased to 20 acres. Also, Spring EQ's investment properties and second homes guidelines have been expanded on its fixed-rate home equity loan product.

Housing Affordability

Whether or not a renter can afford to own a home is impacted by a few key components, including [interest rates](#), income, and housing prices in general. Homebuyer affordability decreased in February, with the national median payment applied for by applicants jumping 8.3 percent to \$1,653 from \$1,526 in January. This is according to the Mortgage Bankers Association's (MBA) new Purchase Applications Payment Index (PAPI), which measures how new monthly mortgage payments vary across time (relative to income) – using data from MBA's Weekly Applications Survey (WAS).

What happened? "Low unemployment has spurred strong income growth in early 2022, but homebuyer affordability has decreased due to the quick rise in [mortgage rates](#) amidst steep home-price growth," said Edward Seiler, MBA's AVP, Housing Economics, and Executive Director, Research Institute for Housing America. "The 30-year fixed-rate mortgage spiked 73 basis points from December 2021 through February 2022. Together with increased loan application amounts, a mortgage applicant's median principal and interest payment in February jumped \$127 from January and \$337 from one year ago."

(The rent data series calculated for MBA's national mortgage payment to rent ratio (MPRR) comes from the [U.S. Census Bureau's Housing Vacancies and Homeownership](#) (HVS) survey's median asking rent.)

Capital markets: Higher Rates are not a Surprise

Looking to buy closed loans? [MCT's Bid Auction Manager \(BAM\)](#) is the largest electronic exchange connecting Buyers and Sellers of closed residential whole loans. Each day, an average of \$1 billion in whole loans are auctioned on the BAM platform. Using [BAM Marketplace](#) buy-side tools, you can define parameters for the loans you want at the price you want, and automatically participate in the daily auctions. Compete for loan collateral instantly from over 300 motivated sellers with the ability to use your own Loan Purchase Agreement and a game-changing "Security Spread Commitment" that allows you to transact with any potential seller regardless of approval status. [Contact MCT](#) and take the first steps towards increasing your market share and automating your bidding process as a buyer on BAM Marketplace.

Rates don't move in a straight direction, and the recent bond market selloff finally abated yesterday, helped in part by a sense that Treasuries had gotten oversold on a short-term basis and were due for a bounce. That is not to say that a 50-basis point hike and the announcement of quantitative tightening at the May FOMC meeting have gone away: a hard landing is still the most likely outcome. Despite the selloff easing, aided by a strong 20-year bond auction, rising inflationary pressures are fueling concerns that the world economy **won't be able to weather a sustained period of higher financing costs**. And despite a wobbly stock market, geopolitical nervousness, and festering growth concerns, the allure of holding debt to investors, even in safe government bonds, is waning.

Mortgage pricing is determined by supply and demand, so reports on statistics that have any bearing on that are of great interest to MBS investors. We saw yesterday that new home sales fell 2 percent month-over-month, to a seasonally adjusted annual rate of 772k units, and 6 percent on a year-over-year basis according to the Census Bureau. This was **well below expectations**. The sale of lower-priced homes lessened as a percentage of overall sales, likely due to less supply resulting from cost pressures for builders and emerging pressures from rising [mortgage rates](#) that are reducing affordability for lower-income buyers. It is now so expensive to build starter homes that people with a starter home income cannot afford them. For builders, it is easier to build luxury homes than it is to build starter homes which is leading to higher-priced homes accounting for a larger percentage of new homes sold, driving up both median and average selling prices (+25 percent year-over-year to \$511,000).

Also having an impact on MBS pricing is the reliability of loans being paid back. Black Knight reported that February saw the national delinquency rate rise for the first time in nine months, driven by a 97k rise in early-stage delinquencies (loans 30/60 days past due). Early-stage delinquencies are still well below pre-pandemic levels. And while the total number of past-due loans rose 1.8 percent last month, that delinquency rate remains near pre-pandemic levels. Meanwhile, seriously delinquent mortgages (those 90 or more days past due) fell by 72k as borrowers leaving forbearance plans continue to return to making payments. And despite a 39k increase in active foreclosures, **they're still 32 percent below the same time last year**.

Today's busy calendar is under way with the Q4 current account balance (\$217.9 billion, as expected), February durable goods orders (-2.2 percent, weak) and weekly jobless claims (-28k to 187k, the lowest level since 1969!). Later this morning brings preliminary March Markit PMIs, Freddie Mac's Primary Mortgage Market Survey, KC manufacturing for March, and a Treasury auction of \$14 billion reopened 10-year TIPS. **Today is also packed with Fed speakers** starting with Minneapolis' Kashkari and followed by Governor Waller, Chicago Evans, and Atlanta's Bostic. The Desk will purchase up to \$2.1 billion 30-year 2.5 percent through 3.5 percent. We begin the day with Agency [MBS prices](#) worse nearly .5 and the 10-year yielding 2.38 after closing yesterday at 2.32 percent.

Careers

"[Gold Star Mortgage](#) just won the 2022 ICE Innovation Award for Data Intelligence Automation! We are not going to tell you that we automate data intelligence better than anyone else in the industry... But the largest mortgage software company in America just did! Combined with our ability to drive unlimited Realtor intros, unlimited purchase leads, 12-day purchase closings, plus much more...call us if you're ready to take your business to the next level: 888-696-1344."

"Top 3 reasons YOU should be partnering with Guaranty Home Mortgage Corporation. Our new user friendly, high-tech, high-touch GConnect TPO Portal is here! GConnect is fast, easy, and very intuitive. Price scenarios, lock loans, and manage your pipeline with ease. Contact your Account Executive for a private demo today. Second, GHMC's ever-growing product mix now includes Prime Jumbo! Prime Jumbo offers both fixed and adjustable rates, up to \$3M on primary purchases, cash-out up to 60%, and offers second home purchase options as well. And third, with GHMC and expedited funding, it's never been easier or faster to close loans! Super-efficient for both broker and borrower, expedited funding creates easy-to-follow closing packages, quick-to-close submissions, and simultaneous signing and funding. If you are interested in becoming an approved Lending Partner, please visit us [here](#). Working with Guaranty is great but working at Guaranty is even better! Join the good life, or GLife as we call it! [Check out our open positions.](#)"

View this Article: <https://www.mortgagenewsdaily.com/opinion/pipelinepress-03242022>