

AI, Underwriting, WealthBuilder Products; Non-Agency News, Good and Not so Good

By: Rob Chrisman | Fri, Apr 1 2022, 11:08 AM

I think that we can all agree that in 2017 not a single interviewee got the answer correct to, "Where do you see yourself 5 years from now?" Heck, projections and forecasts in the first few months of 2020 didn't foresee the drop in [interest rates](#) and rise in home values. But there are some ways to influence residential lending, and have the inside track on changes coming our way, and that is through the MBA's membership. (And no, this is not a paid ad.) The MBA is currently offering a deal: 2022 dues rate to enjoy member benefits through the close of the 2023 membership year. That is 19 months for the cost of 12 months. "[Your MBA membership](#) grants you access to education, research, committees, informational webinars, and so much more." If you're interested reach out to [Laura Hopkins](#). Meanwhile, regardless of lending policies and pricing, the available inventory of homes for sale continues to be a topic of conversation. Land, lumber, and permit costs continue to be hindrances to new construction. Let's not forget that a change in immigration policies during the Trump Administration also impacted the [pool of labor](#) and arguably housing prices. Time will tell! (Today's audio version of the commentary is [available here](#). This week's is sponsored by [Verity Global Solutions](#), an expert labor and automation solution provider that performs all non-customer-facing functions, from origination through servicing.)

Lender and Broker Software and Services

[Northpointe Bank](#) Correspondent Lending's WealthBuilder program allows eligible borrowers to build equity faster with 100% financing combined with a 15- or 20- year amortization. Rather than borrowers using cash for a down payment, borrowers may apply it towards a lower interest rate and shorter loan term resulting in more dollars toward their loan principal. With loan amounts up to \$975,000 and loan-to-value ratios up to 100%, Northpointe's WealthBuilder is a great way to pay down a home loan faster and build wealth. Available in all states except New York, Northpointe Bank provides tailored solutions to maximize your profitability and help grow your business. View [program details](#) for more information or email us at correspondentsales@northpointe.com.

As refinances wane, it's impossible to ignore the growth opportunity in non-QM. National Mortgage Professional brings you 6 Ways to Get the Most Out of Non-QM Programs webinar presented by Angel Oak Mortgage Solutions. In a town hall format, we bring to you two of Angel Oak's most knowledgeable sales leaders, each with over seven years of non-QM history. Moises Bonet and Annie Jensen will reveal exactly HOW originators utilize non-QM to grow their businesses. We will field live questions throughout the hour, provide answers to attendee questions submitted previously during registration, ending with a full Q & A. In this webinar, we'll cover Bank Statement Loans, minimizing monthly payments by using a 40-year I/O program, delayed financing, working with recent credit events, products designed for real estate investors, and the asset qualifier program for high-net-worth borrowers. Click [here](#) to join us on Thursday, April 7.

Have questions for Fannie and Freddie on desktop appraisals? Now that they're a permanent fixture from the GSEs, it's important to know exactly what's required for desktop appraisals and what Fannie and Freddie expect from the mortgage industry. [Reggora recently hosted a webinar with Fannie Mae and Freddie Mac leadership to help answer questions about desktop appraisals](#). You can read through the recap highlighting key parts of the session or register to watch the on-demand recording at the link above. Be sure to keep an eye out for more information on desktop appraisals coming from Reggora and the GSEs.

Unburden your underwriters! Free up your underwriters from cumbersome income and asset calculations and help them get to more loans in less time by using the best underwriting automation tools on the market, [Underwriting Automation Utilities](#). A product of Richey May and Zoral Group, this specialized toolset, powered by robust automation, OCR, and AI/ML capabilities, goes beyond mere validation of data points. It extracts data from borrower income and asset documents, performs complex analyses, checks for mismatches, flags malicious code, and supplies your team with a GSE fraud checklist and ongoing analysis, all without your processing and underwriting teams having to extract data from borrower documents and enter it into your LOS. Bonus: Support for a full range of borrower types and loan products, including self-employed, FHA, VA, and jumbo. Want to see this powerhouse in action? [Sign up](#) for a demo today.

Support automation is transforming the mortgage industry. Top leaders like Jodi Hall ([NMB](#)) and Kevin Peranio ([PRMG](#)) are using platforms like Capacity to bring AI to their teams, increasing productivity. Originators use data from many external sources to meet the regulatory requirements during the loan process. The time-consuming task of manually searching contracts, bank statements, loan applications, and guidelines is inefficient. The mortgage industry is in dire need of a [platform](#) that securely integrates with lenders' key systems, providing loan officers with instant, actionable answers about borrower opportunities, loan statuses, guidelines, and more. [Capacity](#) reduces the time that LOs spend logging into a sea of endless systems to find information. If this sounds familiar, a mortgage support automation platform can help your team save time and frustration. [See how it works](#).

Non-Agency, Non-QM Jungle Drums

On the good news side of the balance sheet, yesterday loanDepot Wholesale announced the expansion of its Jumbo Advantage product suite. Jumbo Advantage EXPRESS FLEX offers jumbo loan amounts up to \$2,000,000 with full and alternative documentation options. For example, "Full Documentation: Maximum 50% DTI up to 90% LTV with a minimum 680 credit score, maximum 55% DTI up to 80% LTV with a minimum 720 credit score, 24 months verified income and employment history." Refer to the Jumbo Advantage EXPRESS FLEX [matrix](#) and lending guide for program details. Existing floating pipeline is eligible to flip to the EXPRESS FLEX program. Previously locked pipeline is ineligible for EXPRESS FLEX.

On the "not so good" news side of the balance sheet, and of course you should discuss with your Angel Oak rep, word went out yesterday about an Angel Oak shift in lock policy. "I am, writing to notify you of a change we had to implement today to our rate locks for both loans currently locked in our pipeline as well as any new loans being locked. Due to the extreme market volatility in the MBS market, all locks will now be converted to 30-day locks commencing from the original rate lock date. As long as the loan is able to close within 30 days of the original lock date, the loan will close at the currently locked rate (March 14, 2022). If the loan is not able to close before the lock expiration date, the loan will have to be relocked at the current market rate as of the date of expiration.

"This was obviously a very difficult decision that was forced by instability and volatility never before seen in such a short period of time in the MBS secondary market. Unfortunately pricing on the secondary market has increased with such velocity that we are simply unable to extend these locks past 30 days at their current rates. We are hoping this volatility comes to an end very soon so we can get back to normal business."

One industry vet wrote to me saying, "I think it's odd that Angel Oak says the 'volatility' has never been seen before. It was seen in 2020 multiple times. One would have thought they would have addressed their hedging strategies from lessons learned then. Anyone brokering to AO is going to think twice."

Suddenly, rumors sprang up about other non-Agency/non-QM investors. Tales of slow purchases, wholesalers being caught offside in the rising rate environment, and not honoring some commitments ruffled through the biz. Others, such as ACC, reminded brokers that they were stable and continuing to honor locks. Either way, once again we are reminded of the stability of Freddie Mac and Fannie Mae versus private label outlets.

Capital Markets: Ukraine News Still Dominates

ICE Mortgage Technology announced that it plans to launch its first mortgage futures contracts on June 13, 2022, subject to regulatory approval. The two futures contracts will be cash-settled and based on the ICE U.S. Conforming 30-year Fixed Mortgage Rate Lock Index and the ICE U.S. Jumbo 30-year Fixed Mortgage Rate Lock Index. The indices are published daily and track U.S. residential mortgage loan applications where borrowers and lenders have committed to lock-in the interest rate prior to closing. By being underpinned by primary market rates, the futures contracts offer investors a more refined hedge to manage exposure to U.S. residential [mortgage rates](#) than the existing suite of available products. The primary market indices are part of a suite of 80 U.S. residential mortgage indices launched by ICE in October 2021, based on a daily data pool of tens of thousands of anonymized locked rate applications processed by ICE Mortgage Technology.

Looking at the bond market, and therefore [interest rates](#), we saw another little rally in the bond market yesterday on no real news, but rather a month-/quarter-end trade. The larger story continues to be the war in Ukraine, higher energy costs, increasing inflation and growth risks, and tightening in monetary policy by the Fed and other central banks. Economic releases on the day showed that inflation continues taking a bite out of wage gains, as real personal disposable income decreased 0.2 percent while the Core PCE Price Index rose to its highest level since 1983. Jobless claims hovered at levels not seen since early 1970, meaning the labor market remains tight and should serve as a tailwind to already-high inflation. And Freddie Mac reported another surge in rates with the 30-year rising 25bp to 4.67 percent, its highest level since December 2018.

Today is the first Friday of the month, which means the March employment report which is very strong: Nonfarm Payrolls (+431k), the March Unemployment Rate (3.6 percent), and Hourly earnings (+.4 percent). Later this morning brings March Markit manufacturing PMI, ISM manufacturing PMI, February construction spending, and remarks from Chicago Fed President Evans. We begin Friday with Agency [MBS prices](#) worse .5 and the 10-year yielding 2.41 versus closing yesterday at 2.33 percent after the unemployment data and oil news about the release of the portion of the U.S. strategic reserves.

Employment

“LoanStream is now hiring correspondent regional sales executives nationwide! Reach new heights in your career by joining [LoanStream Correspondent](#)! We offer Delegated and Non-Delegated with a variety of unique and expansive Agency and Non-QM program offerings. Work with the one lender that has earned a reputation for integrity and ingenuity that make us superior in the industry. Contact [Eric Lenarz](#) for more information.”

[Anchor Loans](#), the nation’s #1 business purpose lender, is off to a fast start in 2022, with new programs, people and plans for significant expansion. Anchor has just launched a comprehensive single-family rental investor loan program offering flexible loan options for all investor and property types and added four senior-level sales executives. Joining the team are Tony Charles, Rod Wilson, Troy Ellis, and David Armstrong. To keep pace with its aggressive, nationwide growth plans, Anchor is recruiting account and sales executives. Contact Desiree Falcon to learn more about the new A Team making history!

PrimeLending, A PlainsCapital Company, has added an exciting new affiliated business arrangement, [ARIVA Mortgage Services, LLC](#) (NMLS: 2309951), to its thriving joint venture division: [PrimeLending Ventures Management, LLC](#). Under the leadership of Alex Bernal, Vice President-Managing Director, ARIVA Mortgage will serve the mortgage needs of consumers in various South Texas markets. PrimeLending Ventures Management is home to several highly successful partnerships focused on offering high-quality home purchase and refinance mortgage services, including Highland HomeLoans, Green Brick Mortgage and Grand Home Loans. PrimeLending’s joint venture model offers partners a unique opportunity to generate incremental revenue and strengthen customer relationships by delivering a more rewarding homebuying experience. Partners choose PrimeLending because of the company’s proven track record of results, world-class operations and support and seamless integration process. For more information about growth plans for PrimeLending Ventures Management and ARIVA Mortgage, contact [Mike Matthews](#).

I’m sure you’re expecting today’s post to be filled with puns, but product availability with competitive pricing is no laughing matter. As a matter of fact, March 2022 saw the highest dollar volume of rate locks ever... And that’s not due to inflation! [Finance of America Mortgage TPO](#) has a suite of Non-QM and Jumbo products that you’d be foolish to overlook. Add in custom loan terms for FHA, VA, and Agency loans, and Finance of America Mortgage TPO has the product mix that you’re looking for! Do you want to have products like this at your fingertips? Finance of America Mortgage TPO is looking for Senior AEs in the following markets: Arizona, Ohio, Minnesota, Wisconsin, Texas, Tennessee, Alabama, Oregon, Washington, Miami, San Diego, Sacramento, and the Bay Area. If you want to explore an opportunity with Finance of America Mortgage TPO, [contact us](#) today!

As the market continues to tighten up, the true value of a Loan Originators brand equity will be measured and tested. If you’re an LO wondering how you’ll scale and grow your business through changing market forces, it’s time to focus on future-proofing your business so that you can create predictable income. [On Q Financial, Inc](#) empowers loan originators to grow their business with the most comprehensive suite of loan products in the business, next generation fulfillment, exceptional leadership and marketing moxie that positions you as the ‘go-to’ lender of choice. [Check out the lender](#) that is big enough to be relevant, yet small enough to be nimble! Reach out to us today to discuss how we can help you future-proof your business! hello@onqfinancial.com.

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