

Capital Markets, eClosing, Borrower Intelligence, Automation Products; Fannie and Freddie Relentless Changes

By: Rob Chrisman | Thu, Apr 14 2022, 10:34 AM

It's Thursday. What should we talk about today? Elon Musk's bid for Twitter? How about the jump in adjustable-rate locks as evidenced by the MBA's figures? (Are your LOs well-versed in them?) Their share of applications last week was at 7.4 percent, which was the highest share since June 2019. How about this unique measure of wage inflation? Last night in Manhattan I was chatting with a chef who, when COVID hit, had moved from a fancy restaurant to become a personal chef at three meals a day for a family in New York. The chef had changed jobs, and was now working for (coincidentally) the family of a national home builder who had homes in Miami and Aspen, but only cooking one meal a day at the same compensation for three meals a day a year ago. Or we could talk about the CFPB filing [a lawsuit against TransUnion](#), two of its subsidiaries, and longtime executive John Danaher for violating a 2017 law enforcement order. "The order was issued to stop the company from engaging in deceptive marketing regarding its credit scores and other credit-related products. After the order went into effect, TransUnion continued its unlawful behavior, disregarded the order's requirements, and continued employing deceitful digital dark patterns to profit from customers. 'TransUnion is an out-of-control repeat offender that believes it is above the law,' said CFPB Director Rohit Chopra. 'I am concerned that TransUnion's leadership is either unwilling or incapable of operating its businesses lawfully.'" (Today's audio version of the commentary is [available here](#) and this week's is sponsored by [SimpleNexus](#), an nCino company and award-winning developer of mobile-first technology for the modern mortgage lender. Today's features and interview with yours truly, AVP at Chrisman LLC, and whose job is hanging by a thread.)

Lender and Broker Products and Services

Zoral's AI powered automation is real! Conquer the next frontier in origination technology with Zoral's cloud-based Automation Platform. Increase LO, Processor and Underwriter productivity, improve accuracy, deliver faster pre-approvals and conditional approvals. Utilizing the most sophisticated plug-n-play automation capabilities available today, Zoral categorizes, analyzes, and calculates income from all types of documentation and bank statements. Dynamic conditioning and condition resolution is performed auto-magically. Results can be reviewed, what-if'd, edited, and then transferred back into your LOS with the push of a button. Zoral's UW Utility is the most advanced UW automation solution on the planet. Contact [Zoral](#) for a demo.

"Encompass Investor Connect is now available at PHH Mortgage, enabling our lenders to establish a secure system-to-system workflow to ensure the delivery of accurate, fully compliant, and tamper-proof loan data and documentation. By setting up a Partner Account on Investor Connect with PHH you get a faster and more accurate loan delivery, reduced operational costs, improved quality and purchase times, the ability to deliver individual or batches of loans, and you can eliminate multiple logins. Contact your [sales rep](#) for more information or learn how to get started with Investor Connect [here](#). PHH Mortgage will also be at many upcoming conferences including the TMBA Annual, MARC in Baltimore, National Secondary, IMN Single Family Rental Forum, and IMN Non-QM Firm. Set up a meeting time to talk about how we can be your best partner across our broad menu of Correspondent, Co-Issue, Subservicing, and Bulk MSR services."

Introducing the [MISMO e-Eligibility Exchange, Powered by Snapdocs](#) to accelerate industry-wide adoption of digital closings. The number of digital closings continues to rise, but the lack of transparency into how "electronic" closings can be has hindered adoption. The e-Eligibility Exchange solves that problem and creates centralized access to digital closing acceptance criteria, allowing lenders and other industry participants to input loan details and easily determine available eClosing options. This includes investor and other counterparty requirements, eNotarization regulations, county eRecording acceptance, settlement agent readiness, and title underwriter restrictions. Many industry participants are already onboard to ensure the most robust and accurate data. This includes ALTA Registry, Deutsche Bank, First American, Freddie Mac, Freedom Mortgage, Mr. Cooper, the National Notary Association (NNA), the Property Records Industry Association (PRIA), and Stewart Title. [Click here](#) to learn more.

Pairing wine with cheese is a longstanding culinary practice and, [according to researchers](#), a scientifically sound way to combat the dry mouth feel produced by wine's tannins. For a tech pairing that rivals classic duos like cabernet sauvignon and aged cheddar, lenders should turn to Sales Boomerang, an automated borrower intelligence system that recently integrated with Bonzo, a sales engagement platform that scales the voice of mortgage advisors so they can engage, convert, and retain more borrowers. Activating the seamless new integration between Sales Boomerang and Bonzo only takes about 2 weeks to implement and connects mortgage advisors to more high-intent leads via automated outreach. [Learn more about this perfect pairing.](#)

Company-Sponsored Training and Events

The global bond rout has accelerated in recent weeks on concerns the Fed unwind will drain liquidity from the system, triggering higher borrowing costs and spikes in volatility. Sound concerning? Join MCT for an Industry Webinar on April 19th at 11AMPT titled [Taper Tantrum Two? Comparing 2013 to 2022 & What Lenders Can Do](#). In this webinar, MCT's Phil Rasori, Justin Grant, and Andrew Rhodes will compare 2013 to 2022 in terms of the deteriorating market, market liquidity in specific coupons, loan sale execution liquidity, and investor pricing performance. They will also provide actionable recommendations to protect your business and pipeline. Additionally, visit the [MCT Learning Center](#) and download the MCT whitepaper [The Links Between MBS Markets and Loan Prices](#) that explores the relationship between consumer loan pricing and capital market conditions, addresses common misconceptions, and illustrates the processes involved in generating consumer loan offerings and intermediate loan prices.

Join [AmeriHome](#) Mortgage for a conversation about affordable housing and the economy with [Freddie Mac](#) this coming Tuesday, April 19th at 11 am PST. Meet Freddie Mac experts Leonard Kiefer, Deputy Chief Economist and David Mendez, Single-Family Affordable Lending Manager and explore insights, affordable solutions to advancing homeownership and opportunities to overcome borrower challenges. Be part of the discussion and ask your most important questions during the live Q&A session! Register for the webinar [here](#). AmeriHome Mortgage is a subsidiary of Western Alliance Bank, one of the country's top-performing banking companies, and is the largest bank-owned correspondent investor in the country! They offer a full suite of Agency, Government and Portfolio Non-Agency products, in addition to offering Western Alliance warehouse lines to their clients, both Delegated and Non-Delegated, for both Agency and Non-Agency business. If you're not already signed up with AmeriHome, reach out to CLsales@amerihome.com for more information on how a partnership could help you grow business!

Freddie and Fannie Making Industry-Wide Changes

Fannie Mae April Selling Guide [SEL-2022-03](#) includes changes to allow the use of an attorney title opinion letter in lieu of a title insurance policy for certain transactions, aligns the Selling Guide with high-balance loan-level price adjustment (LLPA) waiver changes announced in LL-2022-01, clarifies when a new desktop appraisal is required based on the age of the appraisal and that American National Standards Institute® (ANSI®) measurement standards do not apply to desktop appraisals, and more.

Effective April 23, Fannie Mae will update [RefiNow™](#) effective for all Best Effort Commitments taken on or after Wednesday, April 6, 2022 to remove the 620 minimum credit score requirement. Although this requirement is being removed, the representative credit score must continue to be provided at time of delivery. [Refer to LL-2021-10 for details](#). Additionally, the April update for Desktop Underwriter® (DU®) Version 11.0 will align with LL-2021-10 regarding the removal of the minimum credit score requirement for RefiNow loan casefiles. [Read the updated release notes](#).

Fannie Mae updated the Impact of COVID-19 on Servicing Lender Letter ([LL-2021-02](#))

to require servicers to postpone foreclosure-related activities for up to 60 days in certain instances when notified by a mortgage assistance fund program provider participating in the Homeowner Assistance Fund (HAF) program that a borrower has applied for mortgage assistance.

A recent [press release](#) announced Fannie Mae's introduction of its Expanded Housing Choice Initiative. Aimed to make the rental housing market more inclusive and equitable, the initiative provides a new pricing incentive for Texas and North Carolina multifamily property owners who accept U.S. Department of Housing and Urban Development (HUD) Housing Choice Vouchers.

This 12-month initiative will start in Texas and North Carolina and will incorporate feedback from customers, key stakeholders, and market participants.

According to Fannie Mae, the method of establishing residential property values for mortgage lending hasn't evolved much for several decades. The "all or nothing" approach of full traditional approach or appraisal waiver, with no in-between no longer fits the industry's needs and is not consistent with how other mortgage risks are managed. This [Jake Williamson commentary, The Journey to a More Efficient and Fair Home Valuation Process](#), describes Fannie Mae's vision of a modern valuation spectrum that will better serve homeowners, lenders, appraisers, and investors is best described in [the Jake Williamson commentary, The Journey to a More Efficient and Fair Home Valuation Process](#).

Fannie Mae's Servicing Guide update, [SVC 2022-02](#), clarifies requirements related to the completion of transfers of ownership of a property and removes the requirement to suspend reporting to the credit bureaus in certain instances related to U.S. servicemembers.

Fannie Mae has provided tools to help manage QC vendors such as a [QC document sample](#). [More QC resources](#) are available to provide additional assistance.

On May 9th, Fannie Mae is adding 14 new finding messages in the Uniform Collateral Data Portal® (UCDP)® to help with identifying

desktop and hybrid appraisal reports. For more information, [read the change notification](#).

Capital Markets

Expanded-credit loans are starting to move the needle for many investors and originators albeit at wider spreads and much higher rates. One place we are starting to see that change is the resurgence of investor issuance of RMBS: Five deals priced in March with volume nearly \$1 billion higher than February. [Download the latest MAXEX Market Report](#) to get a closer look at what's driving originators to look for liquidity in the non-agency space. [Subscribe to the MAXEX Market Report](#) and get the latest non-agency secondary mortgage market insights delivered to your inbox each month for free!

[MBS prices](#), and financial markets in general, were driven by the release of the Producer Price Index report for March showed inflation at the wholesale level rose 11.2 percent year-over-year. Unlike March CPI, the PPI report was hotter than expected at the headline and core levels. Over half of the increase was driven by rising energy costs. The report is troubling if consumers start to show more resistance to price increases. It's yet another reminder that the Fed needs to get aggressive with its policy to get inflation in check.

The surprise of the day yesterday came from the Fed's new two-week MBS purchase schedule covering the April 14 to 28 period which dropped 30-year 3 percent and 15-year 2 percent from the schedule and added some 4.5 percent to 30-year operations later in the schedule. That comes as Freddie Mac's Primary Mortgage Market Survey showed the average 30-year rate rising to 4.72 percent last week, with expectations to rise towards 5 percent. Keep in mind that MBS coupons are lower than [mortgage rates](#) due to the guarantee fee and servicing strip.

Today's economic calendar kicked off with the latest monetary policy decision from the ECB (no change in rates), followed by ECB head Lagarde's press conference. The busy U.S. calendar is also underway with March retail sales (+.5 percent, as expected), import (+2.6 percent)/export prices, and jobless claims (+18k to 185k, continuing claims 1.475 million). Later today brings February business inventories, preliminary April Michigan sentiment, remarks from Cleveland Fed President Mester and Philadelphia Fed President Harker, and more bank earnings from Wall Street following yesterday's JP Morgan disappointment. The futures settlement close is moved up to 1pm ET with SIFMA recommending a 2pm ET close for cash. Despite that early close, the Desk will conduct two operations which target up to \$2.1 billion 30-year 3.5 percent and 4 percent. We begin the last trading day of the week for bond and equity markets with Agency [MBS prices](#) roughly unchanged and the 10-year yielding 2.69 after closing yesterday at 2.69 percent.

Jobs, IMB Wanted

A leading, privately-owned national mortgage lender is seeking to acquire a thriving IMB with great leadership. The lender operates more than 100 retail branches across all 50 states. Direct to Fannie, Freddie, and Ginnie, the company also retains nearly 100 percent of mortgage servicing rights for a top-to-bottom customer experience that has led to significant YoY growth in loan volume. The company also services \$9.5 billion in volume. The company's model allows its branches to grow with unique marketing strategies, lead generation campaigns, realtor and partner programs, content development, and above-the-line advertising all to help branches develop incredible growth opportunities. If you're interested in learning more, you can confidentially fill in your information [here](#). Leadership will get back to you promptly and confidentially.

"While other companies may be tapping the brakes, that's not the case at [New American Funding](#). We are prepared for the changes in the market and are expanding and thriving across all markets from coast to coast, just as we have done every year since 2003. In fact, despite limited housing inventory, 2021 was our highest purchase year ever and we're projected to have even more purchase growth in 2022. And we want you to be part of it. We are looking for top originators to join our team. We arm our team with advanced tools and resources so they can be the best they can be. Does that sound like something you'd want to be a part of? If so, contact SVP, Business Development and National Recruiting, [Brooke Anderson](#) today! (609) 500-1520 EOE."

Are you a Loan Officer with a growth mindset who is looking to make a move in your career? Look no further than [Caliber Home Loans](#)! With 12 new products rolled out in the last 6 months, we are constantly providing you with new tools that will help you close. Our large and growing market presence, extensive real estate agent and builder networks and ongoing commitment to diverse and affordable lending initiatives and equal access to credit for all allows us to better serve new and prospective customers. When you join our team, you'll be joining a network of originators that are dedicated to expanding homeownership in our local communities – We're proud to be recognized as the #1 Retail Purchase Lender Serving the Hispanic/Latino community, according to 2021 HMDA data. [Apply today](#) or contact [Brent Lubahn](#).

"We're thrilled to announce that [PrimeLending](#), a PlainsCapital Company, has once again been recognized by MortgageSAT® as a Best-in-Class Lender for 2021 in the Large Independent Lender tier in four categories: Best Online Tools, Best Application Process, Best Loan

Officers and Best Processors. These prestigious awards are only given to lenders who consistently received the highest ratings from borrowers they served in 2021 – in other words, they come from our customers! Winning in these key categories comes as no surprise to us. Our acclaimed digital mortgage offers a streamlined online process that seamlessly combines personal service with digital speed, security, and innovative convenience. In other words, we offer the perfect combination of digital convenience and mortgage expertise. If your borrowers aren't enjoying an award-winning mortgage process, it's time to explore your options with a company who is invested in the customer experience from application through closing. Contact [Nic Hartke](#) to discover more about opportunities available with PrimeLending.”

[First Federal Bank](#) is pleased to announce that [Steve Morse](#) has been hired as a Correspondent Account Executive where he will be calling on banks and mortgage companies throughout the East and Southeast. Steve has spent most of his correspondent lending career working for a large regional bank in the Southeast.

Congratulations to MBA member [Ivet Oneth](#) on her new role as a VP of Strategic Partnerships at [The Knowledge Coop](#). Ivet is a results driven management executive with 25+ of mortgage industry experience focusing on finding the best solutions for her customers. With her background in sales, originations, underwriting and servicing, Ivet leverages her extensive industry knowledge to achieve established goals while maintaining her strong relationships with all clients.

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