

Capital Markets, TPO, eClose, Warehouse Products; FHA, VA, USDA News

By: Rob Chrisman | Mbn, Apr 18 2022, 10:58 AM

Notes to start off the week?! First off, there are some darned clever people around, and this ditty (thank you to John H. for sending) sung to “American Pie” and [lamenting the loss of the refi biz](#), ranks right up there for quality! (“... I can’t remember if I cried, when I read my client’s DTI, now considered too damn high...”) Second, [lumber prices have dropped](#) as the mortgage market has slowed. Lumber now comes in at \$829 per 1,000 board feet, down 39 percent from its 2022 high of \$1,357 in March. (To keep your perspective, today’s price is still nowhere near pre-pandemic levels of \$300 – \$500; One can always increase timber cutting on Federal land or reduce tariffs on Canadian lumber.) For bad news, last week investors focused on inflation with Treasury yields climbing higher, and back-to-back inflation reports showed prices posting record advances. On Thursday, the benchmark risk-free 10-year U.S. Treasury yield ramped up to multiyear highs, climbing 14 basis points to 2.83 percent. And major banks including Goldman Sachs, Morgan Stanley, and Wells Fargo reported a mixed bag of first quarter earnings. According to the CME FedWatch Tool, the probability of the Fed raising rates by 50 basis points in May now stands at nearly 90 percent. (The 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 Software and Services

As homes have gotten more and more complex with technology and systems it becomes more important to hand off knowledge between owners. HomeBinder has revamped its [Home Seller Report](#) to include more details than before helping owners sell homes with less questions. Plus it is a great conversation starter to engage with real estate agents that often deal with headaches in the sales and post-closing process. [Schedule a HomeBinder demo](#) to see how you and your real estate referral partners can support the transfer of home knowledge from one owner to the next.

Would your real estate agent referral partners be interested in learning about creative solutions that may be new to them, but that might help them save deals, show more homes, and offer homebuyers more options? Yeah, we thought so. That’s why MGIC created [free resources](#) that loan officers can share with agents to provide value and earn referrals. When your agents see how these strategies can help them solve problems and create more options, they’ll thank you! [Download your free materials](#) and show your referral partners how you can help them grow their business.

“Come and chat with [Axos Bank’s Warehouse Lending Team](#) at TMBA’s 106th Annual Convention in Austin, Texas, from April 24-26. Our diverse array of Agency, Jumbo, and Non-QM products, expanded portfolio programs, and extended cut off times (6:15 p.m. ET) provide you the flexibility you need in this dynamic market. [Schedule a meeting](#) with us to discuss your business strategy and how a partnership with Axos Bank can help grow your business. Or contact [Eric Nelepovitz](#) and the Warehouse Lending Team at 888-764-7080 to learn more about our program.”

Delivering an [excellent customer service experience is extremely important](#), as nearly 2/3 of Americans will switch companies because of poor customer service. Lenders seeking a superb customer service experience for themselves and their borrowers need look no further than IDS. In addition to providing excellent doc prep and eClose services, IDS works diligently to ensure a superb customer service experience for all. In 2021, IDS recorded 96 percent customer satisfaction, besting the industry average of 94 percent. But don’t just take IDS’s word for it. IDS was named the winner of a 2021 American Business Award in the [Customer Service Department of the Year](#) category. [Contact IDS today to offer your borrowers the best experience possible.](#)

Correspondent and Wholesale Loan Products

“Please join us in celebrating some very exciting news! Kim Krick recently celebrated her 36-year anniversary with [Freedom Mortgage](#). Our most-tenured Vice President in Wholesale, Kim leads our Southeast Region and continues to provide the most amazing client service. Just after celebrating her Five-Year Anniversary with Freedom Mortgage, Reina Murillo has been promoted to Vice President of our Southwest Region for our Wholesale Division. Reina is well-known within our client ranks as she focuses on helping some of the largest clients in the country. Did you know the average tenure within our Account Executive Team is over nine years with Freedom Mortgage? Incredible! Leading our Account Executive Team is Mike Mell. Mike has been with Freedom Mortgage for 17½ years and still enjoys drinking Diet Dr. Pepper before 8 AMPacific Time. He absolutely loves our team! Looking for ways to grow your business? Want to work with our amazing team? We are here to help. [Visit us](#) or [email us](#) and we will have one of our amazing Account Executives reach out. Thank you!”

"I need somebody/(Help) not just anybody/(Help) you know I need someone, help..." While The Beatles certainly didn't intend to write the perfect anthem for today's homebuyers, the title track off the group's fifth studio album is an apt summation of where many homebuyers stand in today's market. [Mid America Mortgage's Correspondent Division](#) has the lifeline homebuyers need to combat the dual effects of rising [interest rates](#) and declining affordability and purchase the home of their dreams. Its [down payment assistance \(DPA\) program](#) is available to first-time and repeat homebuyers and combines a first lien FHA with a second lien with ZERO payments, ZERO interest and forgivable after 5 years. Ready to help your borrowers sing a different tune? Contact National Sales Director [Julas Hollie](#) to learn more about becoming a correspondent customer.

USDA, Ginnie, FHA, and VA Changes

Some believe that HUD needs to lower the MIP. For example, Dave Stevens of Mountain Lake Consulting, says, "There is no rationale in holding the MIP at current levels considering the strength of the Mutual Mortgage Insurance Fund." And the Community Home Lenders Association (CHLA) [repeated its call](#) for FHA to lower premiums and to eliminate the life of loan premium on FHA loans. "While I might have a different view on the life of loan premium, I applaud their call and cannot understand why HUD has not yet lowered FHA premiums. It's dumbfounding."

Not everyone in the industry is pushing the FHA to cut its mortgage insurance premiums. Meg Burns, EVP of the Housing Policy Council and a former FHA official, said the government's mortgage insurer would be wise to wait and monitor its portfolio before announcing premium cuts. She said there are still performance issues related to COVID forbearance programs and given rising [interest rates](#) and historic inflation, home values could stagnate or even decline.

And... we started hearing her name last June by being nominated. The Senate voted to place Julia Gordon's nomination to be FHA Commissioner on the Senate Calendar for a vote. If confirmed, Ms. Gordon will take a leadership role in developing new FHA policies to expand access to credit. She will also play a key role in determining premium changes in the FHA program.

In VA news, we have "[Circular 26-20-10 Change 3](#)": Updated Lender Guidance for Borrowers Affected Financially By COVID-19. VA has extended the rescission date of this Circular to July 1, 2023. The original Circular announced temporary measures for the review of borrower qualifications for a VA-guaranteed home loan when the borrower's income and the lender's processing of the home loan have been affected by the COVID-19 national emergency.

For USDA fans, the Mandatory use of the Agency's automated Guaranteed Underwriting System (GUS) and the Lender Loan Closing (LLC) final rule will be effective on May 9th, 2022. In preparation, the Agency has updated several chapters in Handbook 1-3555 as well as Appendix 2 to include guidance eliminating manual submissions of some origination and closing packages and other references to the Mandatory GUS and LLC final rule. Advance copies of the revised chapters are available for review for 30 days on the [USDALINC Training and Resource Library](#), in the Loan Origination tab, under the sub-heading "New". Questions regarding program policy and this announcement may be directed to the [National Office Division](#) or (202) 720-1452.

In March [Ginnie Mae](#), where most FHA & VA loans go, helped finance 189,000 homes with more than \$51 billion in MBS Issuance.

PennyMac updated values on the Government 'FICO Price Adjustments' LLPA Grid, effective for all Best Effort Commitments taken on or after Wednesday, April 6, 2022.

[AmeriHome Correspondent 20220310-CL General Announcement](#) summarizes previously published changes made during March and recent Agency and regulatory news.

First Community Mortgage Correspondent began offering VA 100 percent Cash-Out, effective for rate locks on or after Tuesday, April 12. [View FCM Announcement 2022-12](#). And FCM's wholesale division is offering VA 100 percent Cash-Out loans. Details are available in [FCM Wholesale Announcement 2022-16](#).

PRMG updated multiple products including clarifications related to Agency Fannie Mae Standard and High Balance, Home Possible, Diamond Jumbo, VA and VA High Balance, updated cash out refinance information on [Expanded Access](#) and [Investor Solution](#) products. Some changes are listed in [PRMG Product Update 22-15](#), review the full profiles for additional information.

[Diamond Residential Mortgage Corporation](#) now offers USDA Rehabilitation and Repair loans to home buyers. Buyers can purchase a primary residence and finance the costs to renovate a home. "No down payment is required (property must be located in USDA eligible area). Minimum credit score of 640 is required. Seller can pay up to 6 percent of the purchase or sales price, or if the appraised value is higher than purchase price, closing costs may be financed. Utilities do not have to be turned on."

Capital Markets

Savvy lenders keep their options open by maintaining multiple pathways into the secondary market. If you're interested in adding to your delivery options, consider [Computershare Loan Services' \(CLS\) co-issue MSR acquisition platform](#). Their competitive pricing helps MSR sellers maximize revenue on a wide range of Agency-eligible products. They are a consistent buyer that funds quickly and has an appetite for growth. [Contact the CLS team](#) to add their co-issue platform to your toolbox of secondary market options.

[Beef up your balance sheet](#) with quality closed jumbo loans. MAXEX, the first digital mortgage exchange, can help you add quality jumbo loans to your portfolio without forcing you to add infrastructure, giving you more control and reducing risk. Many loans are traded through MAXEX multiple times, reducing due diligence costs, and enabling faster transactions. [Contact us today](#) to learn how you can better execute bulk trades. If you'd rather talk in person, [schedule a meeting with our leadership team](#) during this year's MBA Secondary event in Times Square.

Looking at what is driving rates, last week's inflation data revealed the largest monthly increase in consumer prices since September 2005 and the **largest annual increase in 41 years**. While most of the monthly gain reinforced how expensive necessities such as food and energy have become, core goods inflation eased significantly. Retail sales increased a mere 0.5 percent in March however, when accounting for inflation, the volume of sales declined. The pullback by consumers has some economists estimating that real consumption growth may be flat in the second quarter. Manufacturing production numbers expanded in March, is currently above its 2018 peak but ongoing lockdowns in China represent a risk to that outlook as US manufacturing is reliant on the global supply chain. Mortgage rates continue to rise, climbing nearly one percentage point over the last month as expectations for tighter monetary policy abound. **Markets are currently pricing in a 50-basis point increase to the Fed Funds rate next month** and also expect the Fed to decrease the size of its balance sheet.

This week sees the usual lull in terms of data for the third week of the month with several updates on housing, leading indicators with S&P Global Services flash PMIs for April on Friday. FedSpeak is on the lighter side though the Beige Book will be released on Wednesday. Kicking off the calendar later this morning is the NAHB Housing Market Index for April. **The Desk will purchase up to \$2.1 billion 30-year 3.5 percent and 4 percent MBS**. We begin the week with Agency [MBS prices](#) roughly unchanged and the 10-year yielding 2.84 after closing last trading week at 2.83 percent on little news.

Jobs and New Hires

"In MI news, [Essent Guaranty](#), Inc. is looking for an Account Manager to cover Mississippi and Alabama. Are you ready to take your career to the next level? If you have relevant business development experience within the financial services, mortgage, secondary markets, capital markets or mortgage insurance industries, this role may be the right move for you. As an Essent Account Manager, you will drive profitable mortgage insurance business using a risk-centric approach that delivers value to mortgage lenders, banks, and credit unions through credit enhancement solutions. Essent is a leader in the mortgage insurance industry and offers competitive compensation and benefits packages, making it easy to transition to your new role. If you are a performance-driven professional who enjoys working in a fast-paced environment, send your resume to [Robyn Donnelly](#). Learn more about [Essent Guaranty](#)."

A leading national lender with a retail and wholesale platform is seeking a Director of Reverse Mortgage Lending to help build and grow an in-house reverse mortgage program. The ideal candidate is a demonstrated leader with minimum ten years robust experience in all facets of reverse lending, including but not limited to, development and implementation of a business plan, training, technology/LOS customization, state requirements, marketing, sales and operations recruitment and management, and secondary market relationships. The company is seeking a leader with a proven track record of growth, and who is a partner with and manages all aspects of a very strong operations, technology, and product development team. Please send resumes to Chrisman LLC's [Anjelica Nix](#) to setup a discussion; please specify the opportunity.

"[Acra Lending](#) is seeking talented mortgage professionals to join the team as we continue to provide industry-leading programs to meet the needs of our customers! Acra Lending is currently hiring for a [Business Analyst, Reporting Analyst](#), and [Staff Accountants](#) that are ambitious and committed to building their career. If interested, email careers@acralending.com or apply directly at [JoinAcra](#).

FHA is hiring [two underwriters](#) (up to \$113k per year) in Denver, CO for verifying factual information submitted insofar as available data permit, determining the plausibility and consistency of the conclusions, and for monitoring DE Underwriter and lender activities. To view job duties [visit USAJobs site to access job number 22-HUD-1486-P](#).

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