

Audit, Non-QM, DPA Products; FHA, VA News; Apps Continue Downward Spiral

By: Rob Chrisman | Wed, Apr 27 2022, 11:03 AM

Change is mandatory. Progress is optional. Are signing bonuses a sign of progress? Perhaps not, and more a continued sign of the competitive times. “A \$1 Million Salesperson Signing Bonus is [Not a Growth Strategy](#)” is worth a skim. Today’s [podcast interview](#) is with me discussing the current rough environment, and as our brethren trail off home from the Texas MBA to the airport in Austin (and actually recognize each other without masks), the talk is about volume and cutbacks. Vendors are being beaten up on price. Long, long gone are the days of padding margins to slow things down as mortgage applications tumble week after week. Refinance volumes have fallen dramatically and are now heavily skewed toward cash-out transactions. Lenders also continue to indicate margins have been cut as much as possible, forcing reductions in capacity to try and control costs as volumes fall. Mid-level management is threatened (do you need district, regional, and divisional managers?) Producing branch managers on a salary plus commission are being scrutinized, especially in smaller markets. [LO compensation is being analyzed and segregated](#). (Today’s podcast is [available here](#) and this week’s is sponsored by [Richey May](#), a recognized leader in providing specialized advisory, audit, tax, technology, and other services in the mortgage industry and in banking.)

Lender and Broker Programs and Services

What’s the only thing better than enjoying renowned Italian cuisine in the excitement of New York City’s Times Square? Doing that while discussing ways to automate your secondary marketing functions and boost competitive strategies. If you’re planning to attend the [MBA Secondary & Capital Markets Conference & Expo](#), be sure to visit with Optimal Blue at [Carmine’s Italian Restaurant](#) on May 16 or 17. Simply [request a meeting](#), and one of Optimal Blue’s secondary marketing experts will be in touch to discuss scheduling. This is an exclusive opportunity to learn how integrated software and data can support your unique business strategies, surrounded by the energy and spirit of Times Square!

Lenders who help borrowers find a loan are giving them a place to live, but lenders who give back to the communities they serve are helping borrowers feel more at home in those communities. Sales Boomerang is all about giving back, which is why all proceeds from the borrower intelligence platform’s upcoming webinar will support the Movement Foundation, an organization that supports self-sustaining community and housing projects that provide value to local communities. On May 11 at 2 pm ET, join Sales Boomerang’s Alex Kutsishin; Movement Mortgage’s Montel Watson; Down Payment Resource’s Rob Chrane; NAAMBA’s Tony Thompson and WEST’s Geoff Zimpfer as the group discusses the importance of lending a hand in your community. Registration includes a \$10 contribution, and Sales Boomerang will match up to \$1,000 in donations. [Register to show your support](#).

Would you like to qualify more self-employed customers? Would you like to have your customers’ bank statements analyzed quickly? [Sprout Mortgage](#), one of the nation’s leading non-QM lenders is holding a free webinar to show you how! [Register now for Scenario Station, on Wednesday, May 11th at 9:00PT/12:00ET](#). We’ll share solutions for self-employed customers and innovative tools to qualify them. We’ll show you how to analyze clients’ bank statement in under one hour. Remember to submit your unique loan scenario on the registration page – we’ll speak to it! From loan amounts to \$10 million, the Loan Scenario Desk and complimentary Bank Statement Analysis through iAnalyze, to our Condo Review service and complimentary marketing tools via The Sprout Marketing Store, Sprout is committed to providing product education and marketing assistance to help you grow. [This is a can’t miss event!](#)

“At [Richey May](#) we dig in and go deep. We have been focused on the mortgage banking industry for over 35 years. It’s where we came from and it’s what we know. This singular intent has created a full suite of services and products designed specifically for mortgage banking leaders by people who truly know the ins and outs of your operations. Our goal is to equip mortgage leaders with the best, whether that means you are utilizing our game-changing platforms or utilizing our experts as an extension of your team, so you can accomplish your goals more easily and stay ahead of the curve. From audit and tax to accounting services, cybersecurity to intelligent automation, and business intelligence, we have you covered. [Contact our experts today](#) to learn more about how we can help you reach your goals.”

FHA, VA, and USDA Updates

Bank of America’s alleged misdeeds in the news. Setting aside money for settlements is something every lender does. Why? HUD [announced a conciliation agreement](#) with Bank of America and one of its loan officers to resolve allegations that respondents violated the Fair Housing Act (FHA) by denying a mortgage loan to a couple until after one of the applicants returned to work from maternity leave. Under the FHA, it is unlawful to discriminate in the terms, conditions, or privileges associated with the sale of a dwelling on the basis of race, color,

national origin, religion, sex, disability, or familial status, including denying a mortgage loan because an applicant is on maternity leave. In addition to requiring a \$15,000 payment be made to the couple, the bank must “adhere to a policy wherein applicants on temporary leave, including parental leave, can be approved for a mortgage prior to returning to active work status,” and provide fair lending training to employees. Remember that the conciliation agreement does not constitute an admission by respondents or evidence of a finding by HUD of a violation of the FHA.

FHA published in the Federal Register (FR), Mortgage Review Board: Administrative Actions ([Docket No. FR-6317-N-01](#)). This FR Notice is the annual notification of all completed administrative actions taken by the Department of Housing and Urban Development’s (HUD) Mortgage Review Board from October 1, 2020, through September 30, 2021, where settlement agreements have been reached as of February 28, 2022. The FR notice also includes one notice of administrative action (a withdrawal) which was issued in fiscal year 2019.

The FR Notice provides a description of, and the cause for, the Mortgage Review Board’s administrative actions against HUD-approved mortgagees in 81 fact-based cases and 17 annual recertification violations.

Recall that in early April, the FHA initiated a [rule making process](#) to allow all borrowers with FHA-insured loans, regardless of whether they were financially impacted by the pandemic, to opt for a 40-year loan modification, if necessary.

FHA published [Mortgage Letter \(ML\) 2022-07](#) that adds to FHA’s COVID-19 Recovery Loss Mitigation Options, a loan modification with a 40-year term used together with a partial claim.

The ML may be implemented immediately, however, it must be implemented no later than 90 calendar days from the publication date of this ML. Additionally, the policy does not affect the effective dates for the COVID-19 Recovery Loss Mitigation Options announced in [Mortgage Letter 2021-18](#). Mortgagees are encouraged to review this ML in its entirety for detailed policy guidance. Read the [press release](#) for more information.

If you know of an appraiser interested in FHA product, there’s the [“Appraiser’s Guide to FHA”](#)

Also noted in [Newsflash C22-014](#), [Wells Fargo Funding](#) updated its Seller Guide is updated to align with USDA Rural Development’s (RD’s) final rule requiring use of the Guaranteed Underwriting System (GUS) for all Guaranteed Rural Housing (GRH) Loans.

Yesterday Pennymac’s Correspondent Group posted [22-30: Update to Government LLPAs](#).

Capital Markets

Yes, this morning’s MBA application data reminded us that rates do impact volume. The housing market is starting to feel the effects of higher [mortgage rates](#) that have risen in anticipation of aggressive tightening of monetary policy by the Federal Reserve. Rates are the highest they’ve been since 2009, having surpassed all forecasts from the beginning of the year. Existing home sales declined 2.7 percent in March following an 8.6 percent drop in February as affordability and historical lack of supply take their toll on would-be buyers. **The median existing home price was 15 percent higher in March 2022 vs. March 2021** and the Southern region of the country saw prices rise more than 21 percent. Despite the significant increase in prices this region remains affordable by comparison to the Northeast and West.

Last week we also learned that single-family housing starts fell 1.7 percent in March and permits were down 4.8 percent as builders still face materials and worker shortages. Additionally, the higher rates **may be causing some builders to pause new projects** as buyer traffic is reported to have slowed. Meanwhile the 811,000 multifamily units under construction is the highest since May 1974. It is important to note that while starts and existing sales have slowed, their pace remains higher than at any point from 2008 to 2019 and the Mortgage Bankers Association forecasts 2022 purchase mortgage volume to be near record levels.

There was a **lot of data to digest yesterday and it was mixed** relative to expectations. New home sales missed estimates, declining 8.6 percent month-over-month in March to a seasonally adjusted annual rate of 763k units. On a year-over-year basis, new home sales were down 12.6 percent as sales of lower-priced homes have decreased as a percentage of overall sales, likely due to less supply resulting from supply chain pressures and increased costs for builders, leading to more effort spent on the luxury sector. Coupled with rising [mortgage rates](#) reducing affordability for lower-income buyers and higher-priced homes accounting for a larger percentage of new homes sold, the median home price rose 21 percent to \$436,700.

Headline durable orders also missed estimates, increasing 0.8 percent month-over-month in March when expectations were for a 1.1 percent increase. It was a nice rebound in order activity after a brief slump in February. Separately, and on the bright side, **consumer confidence was better than expected**, even though it dipped to 107.3 in April. Consumers’ expectations did not worsen much from March in spite of the inflation pressures and the war in Ukraine. In the same period a year ago, the index stood at 117.5.

The FHFA Housing Price Index rose 2.1 percent in February after increasing 1.6 percent in January, putting the index up 19.4 percent year-

over-year. That marks a new historical record as acceleration approached twice the monthly rate as seen a year ago in part due to supply constraints. The S&P Case-Shiller Home Price Index was up 20.2 percent year-over-year in February, beating estimates. Note that Case-Shiller is a more broad-based index than FHFA, which only looks at homes which are backed by a GSE / government loan and excludes jumbos, all-cash sales, and non-QM. The impact of increasing [mortgage rates](#) on home prices may not support extraordinary home price growth for much longer, even as we hit the main part of the spring selling season.

Mortgage applications continue to fall as rates rise, decreasing 8.3 percent from one week earlier, according to data from the latest MBA Weekly Mortgage Applications Survey. We've also received advanced indicators for March, with the goods trade deficit (+17.8 percent to \$125.3 billion) and retail and wholesale inventories rising. Later this morning brings March pending home sales and a Treasury auction of \$49 billion 5-year notes. The Desk will purchase up to \$1.98 billion of conventional MBS across 15-year 2.5 percent and 3 percent and 30-year 3.5 percent and 4 percent. We begin the day with Agency [MBS prices](#) almost unchanged and the 10-year yielding 2.75 after closing yesterday at 2.77 percent.

Jobs, CFO Role Wanted

With the rapid market shift, is your company looking to save millions annually? Our contact, a high caliber and strategic CFO, is seeking a new and exciting opportunity. Bringing over a decade of C-Suite experience, this dynamic individual has risen to the top echelon of IMBs and Fortune 500 companies. This CFO candidate offers a history of managing Capital Markets, Finance, Accounting, M&A, MIS, and much more, is sales-friendly, and has a consistent and proven track record of saving millions of dollars while simultaneously creating controls and automation to streamline day-to-day processes. They've recorded over \$500 million dollars in savings with \$60 million of that being saved in just the last 3 years. As a key addition to your leadership team, they will partner with operations to create performance metrics and with sales to generate and review P&Ls. For a free confidential introduction please reach out to [Anjelica Nixt](#).

[Evergreen Home Loans™](#) is celebrating 35 years of helping people home and 35 years of WOW. The company continues its commitment to help loan officers thrive and position them for success in 2022 and beyond. Innovative programs like [CashUp™ by Evergreen](#) answer current and future market challenges and even the playing field for agents and buyers alike. Evergreen is proud to offer solutions and niche programs to increase business opportunities for its family of loan officers. If you're interested in working for a company that has a 35-year track record helping loan officers stand out and a place where [99 percent of associates surveyed by Great Place to Work® say Evergreen is a great place to work](#), visit the [Careers page](#). Great Place to Work® is a registered trademark of Great Place to Work® Institute, Inc.

Now that's what you call a lock! With rates rising for the seventh consecutive week, consumers buying new homes may be worried whether they'll still be able to afford their monthly payments when their home is finally built. To quell such fears, [Embrace Home Loans](#) has launched its new Extended Rate Lock, which protects a new home borrower's rate for up to 360 days... Almost an entire year! "Our extended lock is more flexible too," says Steve Adamo, president of national retail production. "If rates drop before your home is finished, we offer a one-time float down option within 30 days of closing." The Extended Rate Lock is just the latest of many tools Embrace gives its loan officers to help them succeed. The nationwide lender continues to grow and is looking for high-performing professionals who care deeply about customer satisfaction. Interested in joining a winning team? Call Steve Adamo at 401-524-5733.

"Loan Officers, are you looking for a little extra mentorship to help you grow your team and maximize your potential in an ever-changing market? If so, New American is here for you! We're committed to giving you the educational opportunities and training you need to stay ahead of the curve. From basic tips about the mortgage business and how to build your team, to looking ahead at the future of the industry, we'll give you strategic coaching and advice from our top producers and senior executives. Learn how to maximize your career growth with exclusive educational tools like our sales manager school and live monthly coaching calls where you'll hear from some of the top originators in the country. Contact SVP, Business Development and National Recruiting, [Brooke Anderson](#) today to learn more about joining our team! (609) 500-1520, EOE."

"[Acra Lending](#) is hiring experienced [Account Executives](#)! We are expanding our team and are seeking driven individuals to join our company. Acra Lending is focused on growth while providing industry-leading programs to meet the needs of our customers. If you'd like to join a company that provides numerous career advancement opportunities, email [Acra Careers](#) or apply directly at [Join Acra!](#)"

Recently [National Bank Holdings Corporation](#) announced an agreement to acquire [Bank of Jackson Hole with operations in Jackson Hole, WY and Boise, ID](#). There are advantages in being an originator for a national bank, and NBH is looking for growth-oriented originators in its footprint states which include CO, MO, KS, TX, UT, NM, ID, and WY. Any loan originators interested in a career with NBH, please [send me](#) a resume for forwarding.

Congratulations to Frank Martell who is [the new President of loanDepot](#).

View this Article: <https://www.mortgagenewsdaily.com/opinion/pipelinepress-04272022>

