

# Lender&Broker Products; Mergers and Acquisitions: Black Knight Worth Twice as Much as Yankees?

By: Rob Chrisman | Thu, May 5 2022, 10:09 AM

Life is complicated. Take the Black Knight purchase by ICE. Some vendors are out there licking their chops at their company's valuation while others are fearing for their future as "the big boys" become formidable.

Taxes? The latest headline is about how [TurboTax duped consumers](#). (Thank you, Guy S.) Was life simpler 160 years ago? Today celebrates Mexico's victory over France in the Battle of Puebla on May 5, 1862. It was a relatively minor battle (and the French reclaimed Puebla a year later) but a symbolic one because a small Mexican army defeated a larger occupying force. By 1867, Mexican troops had driven France from the country.

Mexico is just one of twenty Hispanic countries, and lenders know that the rise in overall Hispanic home ownership in recent years played out in first-time home buyer numbers and many have "diversity" departments that encompass many lending facets including minority homeownership. Hispanic homeownership in the U.S. climbed significantly in 2020: There are now about nine million Hispanic homeowners in the country, according to [a report](#) released by the National Association of Hispanic Real Estate Professionals. Viva la Raza!

## Lender & broker programs and services

"Mortgage Banker CFOs: If you could cut 10 percent from one of the largest items on your P&L, would you? It's possible with OptiFunder's optimized decisioning for warehouse funding. Our Warehouse Management System (WMS) utilizes advanced AI/ML technology and optimization science to help you make better, more informed decisions to achieve your strategic objectives, whether that's minimizing interest expense, maximizing ROE, or achieving certain funding allocation targets. Plus, you can gain real-time business analytics and automate funding and Purchase Advice tasks. To receive a case study showing how we're on track to save a client over \$1mm this year, email [info@optifunder.com](mailto:info@optifunder.com) or meet with Jon Rutila at the upcoming MBA Secondary Conference in NYC."

Especially during periods of increased market volatility, having the proper tools in your arsenal can make or break your viability, profitability, and overall success. Technology and digitization are paramount for lenders and have always been at the forefront of MCT's mission of providing award-winning secondary marketing software and best-in-class advisory services. Loaded up with industry-disrupting software, MCT is positioned as the leading pipeline hedge advisory in the residential mortgage industry. This year, MCT is Bringing BPS Back to produce a quantitative and qualitative success story for every client. Explore this [profitability hedge calculator](#) and sign up for a [MCT Industry Webinar: Improve Profitability to Counter Market Headwinds](#) on May 25, 2022, at 11 a.m. PT to discover how MCT can Bring BPS Back to improve your profitability and efficiency gains in 2022.

Digital transformation is changing the lending experience for lenders and consumers, alike. Count on a leading Correspondent and Housing Finance Agency partner to guide you through these changes and the impact on mortgage lending. Partner with U.S. Bank to learn more about supporting your clients in this complex and ever-evolving market. For the eighth consecutive year, U.S. Bank has been named one of the World's Most Ethical Companies by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business. Contact a [U. S. Bank](#) account executive and connect with us at the MBA Secondary and Capital Markets Conference Expo, May 15-18 in New York to learn more about the benefits of partnering with U.S. Bank.

2 reasons you need risk... and an internal audit. Risk has a place in every mortgage company. Without it, you can't grow. But exactly how much risk can you tolerate? An internal audit from Richey May can help answer that question in two important ways: 1) Know your risk appetite. Every mortgage company has a unique risk appetite. An internal audit can help you understand what yours is and how to balance risk against it. It enables you to mitigate risk to a level that lets leadership feel comfortable and still achieve business objectives. 2) Protect your licenses and agency approvals. Mortgage lenders need internal audits because agencies and regulators require them. Waiting until you get hit with a finding is a bad risk. To stay compliant, you need to adhere to regulatory requirements. Manage risk and grow your business. [Learn more here](#). Talk to a [Richey May expert](#) today.

"Just like your car can automatically diagnose problems, Candor can automatically diagnose borrower eligibility, documents required, conditions required, and loan defects that require resolution. Plus, Candor can clear conditions and repair defects, or provide precise instructions for your team to DIY. No guesswork, no speculation, no rework, and no bias. Candor digs deep into the data & information to locate hidden problems that would require hours of Underwriter scrutiny. In addition to ingesting AUS, OCR, income calculations, data validation & verification and cross checks, Candor conducts a hands off underwrite, saves every detail to a permanent database, and backs

up decisions with a warranty. Our clients rave. Implementation is a fast 30 days. [It's worth 30 minutes to learn more.](#)"

Tips, direction, expert guidance: Women in the mortgage industry are keen on sharing great advice, and proactively seek best-practices to enhance their professional and personal lives. That's why there is no better opportunity for mortgage education and coaching leaders than to be part of Mortgage Women Magazine's special Coaching Showcase. You'll reach tens of thousands of female mortgage pros in the nation's oldest and only publication designed specifically for this critical demographic. It's time to match the best mortgage coaches with the best audience. There is a sense of urgency for our readers to find coaches and mentors who will take them to the next level in their careers. Will you be among them? [Click here](#), to secure your featured listing in Mortgage Women Magazine's Coaching Showcase.

Consumer direct lenders need a steady stream of leads and inquiries to grow their business, but what's the most efficient way to manage all the volume? According to the mortgage marketing experts at Black Knight, consumer direct lenders that want to create a more streamlined experience (without breaking their budget) should leverage a powerful mortgage marketing solution that communicates efficiently with other pieces of their tech stack. Spoiler alert: Black Knight's Surefire CRM and Mortgage Marketing Engine does just that! Ready to convert more leads to borrowers and shorten times to close? [Get the scoop](#) on the best automation strategies for consumer direct lenders in Surefire's illuminating eBook.

Join Mitch Kider, Melissa Thomas, and Barry Habib for a free ActiveComply webinar "Using Social Media to Increase Purchase Business While Staying Compliant." "During this session, we'll discuss how social media can reduce marketing costs, modern-day redlining and fair lending concerns, how the best producers are using social media, and more. Learn more and pre-register for this insightful webinar today! ActiveComply. Do you know what your LOs are saying online? Are you saying NO to social media because you don't know the rules or feel protected? ActiveComply creates no-headache solutions for staying compliant on social media for IMBs, banks, credit unions, and more. Meet regulatory requirements easily through our compliance system technology: automatically find all company and LO accounts related to your brand, examine profiles for NMLS IDs & Equal Housing information, and ensure posts are compliant (image scanning included). [Sign up for a FREE demo](#) and try ActiveComply today!"

Finally, some good news! Full-service national lender REMN WHOLESALÉ, has just released updates to its Simple Access "Non-QM" Program. These new enhancements apply to credit scores, LTV limits, reserve requirements, assets, income, and cash out. To access REMN guidelines [click here](#). REMN also provides a web-based Simple Access (Non-QM) Learning Center. Contact your REMN Account Executive for details and access to the learning center. REMN boasts: "If you can't buy the home you love, love the home you're with!" REMN Wholesale Renovation Lending offers FHA 203(k) Standard & Limited, and FNMA HomeStyle® Renovation Loans. Also, REMN provides renovation lending concierge service, combined with product and process expertise, making them national leaders in Renovation Lending. REMN has definitely ARIVE'd! Yep, REMN recently joined the ARIVE platform for independent mortgage brokers. REMN's loan products, pricing and integrated loan registration are all available (automatically) to REMN-approved Brokers. REMN WHOLESALÉ is REMN READY to earn your business.

### **M&A: not confined to lenders**

2022 could be the year for mergers and acquisitions. Sure the recent weeks have contained news of the LendUS/CrossCountry and the Planet Home/Home Point deals, both announced in this daily Commentary. But the third-party provider (vendor) world has its share.

Yesterday my phone and email had messages that included, "Volume is declining everywhere: is this someone trying to catch a falling knife?" "This deal makes zero sense. \$85 a share is Black Knight's 52-week high." "Interesting." "Lots of dominoes will fall in the coming months as a result." "Amazing!" "Good news! No third-party review for their products now!" "This is a big 'Wow' although the market knew that the MSP (servicing platform) was something that ICE wanted and makes sense. But I wasn't sure if having two LOS (systems) would add too much redundancy."

Tongues are wagging about Intercontinental Exchange (ICE, traded on the NYSE) buying Black Knight for \$13.1 billion. ICE's cash-and-stock offer of \$85 per share is a premium of nearly 34 percent to Black Knight's close on Tuesday. The deal's enterprise value is about \$16 billion. The companies said they expect [the transaction](#) to close in the first half of 2023.

Like the stock prices of companies like [Guild](#), [UWMC](#), or [loanDepot](#), which are trading near their all-time lows, the share price of [ICE](#) has tumbled, mirroring the industry. [Black Knight](#), however, has done well.

The acquisition of Black Knight, which provides software, data and analytics to the real estate and housing finance markets, is the latest in a string of deals since 2016 by ICE to support its mortgage servicing business as it bets on a windfall from the automation of the home financing process. ICE bought Ellie Mae, a cloud-based platform that supports all aspects of mortgage origination, for \$11 billion in August 2020, Simplifile in 2019 for \$335 million, and MERS, in which ICE took a majority stake in 2016 and bought outright in 2018.

## Capital markets: the Fed does as expected

The U.S. Federal Reserve delivered its biggest rate hike since 2000 yesterday, raising its benchmark fed funds rate a half percentage point to a 0.75 percent to 1.00 percent target range, and announcing it would start shrinking its massive \$8.9 trillion balance sheet in June. The focus now turns to whether even bigger moves lie ahead, such as a 75-basis point rate increase in June. Fed Chair Powell said that 75 basis point hikes are not being discussed right now, though there was "a broad sense on the committee that additional 50 basis point increases should be on the table for the next couple of meetings." The Fed Chairman also acknowledged that the FOMC is "moving expeditiously" to bring back down "much too high" inflation and that supply chain disruptions are bigger and more persistent than expected.

The central bank will allow its holdings of Treasuries and MBS to decline at an initial combined monthly pace of \$47.5 billion starting June 1 (\$30 billion of Treasuries and \$17.5 billion of Agency MBS), stepping up over three months to \$95 billion (\$60 billion and \$35 billion, respectively). Neither the statement nor the balance sheet plan repeated the goal of returning the balance sheet to all Treasuries, and there was no mention about the potential for active MBS sales. Talk about active sales has likely increased volatility in the MBS market recently. Bond yields fell after the statement was less hawkish than certain forecasts and Fed Chair Powell eased fears that the central bank would embark on an even more aggressive pace of tightening. In the NY Fed's statement on reducing SOMA holdings, it indicated that the paydowns in the Fed portfolio in April, payable in May, which will be known by Friday after Agency prepayments (along with any maturing Agency debt) are released tonight, will not be impacted by the \$17.5 billion taper amount. The amount of reinvestments payable in June (that will reflect the taper amount) won't be announced until mid-June.

For beleaguered lenders, it is welcome news that [mortgage rates](#) are likely to plateau near current levels as financial markets attempt to price in the impact of Fed actions over this cycle and the resulting economic slowdown. Another bonus may be that MBA expects that potential homebuyers may be more willing to re-enter the market once we move past this recent rate spike and associated volatility.

Today sees the latest central bank decisions from Norges Bank (hold) and the Bank of England (raise rates). The domestic calendar has seen job cuts from Challenger for April (24,286 cuts in April, a 14% increase from the 21,387 announced in March), weekly jobless claims (+15k to 200k) and preliminary Q1 productivity (7.5 percent!) and unit labor costs (soaring 11.6 percent). The NY Desk will conduct two operations targeting up to \$1.9 billion conventional MBS across 30-year 3.5 percent through 4.5 percent and 15-year 3 percent and 3.5 percent. We begin the day with Agency [MBS prices](#) roughly unchanged from Wednesday's close and the 10-year yielding 2.93 after closing yesterday at 2.92 percent.

Most people don't know that in 1912, Hellmann's mayonnaise was manufactured in England. In fact, the Titanic was carrying 12,000 jars of the condiment scheduled for delivery in Vera Cruz, Mexico, which was to have been the next port of call for the great ship after its stop in New York. This would have been the largest single shipment of mayonnaise ever delivered to Mexico. But as we know, the great ship did not make it to New York. The ship hit an iceberg and sank, and the cargo was lost forever.

The people of Mexico, who were crazy about mayonnaise, and were eagerly awaiting its delivery, were disconsolate at the loss. Their anguish was so great that they declared a National Day of Mourning, which they still observe to this day.

The National Day of Mourning occurs each year on May 5th and is known, of course, as Sinko de Mayo.

## Jobs, position wanted, & transitions

A multi-talented CFO seeks an exciting new opportunity and can help your business adjust to compressing margins while remaining sales-friendly to foster new growth. Bringing over a decade of C-Suite experience, this dynamic individual has risen to the top echelon of IMBs and large global corporations. This CFO candidate has a history of managing Capital Markets, Finance, Accounting, M&A, Tech & IT, and much more. Their ability to strategically partner with sales leadership, engage internal and external partners, create controls and leverage automation to streamline day-to-day processes has helped businesses save millions of dollars annually. As a key addition to your leadership team, they will partner with support departments to create performance metrics and with sales to generate and review P&Ls. For a confidential introduction please reach out to [Anjelica Nixt](#).

"The last 2 years have been record-setting for Branch Managers production, but will you be able to continue at this pace? Is your current company prepared for the next decade? Will you be able to retire at your current company? "Success can lead to complacency, and complacency is the greatest enemy of success." (Brian Tracy) Sometimes the best path forward is the one you haven't considered. Our Branch Managers Averaged \$152M per branch in 2020 and averaged \$173M per branch in 2021. We focus on our managers continued growth; we don't focus on their prior successes. We're prepared for the next decade and our transition plan is simple and easy to execute. Whether rates go up or down there is a way to continue to grow and be one step ahead of your competition. Contact [Anjelica Nixt](#) to schedule a confidential conversation and find out how we help leaders grow."

"[Acra Lending](#) continues to expand its footprint as the industry's leading private mortgage lender, and we are seeking talented mortgage

professionals to join the growing team! Now is the time to join a company that provides competitive mortgage lending programs and a seamless customer experience. Acra Lending, the leader Non-QM lending, is currently hiring for Fix & Flip Account Executives, MLOs, Wholesale Account Executives, Correspondent Sales, and [more](#). Apply at [JoinAcra](#) or email us at [careers@acralending.com](mailto:careers@acralending.com) to learn more about the opportunities we offer.”

Congratulations to Doug Jorgenson (949-246-6930) who has joined [Incenter LLC](#) as a Consultant with the Enterprise Business Development team where he will meet with C-level executives at top servicers, discuss their opportunities and challenges, and introduce them to Incenter’s solutions and technologies.

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