

Loan Sales, Closing Cost Scenario, Asset Sale Tools; Rates Dropping...What is the "Neutral" Interest Rate?

By: Rob Chrisman | Thu, May 19 2022, 11:13 AM

"One minute you're young and having fun. The next, you're turning down the car stereo to see better." Gone are the days when all loan officers wanted to see from their company was decent pricing on FHA, VA, Fannie, and Freddie programs, and fast processing. Now, in an effort to do the harder deals (and they're all harder now, right?), LOs want to see some adjustable-rate programs with decent pricing, non-QM offerings, "green" products, and affordable housing products. On a larger scale, we're all watching the Fed try to make up lost ground in fighting inflation (+8.3 percent through April for the last 12 months), raising rates but not causing a recession. Look for the term "neutral rate" to gain some press: the point at which [interest rates](#) neither boost nor hinder economic growth. Recession? "The underlying strength of the U.S. economy is really good right now. The U.S. economy is strong, the labor market is extremely strong. It is still at very healthy levels. Retail sales numbers, the economy is strong. Consumer balance sheets are healthy. Businesses are healthy. The banks are well-capitalized. This is a strong economy. We think it is well-positioned to withstand less accommodative monetary policy and tighter monetary policy." (Today's podcast is [available here](#) and this week's is sponsored by [Candor](#). With Candor's Machine as an Underwriter, lenders modernize their manufacturing infrastructure making them immune to margin, capacity, and staffing challenges forever. Candor's AI solution can be deployed in 30 days, delivering fast and flawless loan production.)

Lender Broker Software, Services, and Programs

Just because something is inexpensive and easily accessible doesn't mean it lacks value. [Just consider this Texas woman's ancient Roman thrift store find](#). By seamlessly integrating industry-leading database monitoring, market intelligence and financial education, Sales Boomerang and Mortgage Coach can provide high-end automation at a thrifty price that's attractive to lenders of all sizes. Want receipts? On May 26 at 1 pm ET, Sales Boomerang's Alex Kutsishin, Mortgage Coach's Dave Savage and Assurance Financial's Katherine Campbell will break down how the two platforms helped Assurance Financial achieve 3X higher profitability per mortgage advisor and increase long-term borrower retention by 11%. [Register for the free webinar and reap the benefits of this priceless mortgage tech pairing](#).

The [Q1 2022 Richey May Select Overview Snapshot](#) is [here](#). This report highlights some key metrics and trends from the Q1 results of Richey May Select participants. [RMSelect](#), our intuitive, cloud-based tool, provides lenders with timely, precise, and relevant metrics on peer financial performance, allowing you to drive informed decision-making aimed at improving efficiencies, increasing margins, and controlling costs. Richey May maps each participant's financials to a standardized format and then handpicks peer lenders for each peer group, providing a superior apple to apples comparison. This Snapshot report is only a small sample of the insights provided by this tool. To dive deeper and see superior lender comparisons, [contact us for more info](#).

This is your wake-up call! Plug into Zoral's Mortgage Automation Platform to survive and thrive during this challenging cycle and get prepared for the next. Zoral operates one of the largest intelligent automation labs in the world and brings over 18 years of globally proven experience to the mortgage industry. Whether you are large originator or just starting out, leveraging our plug n play technology will immediately increase productivity, reduce stare & compare, improve accuracy, and deliver faster results. Off the shelf solutions include Automated Income and Asset Analysis, Automated Funding and Warehouse Line Automation to name a few. Contact [Zoral](#) to discuss your automation objectives.

Join Mitch Kider, Barry Habib, and Melissa Thomas for a FREE [ActiveComply](#) webinar "Using Social Media to Increase Purchase Business While Staying Compliant" on June 24, 12 PM EST. [Learn more and register for this insightful webinar today!](#) During this session, we'll discuss how to reduce marketing costs, managing modern-day redlining and fair lending concerns, how the best producers are using social media, and more. 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!

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, see how Capacity can save your team time and frustration. [See how it works.](#)

Ready to move the aged 2nd chance assets weighing down your portfolio? At RealtyBid®, Covius' national online and live auction platform, we understand the complexities of aged 2nd chance assets and are prepared for the challenges of moving them. We have the expertise to sell inventory others have struggled with and the track record to prove it. In fact, RealtyBid has sold assets that have been on clients' books and competitors' websites for as long as four years! We have expedited the property onboarding process and can begin marketing your properties on the RealtyBid site within 48 hours. Additionally, our Dynamic Dashboard provides you with interactive reporting and on-demand inventory control. If your aged 2nd chance assets aren't selling, why let them continue to sit? Let RealtyBid handle your inventory today. [Learn more at RealtyBid.com.](#)

[MeridianLink](#) recently held its annual User Forum in Huntington Beach, California on May 2-5. More than 700 bank, credit union, and mortgage lending clients attended the conference along with nearly 40 Marketplace Partners with integrated solutions. [MeridianLink Mortgage](#) clients were able to learn about upcoming product features, discuss workflows and processes and provide useful feedback and best practices. Additionally, former MBA Chairman, David Kittle shared industry insights and the importance of mortgage professionals investing in deepened relationships during this volatile time in the market. Check out the 2022 User Forum recap [here](#). To learn more about MeridianLink Mortgage LOS, visit [here](#).

What percentage of your pre-qualifications turn into applications? If you're like most lenders, you probably don't even know. As we head into a shrinking market, it will be much easier to convert customers you've already talked to than trying to start from scratch with new leads. So how are you going to win over those already in your pipeline? Give them technology your competitors can't. With [QuickQual by LenderLogix](#), borrowers and Realtors can run their own payment and closing cost scenarios and generate their own letters on the fly. Provide your borrowers with immediate answers based on their customized financials, and you won't lose them to online lenders or the shop down the street. On average, lenders using QuickQual see at least a 60% pre-qual to application conversion rate. Get [a sample QuickQual](#) sent to your phone and talk to the LenderLogix team about how you can get started today.

Capital Markets

Current market environment got you down? [Agile](#) clients utilizing [Trade Auction Manager \(TAM\)](#) are squeezing as many basis points as possible out of their loan sale executions. Agile, an offshoot company of [MCT](#), is a FINRA member and registered broker-dealer with SEC that officially launched TBA Request for Quote (RFQ) and MBS Pool Bidding in 2021. TAM digitizes the historically phone-based communication process of buying and selling TBAs. Its browser-based RFQ software system supports up to eight competitive bids and drives best execution on each of your trades. Mountain West Financial uses a combination of [MCTive!](#), TAM, [Bid Auction Manager \(BAM\)](#), bid tape AOT, and MCT's Data Write Back Service, enabling their team to realize additional time savings and efficiency gains. See how Mountain West uses TAM to improve the efficiency and accuracy of their TBA MBS trades in the case study: [Mountain West Financial Improves Efficiency & Improves Margins with Trade Auction Manager \(TAM\)](#).

Looking at rates, risk assets (e.g., stocks) were hurt yesterday and mortgage-backed securities & Treasuries rallied (more specifically "bull-flattened") amid increasing stagflation odds yesterday. **It will take a lot more than for the Fed to consider deviating from its rate hike plans.** We saw a solid \$17 billion 20-year bond offering. Retail sales rose 0.9 percent in April, which was a touch below expectations and retailers announced poor earnings on Wall Street.

More important to our industry, total housing starts declined 0.2 percent month-over-month in April to a seasonally adjusted annual rate of 1.724 million units, below expectations, while building permits also decreased to 1.819 million, 3.2 percent month-over-month, missing expectations. Building permits were down month-over-month for single-family units in every region, **as builders are reluctant to build new units in the face of high costs for labor and materials** and rising [mortgage rates](#). On the bright side, housing starts in April were 14.6 percent higher than a year ago. New home construction should remain strong compared to existing sales in due to an ongoing backlog of orders from new homes sold but not yet started.

Today, we have already received Philadelphia Fed manufacturing for May (2.6, a huge drop from April's) and weekly jobless claims (218k). Later this morning brings April **existing home sales, leading indicators, the Freddie Mac Primary Mortgage Market Survey**, a Treasury auction of \$14 billion reopened 10-year TIPS, and remarks from **Minneapolis Fed President Kashkari**. Today's MBS purchase schedule sees the Desk targeting conventionals over two operations totaling up to \$1.53 billion. We begin the day with current coupon Agency [MBS prices](#) better by a solid .250 and the 10-year yielding 2.81 after closing yesterday at 2.89 percent.

Careers and New Hires

Arc Home is pleased to announce the addition of [Michael Millard](#) as a Correspondent Account Executive. With over 30 years of industry experience, most recently leading a capital markets advisory agency, Michael brings experience and expertise in helping Delegated Correspondents enhance their Non-QM and Non-Agency business. Millard stated, "Joining Arc Home was an easy decision. They provide stability, strength, and experience to an evolving market. Being a Top-10 Non-QM lender, Arc can provide clients with the most expansive product suite in the market. As we expand our offerings to the Delegated Correspondent channel, I'm excited to be able to help lenders grow in both Non-QM and Non-Agency." To learn more about Arc Home's Access Non-QM and Elite Non-Agency loan programs, [email Michael](#) or visit the Arc Home [website](#).

[Acra Lending](#), the leader in Non-QM lending, is hiring! Specializing in various Loan Programs including Bank Statement, Investor Cash Flow, Foreign National, ITIN, and Fix & Flip/Multifamily programs, it's never been a better time to join. We are actively hiring experienced [Wholesale Account Executives](#), [MLO'S](#), [Fix and Flip Account Executives](#), [Correspondent Sales](#), and [more!](#) At Acra Lending, you will work with experienced, dedicated, and passionate people that are motivated to leading us as the industry's fastest growing private mortgage lender. If interested, email careers@acralending.com or apply directly at [JoinAcra](#).

In today's environment, marketing yourself is more important than ever. [Norcom Mortgage](#) understands this need and is excited to announce its newest full-service marketing suite, Market Multiplier. Market Multiplier is a comprehensive marketing platform, tailored to your business needs. Services include graphic design, video production, social media management, CRM management, display advertising, mobile app, website, dedicated brand manager, and more. The best part is it's completely free for all Norcom Loan Officers! Independently owned and operated, Norcom Mortgage is a direct Freddie/Fannie lender and Ginnie servicer based in the northeast. With 40 branches nationwide and growing, Norcom has the resources to compete with large lenders but the flexibility and personalized service that LOs love. With [interest rates](#) on the rise, Norcom's, marketing and operational support will give you the competitive advantage you need in today's marketplace. Contact [Mandi Garfield](#) today to learn how Norcom can grow your business.

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