

# Underwriting Automation, Valuation, Pre-Approval Tools; Inflation Drives 10-year Toward 3.30 Percent

By: Rob Chrisman | Mbn, Jun 13 2022, 10:03 AM

Life is too short to waste time matching socks. Yes, time flies. Remember a year ago, when a) the announcement of Juneteenth, the new Federal holiday, caught everyone off-guard time-wise, and b) lenders and vendors were having trouble handling the volume and were hiring like mad? We have more planning time this year: Due to Federal Reserve closure on Monday, June 20, loan purchase wires cannot be issued that day. As best I can tell, for all creditors, Juneteenth (observed) is counted as a rescission day, and is counted for the (LE and CD) disclosure receipt requirements of the Specific Business Day Rule (including both the mailbox rule and the required number of days prior to consummation). June 19 is not counted. And regarding (b), many companies continue to hire. "Rob, all we read is lenders and investors are laying people off. Are you hearing anything to the contrary?" Sure, there are examples, and every day I post job ads in my commentary. And for example, Tom Hutchens with [Angel Oak Mortgage Solutions](#) writes, "We just had one of our biggest new AE classes in months and are still looking to add more. We're excited about the prospects for non-QM the rest of 2022." (Today's podcast 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. [Nexus Closing](#) gives borrowers flexibility and convenience during closing. From traditional, to hybrid, to full eClosings. Today's has an interview with Mark Walser of [Incenter Appraisal Management \(IAM\)](#) on what's going on in the appraisal space.)

## Lender and Broker Software, Services, and Programs

From the impact of rising [interest rates](#) on loan volumes to the push toward digitization, mortgage lenders are facing considerable challenges. So why is now the perfect time to evaluate your business and get it set up for greater success in this evolving market? Black Knight's complimentary white paper, "[What's Now and What's Next in Mortgage Origination Software](#)," breaks down the changing mortgage landscape and looks at the key technologies that can position you ahead of the competition with borrowers. Learn about the all-in-one loan origination system that packs industry-leading features into a single automated environment, and see how Black Knight's scalable, digital solutions can help increase customer satisfaction, while making your loan process move faster and cost less. Find out what an all-in-one LOS really means and how it can transform your business.

"[Cenlar](#) is more than just a mortgage servicer. We strive to be our clients' trusted partner each and every day. And a big part of that is how we care for our clients' homeowners. A home is most likely someone's largest asset. It's more than just a house. It's a place where people make memories. That's why we are continuously evolving to provide the best homeowner experience... Not a single moment in time but one that can last a lifetime. Whether that's the regular cycle of onboarding, escrow, monthly payments and year-end or challenges facing homeowners like the pandemic and natural disasters, we are responsive, anticipatory, and always caring. What's more, our longevity and sheer breadth of expertise enables our talented team of mortgage servicing professionals to deliver the best homeowner experience. Let's discuss how Cenlar can meet the mortgage servicing needs of your organization. Call 1-888-SUBSERV (782-7378) or visit [www.cenlar.com](http://www.cenlar.com). We want to be your trusted partner, each and every day."

Cloud-based [LoanMAPS](#) Loan Origination Platform (LOP) fully integrates digital applications, processing, income calculation, agency underwriting analysis, a customer portal, e-closings, a [CRM](#), and report writer. Loan Officers love LoanMAPS! Why? Because they cut the time from application to approved to close in as little as 7 days. The CRM also keeps them in flow with their contacts and deadlines. Business owners love LoanMAPS, too! Why? Because of the reduction in cost to produce and formidable back-end module. With LoanMAPS, you have the confidence the loan is underwritten upfront, in accordance with agency guidelines, with a workflow that is fast and effective! "LoanMAPS is not about replacing people, it is about using technology to its fullest potential so that your employees can reach theirs." [Take3Tech! Request a free consultation today for a cost analysis and demo of the LoanMAPS platform.](#)

What's a Net Promoter Score (NPS)? Put simply, it's how likely your customers are to recommend you and your products. NPS ranges from -100 to +100 and most [Software & App companies](#) fall right around +41. [LenderLogix](#), a mortgage technology company that focuses on origination solutions, recently surveyed their customers and found that their NPS score was +86, falling into the World Class category. Here's [one notable quote](#) the team received: "LenderLogix is more than a 3rd party vendor. It is truly a company partner who offers incredible technology and unparalleled customer service. Implementation was easy and seamless and the continued support is absolutely amazing. LenderLogix is the GOLD STANDARD in partners." LenderLogix offers adjustable pre-approval letters, automated upfront fee collection, milestone SMS text messages, automated closing gifts, and CRA analytics. Check out the [LenderLogix website](#) to learn more and make sure you're investing in partners that invest in you!

Attention Mortgage Loan Officers! TrustStar.ai analyzed current origination data for over 491,000 active loan officers nationwide. The insights

indicate that there are as many Loan Officers on track to repeat last year's performance as are challenged by this tough market. Among many factors, adopting new technology drives productivity. [TrustStar](#) will serve you specific referral partners to contact daily. The data is granular, including realtor tenure, trending activity, product focus, competitor info, and more. With TrustStar, you will be prospecting with precision, build rapport and sell more loans. [Start your free trial Now!](#) If you want to know more about TrustStar's feature for mortgage loan officers, contact [sales@truststar.ai](mailto:sales@truststar.ai).

Fix-and-flip appraisals are more complicated than traditional appraisals and present a series of challenges for the appraiser, so understanding the process is key to success. In the latest issue of [REI Ink](#), [Covius' Chief Valuation Officer, Mark Cassidy](#), discusses what investors need to know about how lenders and appraisers approach valuations, what to expect during the appraisal process and what kinds of issues can delay the decision or even kill the deal. Service 1st, Covius' valuation solution, offers residential and commercial appraisal solutions that are ideal for lenders, servicers and investors looking to reduce costs, improve productivity and maintain the highest standards of quality and compliance. [Learn more about Covius' Service 1st solution.](#)

Unburden your underwriters! Free up your underwriters from cumbersome income and asset calculations and help them get to more loans in less time by using the best [underwriting automation tools](#) on the market. A part of the Mortgage Automation Suite brought to you by Richey May and Zoral, this specialized toolset is powered by robust automation, OCR, and AI/ML capabilities to go beyond mere validation of data points. It extracts data from borrower income and asset documents, performs complex analyses, checks for mismatches, flags malicious code, and supplies your team with a GSE fraud checklist and ongoing analysis, all without your processing and underwriting teams having to extract data from borrower documents and enter it into your LOS. Bonus: Support for a full range of borrower types and loan products, including self-employed, FHA, VA, and jumbo. Want to see this in action? [Sign up](#) for a demo.

### Capital Markets: Higher Rates vs Inflation

Last week we were reminded that excessive inflation is a real problem. Heck, just look at the price of gas. The annual pace of consumer inflation hit a 40-year high of 8.6 percent in May, driven by higher food and energy costs which impact all consumers. Even when stripping out those volatile costs, core inflation rose 6.0 percent over the previous twelve months, a little below the year-over-year gain from April. Based on the market's reaction to the news, there were many who were hoping that the data would suggest inflation had hit its peak in April and **firmed expectations that the Fed would continue to raise the Fed Funds target by 50bps in June, July, and September.**

It is no surprise that consumer sentiment has been shaken and the University of Michigan Consumer Sentiment hit a record low of 50.2 in June. More than half of the consumers surveyed **expect prices to exceed incomes over the next two years.** U.S. saving is at its lowest rate since 2008 and households are increasing credit card debt. While this may provide some temporary ability to purchase, it is not a long-term driver of economic growth.

Sure enough, we saw a rise in rates to close last week in response to the CPI report. U.S. inflation hit a fresh 40-year high and is likely prompting the Federal Reserve to extend or increase its plan for aggressive interest rate hikes. Yes, it appears broad-based price pressures are becoming entrenched in the economy. Markets were hoping to see any indication that inflation is beginning to moderate, though when it comes to the Fed, it is still expected to stay on its predicted aggressive rate-hike path, 50 basis points at this week's meeting and in July.

The Fed pumping the brakes on the economy even harder raises the risk of a recession. But go to any airport or restaurant and one would believe otherwise, although spending is coming at the expense of savings. **Most economists still argue a contraction is unlikely in the immediate future,** but it depends on who you ask. On the bright side, consumers are sitting on more than \$2 trillion in excess savings, there are excessive job openings, household debt is low, and wages are rising for the lowest-paid jobs. But that's small consolation for Americans dealing with spiking costs for basics like food, utilities, and energy.

For more troubling news, we learned Friday that the preliminary University of Michigan Index of Consumer Sentiment for June dropped to the lowest reading ever on record dating back to 1978. That includes the lows experienced during the 1980-1982 recessions, which at the time were the worst since the Great Depression. The index declined 14 percent compared to May and is down 41 percent on a year-over-year basis. Consumer sentiment might not be great, but the labor market is strong. Employers added 390k jobs in May, which indicates a resilient economy despite headwinds from inflation and geopolitical uncertainty. **Total employment is less than one million below its February 2020 peak.**

This week? The latest Federal Open Market Committee (FOMC) announcement is on Wednesday. Expectations are for a hike to the fed funds corridor by 50 basis points to a range of 1.25 percent to 1.50 percent, with the Statement and updated SEPs followed by Fed Chair Powell's press conference. Besides the Fed, the BoE is also expected to hike rates on Thursday followed by the BoJ on Friday.

In terms of domestic data, markets will digest updates on the Producer Price Index, retail sales, regional Fed surveys, business inventories,

homebuilder sentiment and housing starts/building permits with industrial production/capacity utilization and leading indicators on Friday ahead of another long weekend. Today, the NY Fed Desk will conduct the last operation on the current schedule purchasing up to \$1.7 billion 30-year 3.5 percent through 4.5 percent, before releasing a new purchase schedule as well as the mid-June to mid-July MBS purchase estimates in the afternoon, which are expected to total just \$13.0 billion including the \$17.5 billion taper amount compared with \$34.5 billion in the prior period. With no scheduled news, Monday starts with Agency [MBS prices](#) worse .75 and the 10-year yielding 3.28 after closing last week at 3.16 percent purely on continued gasoline price and inflation fears: will the Fed step on the brake even harder?

### Employment and Transitions

“Are you a loan officer looking to join a successful team? [Caliber Retail](#) is sure to check all your boxes! Caliber produced over \$50B in production volume in 2021 (Source: internal company reporting), so when you join us, you’ll be joining a team rife with opportunities. We are heavily focused on each individual loan officers’ growth – with an exceptional 35 first-time [Circle of Excellence \(COE\)](#) winners in 2021 – so you will never be left without the support you need. At Caliber, you can expect to work with individuals on every level whose top priority is to set you up for success. Ready to make the jump? [Apply today](#) or contact [Brent Lubahn](#) VP, Recruiting!”

In the Northwest, Banner Bank is searching for a [Builder Direct Mortgage Loan Officer](#) as well as [Mortgage Loan Officers](#). These are true portfolio lending opportunities with local decision making and direct to Fannie and Freddie loans with retained servicing to assist in client retention and marketing opportunities. Additional highlighted products cover CRA lending with private label no payment down payment assistance to help assist all borrowers with the right opportunity. The right fit for an established team or the individual looking to grow their business and take the next step in their career. Please send resume to [Aaron Miller](#).

[Fairway Independent Mortgage Corporation](#) is searching for a Business Development Specialist, a Reverse Mortgage DE Underwriter, and a Secondary Marketing Analyst.

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