

Home Affordability, Vendor Services; Capital Markets; Latest CPI

By: Rob Chrisman | Tue, Sep 13 2022, 9:54 AM

With the Fed set to [end its MBS purchases](#) tomorrow, removing free money from the MBS market, where do you think home affordability will go from here? [Mortgage rates](#) are already at their [highest levels since 2008](#) and in theory, a large buyer exiting the space should push [MBS prices](#) down and thus mortgage rates up. As one California mortgage executive wrote to me, "Home prices ran up 20 to 30 percent for two years, as Fed Chair Powell could not figure how to get his foot off the accelerator. There are good borrowers and good LTVs out there, but most have been priced out of the market with home values rising 20 percent per year. Take the free money away, and none of this is sustainable." There is debate about if the Fed's actions have created some sort of housing bubble. It remains to be seen whether home prices work their way lower, we see no price increases for a couple of years, or the pace of appreciation merely moderates. Helping affordability, more lenders are [raising their conforming limits](#) ahead of the expected November announcement from FHFA. Pennymac and Finance of America followed UWM and Rocket by raising their limit to \$715,000, 10 percent higher than the current limit. ([Available here](#), this week's podcast is sponsored by [SimpleNexus](#) an nCino company and award-winning developer of mobile-first technology for the modern mortgage lender. Today's has an interview with TMS EVP of Servicing Jason Kwasny on client happiness in the servicing space.)

Vendor Services

It's Back to School Time! Let [Northpointe Bank](#) get you up to speed with training on the latest hot topics and product offerings in the Non-QM space. Beginning on Friday, September 16, Northpointe Bank Correspondent Lending will be offering a series of 30-minute training sessions covering the most popular features of the Northpointe's leading-edge Expanded Portfolio (Non-QM) programs: Prime Non-Agency focuses on higher credit borrowers looking to take advantage of Non-QM features, such as interest-only payments, 40-year terms, alternative doc options, including bank statements, one year's tax returns, and asset depletion; or financing for non-warrantable condos and condotels. Expanded Access and New Start help borrowers with seasoned or recent credit events and Investor Cash Flow offers financing for investment properties utilizing the debt-service coverage ratio rather than the borrower's DTI. Available in all 50 states and Washington DC, Northpointe Bank provides tailored solutions to maximize your profitability and help grow your business. View [program details](#) here, and for more information on the training schedule and how to register, [email us](#).

It would be an understatement to just simply say the mortgage industry has been abnormal the past couple of years. With this level of volatility, events that bring the entire industry together to share ideas has never been more important. The biggest one of them all, The Mortgage Bankers Association (MBA) Annual Conference, taking place from Oct 23-26 in Nashville, TN is almost here. Industry leader TMS will have two teams in Music City: TMS Subservicing and TMS CAREspondent giving you the opportunity to discuss solutions to help grow your business and partner with a Top 10 Subservicer and a Top 10 GNMA Correspondent Investor. Book an onsite meeting or visit their conference space at The Joseph Hotel. Want to schedule a meeting? Contact [TMS Subservicing](#) or [TMS CAREspondent](#) to set up some time.

At [wemlo®](#), we know delivering a seamless borrower experience starts with offering clients a range of home loan products in today's hyper-competitive market. We also know your jam-packed schedule doesn't leave much room for back-office work. That's why wemlo's third-party processing team proudly offers processing support in 47 states and Washington D.C. for more than a dozen [loan products](#) including Conventional, FHA, Jumbo, VA, and Non-QM. By passing the processing pains to wemlo, you'll free up your time so you can focus on facilitating a stress-free homebuying experience for clients while we work behind the scenes towards the CTC. [Connect with wemlo](#) today to see how our powerhouse processing can streamline your business. NMLS ID 1853218

Looking for markets where you can expand your business? Want to establish sales goals based on market potential? Need an easy way to benchmark your organization's performance? If you answered yes to any of these questions, then MarketShare Vision is for you. This in-demand Black Knight solution provides detailed market intelligence on demand via an easy-to-use online portal. Leveraging Black Knight's comprehensive, exceptional quality data, MarketShare Vision enables you to view market activity a variety of ways, including by geography, property type, loan purpose and much more. Find out how this intuitive, cost-effective solution can provide the data you need to help optimize business performance. [Request a demo today](#).

Maxwell wants to meet you at our upcoming events. The Maxwell team is will be on the road over the next few months and we would love the opportunity to meet you. Maxwell is a key partner for lenders throughout the entire mortgage process and we can help you create immediate measurable impact on your business in 2023 and beyond. Join us at: Digital Mortgage Conference, booth #618 (September 13-15, Las Vegas, NV), ACUMA—Innovative Showcase, Kiosk #7 (September 18-21, Las Vegas, NV), TMC Chi-Town (September 24-17, Chicago, IL) or

MBA Annual booth #519 (October 23-26, Nashville, TN). If you'd like to set up a meeting at any of the events, please [email](#). If you aren't attending any of these events and you'd like to learn more about how Maxwell can help you, [visit our website](#) to connect with a member from our team.

Effective July 17, Freddie Mac announced a new offering for cash-out refinance loans without an appraisal, and lenders are unsure how to implement it. The program is called ACE+PDR, which stands for Automated Collateral Evaluation + a Property Data Report. The PDR contains property information physically collected on-site by trained data collectors in lieu of an appraisal. Here's the best part: the RemoteVal remote inspection tool makes this process fast, easy and accurate. Yes, RemoteVal is a popular app that appraisers use for virtual inspections, but an on-site data collector can put all of RemoteVal's proven technology to use for a PDR: HD photos and videos, exterior and interior measurements, floor plans. All the information a lender needs to properly assess a completed PDR in one place. Visit incenteram.com or call 866-222-6205 to take advantage of this new offering today.

[Verus Mortgage Capital](#), the largest buyer and securitizer of non-QM, has the reputation, experience, and liquidity originators need to successfully navigate the current environment. The word Verus means true – and the company delivers on that meaning by being true to its exclusive commitment to the non-QM sector, transparent in its dealing with its partners, and grounded in the realities that a shifting market brings to bear by delivering innovative non-agency solutions that open doors to more borrowers. Verus knows how to anticipate needs and create opportunities that you can leverage to expand your business today and in the future. Find out why now's the perfect time to enter the world of non-QM. Contact [Jeff Schaefer](#), Executive Vice President – Correspondent Sales to set up a meeting at the MBA Annual in Nashville and learn more.

Are you working with the right verifications partner – one that has your best interests in mind, who will meet with you to collaborate, offer progressive ideas and help push you forward? [Xactus](#) is the result of multiple, leading verification companies (Credit Plus, UniversalCIS and more) joining forces to make a positive impact on the industry. It has harnessed the very best people, products and practices from each business and working as one, is transforming the industry with innovative data solutions and workflow enhancements. Its team of experienced pros are meeting with customers, working together to create greater efficiencies and advance the modern mortgage. If you're attending the Digital Mortgage Conference in Vegas, don't miss Xactus President Shelley Leonard's session on Sept. 13. And be sure to stop by the Xactus booth, too.

Investor News

[USDA Form RD 3555-21](#), Request for SFH Loan Guarantee was updated on August 30, 2022. All loan requests submitted to the Agency on or after November 30, 2022, must include the newly revised form with the August 2022 revision date. Questions regarding this announcement [Form RD 3555-21, Request for SFH Loan Guarantee](#) may be directed to sfhgld.program@usda.gov or (833) 314-0168.

With the start of Fiscal Year 2023 (FY) soon approaching, USDA posted review material for the Single-Family Housing Guaranteed Loan Program (SFHGLP) Conditional Commitment process. View [USDA Bulletin - Fiscal Year 2023 Conditional Commitment Notice](#) for helpful information.

On August 31, 2022 a [Final Rule](#) was published in the Federal Register which updates the requirements for federally supervised lenders, establishes minimum net worth and experience requirements for non-supervised lenders, and amends the approved lender participation requirements. In addition, the Final Rule provides additional guidance regarding applicants with delinquent child support payments, as well as streamlines the requirements for builder-contractors. The Final Rule will be effective November 29, 2022. [USDA Final Rule - Lender Financial and Participation Requirements](#).

Effective November 4, Loan Product Advisor® (LPAI) feedback messages will be added to support loans secured by properties with ADUs and alert you when Freddie Mac identifies a property as a possible condominium hotel. Additional updates on ADUs will be provided at a later date. In the meantime, refer to the Single-Family Seller/Service [Guide \(Guide\) Bulletin 2022-11](#) for more information.

Based on client feedback, [Loan Quality Advisor® feedback messages](#) will be updated effective October 30 to provide more transparency and clarity. Freddie Mac will also be adding a new message effective November 4 to alert you that a property has been identified as a possible condominium hotel.

Pennymac Correspondent raised its conventional loan limits to \$715,000, effective Monday September 12, 2022. For details, view [Pennymac Correspondent Announcement 22-53 - Increased Loan Limits Now Available](#).

Conforming loan limits increase was announced by [Pennymac TPO](#) effective for new registrations and locks starting on September 9, 2022. Conventional loans only, Government loan limits remain unchanged. Loans with AUS Approve/Ineligible (Ineligible for loan limits only) are acceptable but will not be eligible for appraisal waivers. Appraisal waivers with AUS Approve/Eligible will be accepted.

The GSEs have expanded underwriting flexibilities to permit lenders, in limited circumstances, to obtain an attorney title opinion letter in lieu of a lender's title insurance policy. See [AmeriHome Correspondent Product Announcement 20220904-CL – GSE Overlay Removal - Attorney Title Opinion Letter](#) for impacts to AmeriHome guidelines.

Fannie Mae recently published guide updates announcing changes to several topics, including but not limited to alternatives to satisfy the WOE requirements for non-DU validation service loans. See [AmeriHome Correspondent Announcement 20220905-CL – Fannie Mae Guide Updates](#) for details and overlays.

Effective for new commitments taken on and after Tuesday, September 6, 2022, the minimum decision credit score for all Freddie Mac loan transactions will be 620. Details are available in [AmeriHome Correspondent Announcement 20220903-CL - Minimum Credit Scores for Freddie Mac Loans and Other Updates](#).

PRMG's [Product Update 22-44](#) includes clarification and revisions on multiple items including

Appraisal Waiver (ACE) now allowed on age restricted properties on Freddie Mac Conventional Products. Clarification on FHA cash out transactions prior 12 months owned/occupied property.

Clarification for streamline or rate/term transaction, principal reduction on subject loan required if cash back to borrower would exceed \$500.

[FAMC/Citizens Correspondent National Bulletin 2022-16](#) includes information on FHA Products – Appraisal Validity Update. View the bulletin for additional information and all lock, delivery and purchase by dates, if required. September Key Dates Calendar is now available on the [loanDepot Wholesale website](#).

Additional information from [loanDepot's LDW_WNTW_09_06_22 Newsletter](#) includes the Exit and Wind-Down of Wholesale Channel, Advantage EXPRESS FLEX – Bank Statement Program, and FHA Updated Income Flexibilities Borrower's Previously Affected by COVID-19.

[Champions Funding announced a new DSCR product, Accelerator X](#), the first new product offering after launching the brand on 3/1/22. "The unique part of this is the CDFI eligibility component and how new this product is in the marketplace in general. At this moment, we are the only lender offering the combo of the two. We hope to share the signs of growth in Non-QM (especially in this tough market) that inspires others towards innovation and continued product development."

Capital Markets

This trading week opened with renewed selling pressure following two poor Treasury auctions and limited risk appetite ahead of today's key CPI report. The completion of yesterday's \$41 billion 3-year note auction met weak demand and the bond market backtracked into the early afternoon after the \$32 billion 10-year note reopening also met underwhelming demand. The backtracking, **which lifted Treasury yields to fresh highs for the year**, took place even as the New York Fed released a report showing that inflation expectations for the next three years dropped to 2.8 percent in August from 3.2 percent in July and 3.6 percent in June while expectations for the year ahead decreased to 5.7 percent from 6.2 percent.

Last week's ISM services index reading of 56.9 was higher than market expectations and **business activity and new orders were the highest of the year**. This could be seen as a sign that while economic activity has declined from record highs, economic activity is not recessionary. The sub-components of the report suggest that while there are still supply challenges, some bottlenecks are improving, and many are at least not getting worse. Jobless claims have trended a little higher, but they too are **not at a level that would cause concern that the economy is moving towards recession** at this time. One potential concern is the degree to which many households have leaned on their credit cards to continue supporting elevated spending habits as revolving credit was up 14.3 percent from July 2021 to July 2022. However, this increase followed a significant paydown of revolving debt from February 2020 to February 2021.

Today brought the all-important **August CPI report which dropped to 8.3 percent year-over-year** from 8.5 percent in July, but exceeded expectations of 8.1 percent year-over-year. Core CPI rose 0.6 percent month-over-month, double the July reading. Real weekly earnings came in down 0.1 percent month-over-month versus 0.5 percent in July. Before CPI, we received the NFIB small business activity for August, which came in at 91.8. Later this morning brings Redbook same store sales, the August budget deficit, and a Treasury auction of \$18 billion reopened 30-year bonds. We begin the day with Agency MBS prices worse .5 and the 10-year yielding 3.25 after closing yesterday at 3.36 percent.

Employment

The housing market has become nearly as unpredictable as fall weather. But, unlike the market (or autumn forecasts) you can take control

of your career's direction. When you join a Motto office, you get • processing technology solution built just for brokers • a complete CRM with contact automation • ongoing educational opportunities with industry experts and network giants • timely marketing pieces for continued business growth • industry-leading compliance support • a tight-knit community of independently-owned offices. It's time to direct your own destiny. Motto Mortgage brokerages in states all over the country are [hiring talented loan originators](#): AZ, CA, CO, DC, FL, ID, IL, MA, MI, NC, NJ, NV, OR, SC, TX, UT, VA, WA & WV. For more information or to take the next step, start [here](#).

Village Capital & Investment LLC is excited to announce the hiring of industry veterans Lynn Bristow and Mark Montanus as the Eastern and Western Correspondent Regional Managers respectively. Lynn and Mark bring a combined 50+ years of mortgage experience to the Village Capital Correspondent Channel. Village Capital is currently purchasing FHA, VA and USDA with ZERO overlays through our Correspondent Channel either Delegated or Non-Delegated through Best Efforts or Mandatory delivery. Village Capital services 100% of loans purchased in house. If you are looking for an outlet for your government products with aggressive pricing and zero overlays, please reach out to [Lynn Bristow](#) in the East and [Mark Montanus](#) in the West.

View this Article: <https://www.mortgagenewsdaily.com/opinion/pipelinepress-09132022>