

Due Diligence, Compliance, Automation, Broker Communication Tools; Conforming Conventional Changes

By: Rob Chrisman | Wed, Nov 23 2022, 9:30 AM

Let me save you a web search tomorrow: 1-800-butterball. A web search turned up a misconception: It appears that robber Willie Horton, when he was asked why he robbed banks, [never](#) said, "That's where the money is." But banks are where the money is, and it is certainly catchy. You don't think someone is making money off your money sitting in that bank? Another web search shows that the 1-year CD national average is [0.43 percent](#). The current 1-year risk-free Treasury bill is yielding [4.75 percent](#). How can you get around that spread where the bank earns 4.75 percent for a year but pays you less than .5 percent? Tip of the day: Go to <https://www.treasurydirect.gov/> and see the yields of what you can buy directly from the government and the minimums required. I don't recall anyone predicting 1-year rates would be near or at 5 percent by year end (or per loan costs would be over \$11,000 per loan). Still, there's a lot of planning going on for 2023 and a good portion of that is based on [mortgage rates](#). I am reminded of this maxim from Lao Tzu: If you are depressed, you are living in the past. If you are anxious, you are living in the future. If you are at peace, you are living in the present. (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. Today's episode features an interview with Attorney Robert Maddox on how the mortgage industry learned from the 2008 financial crisis and some reasons it is better positioned in the current environment.)

Broker and Lender Services, Products, and Software

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[ActiveComply](#), a leader in social media monitoring and website archival for the financial industry, recently announced that it has [been selected by LinkedIn](#) to join the ranks of its exclusive [compliance partners](#). This partnership allows organizations in the highly regulated financial sector to leverage ActiveComply's trusted OCR technology and machine learning to keep their LinkedIn sales interactions compliant. Explore ActiveComply's wealth of [compliance resources](#), learn more about their [no-headache compliance solutions](#) for IMBs, banks, credit unions, and other lenders. [Request a free demo](#) with real-time social media data from your company today!

Shift your QC and due diligence from costs to values. QC and due diligence don't have to burden your lending business with costly overhead and slow, inconsistent results. Maxwell Diligence's comprehensive range of QC and due diligence services offer competitive pricing, robust reporting, and customer service dedicated to delivering on SLAs. Leveraging a 100% onshore team with an average of 15 years' industry experience, [Maxwell Diligence](#) alleviates the need for costly internal staff while retaining high-quality results. Its technology-enabled platform reliably delivers trusted outcomes on competitive timelines, saving your business money and reducing risk regardless of market conditions and regulatory environments. Plus, Maxwell's client-dedicated customer service ensures transparency and support throughout the process. To learn how Maxwell Diligence can save you money while driving reliable results, [click here](#) to schedule a call with our team.

Conventional Conforming Changes

The Federal Housing Finance Agency ([FHFA](#)) [issued its annual report](#) on single-family guarantee fees charged by Fannie Mae and Freddie Mac (the Enterprises). Guarantee fees are intended to cover the credit risk as well as administrative and operational costs that the Enterprises incur when they acquire single-family loans from lenders. In particular, the report provides an analysis of product type, risk class, and lender delivery volume which provides a comparison to the prior year.

According to a new [survey](#) from [Freddie Mac](#), the attitudes of Gen Z adults (ages 18-25) are largely positive when it comes to the idea of homeownership, though they are increasingly leery of the obstacles they may face. One in three Gen Z adults (34%) say homeownership at any point seems out of reach financially, which rises slightly to 35% of Black respondents and more to 50% of Hispanic respondents. When this survey was last fielded in 2019, 27% of Gen Z adults said homeownership is out of reach financially.

[Fannie Mae launched new social disclosures, the Social Criteria Share \(SCS\) and the Social Density Score \(SDS\)](#), for its Single-Family mortgage-backed securities (MBS). Assigned at issuance, for active and inactive MBS pools issued between January 2010 and October 2022. Fannie Mae intends to begin publishing these attributes for new Single-Family MBS issuances on December 2, 2022. The new disclosures are designed to respond to [investor feedback](#) and aim to provide single-family MBS investors with insights into socially oriented lending activities while helping to preserve the confidentiality of mortgage consumers' personal information.

Information on the methodology and disclosures is available on Fannie Mae's [website](#).

FHFA examined the effects of mortgage [interest rates](#) on house price appreciation and the role of payment constraints. The research results have implications for the understanding of monetary policy transmission, systemic risk, and the role of household finances in the macroeconomy. Research details are available in [FHFA's Working Paper 22-04](#).

According to [Freddie Mac's News Release](#), December 2nd is the date Freddie Mac intends to publish a one-time historical file reporting Social Index scores for all active and inactive or paid off mortgage-backed securities (MBS) pools formed since January 2010. The Pool-Level Social Index Disclosures is intended to help investors identify pools with greater concentrations of loans that possessed certain social characteristics at the time of pool formation.

Now you can open the door to more opportunities for low - moderate income borrowers and those in underserved communities. Freddie Mac's Loan Product Advisor® (LPASM) now includes positive cash flow in a borrower's account transaction data as part of its purchase eligibility assessment. Read full details in Seller/Service Guide (Guide) [Bulletin 2022-23](#).

Check out the [feedback messages](#) that support this LPA enhancement. Learn more through several free [webinars](#), an [introduction video](#), and [job aid](#) developed with your needs in mind.

Freddie Mac's latest [Power of Partnership podcast: Episode "Ensuring Efficiency and Accuracy Through Integrations"](#), discusses the integrations and automation benefits you can realize in your pricing, committing and accounting activities and the importance of those integrations to support rate sheet and hedging accuracy. Speakers include Amy Creason, director of sales, Secondary Market Advisors (SMAs), Freddie Mac, Chris Anderson, chief administrative officer, MCT, and Paul Yarborough, senior director of client success, MCT.

Pennymac will introduce a new 'Purchase Special' LLPA effective for all Best Efforts Commitments taken on or after Friday, November 18th, [View PennyMac Announcement 22-73 for details](#).

Effective for new Best-Efforts locks beginning Monday, November 21st, [FAMC/Citizens Correspondent National](#) LLPA grid for Agency Cash-Out Refinance transactions was updated to align with the new Cash-Out Refinance adjustments directed by the FHFA and Fannie Mae / Freddie Mac. Additionally, the 0.500 LLPA for Subordinate Financing on the HomePossible product will be removed with this update as well. All respective pricing vendors have been notified of these changes.

Capital Markets: Steady as She Goes

Ahead of today's full calendar of key new data, along with minutes from the latest FOMC meeting, we had a little rally in mortgage-backed security (MBS) prices yesterday. This week was always likely to have many market participants absent or leaving early, **and thus be slow**. Fewer folks at the trading desk can also increase volatility: a "thin" market. The day before Thanksgiving is also traditionally the busiest travel day before the holiday. Despite many being away from their desks today, investors are **anxious to find out more on the discussion at the last Fed meeting and how that figures into current market pricing** regarding the pace of future rates.

Today's economic calendar kicked off with mortgage applications from MBA. As the 30-year fixed-rate mortgage fell for the second week in a row to 6.67 percent and is now down almost 50-basis points from the recent peak of 7.16 percent one month ago, **mortgage applications increased 2.2 percent from one week earlier**. We've also received durable goods for October (+1.0 percent, better than expected, +.5 percent ex-transportation) and jobless claims (240k, +18k, 1.551 million continuing). Later this morning brings the S&P Global PM flashes for November, final November consumer sentiment, new home sales, and Freddie Mac's latest Primary Mortgage Market Survey. **On, and don't forget those Fed Minutes!** We begin the day with Agency [MBS prices](#) worse .125 and the 10-year yielding 3.79 after closing yesterday at 3.76 percent.

Jobs

“PrimeLending is flexing our attitude of gratitude. In today’s challenging market, it’s more important than ever to recognize the reasons we have for being thankful. We’re so appreciative for the strength and stability that comes from being a part of a diversified, well-funded financial services company like Hilltop Holdings with \$16.6 billion in total assets as of 9/30/22. We’re also grateful for our stellar production team whose passion to serve customers never wavers. Their dedication, experience and professionalism have allowed us to celebrate a 97% customer satisfaction rating and 4.9 stars nationally on Google once again. Speaking of stars, we’re so thankful for our corporate support and operations teams who flawlessly execute their roles, helping to create a small company feel with big company expertise... You’re never on an island when you’re a part of #teamprimelending. Contact [Nic Hartke](#) or click [here](#) to learn more.”

Shamrock Home Loans has grown its sales force and production capability by over 35%... Just in the last 3 months! Recognized in 2022 by National Mortgage News as the #2 Best Mortgage Company to Work For, Shamrock has shown itself a company sales professionals want to join, and want to stay. [Shamrock](#) CEO, Dean Harrington believes business is ultimately about talent acquisition and retention. Adding industry veteran Kurt Noyce as Chief Growth Officer this summer has followed with new Regional Managers in New York, Massachusetts, Rhode Island, North Carolina, and Florida. Combining the strength and stability of a 30+ year company, with the ideas and energy of those wanting to make their impact on building something special, has Shamrock growing, when so many lenders are contracting. To learn more about the company’s passion to #Serve Sales, and its vision to Grow the Next Generation of Leaders, email [Kurt Noyce](#).

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