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Fannie/Freddie Changes Run the Gamut, Including Shutdown Underwriting Shift

“Some people are so poor, all they have is money.” How about “[26 of the World’s Richest Own the Same Wealth as Poorest Half](#)” in the world!?! To the best of my knowledge the PUGS (partial U.S. government shutdown) is not helping anyone’s wealth and is impacting U.S. citizens. Freddie and Fannie released policy and procedure updates caused by the shutdown – more below.

Lender Products and Services

What’s the mortgage version of “having your cake and eating it too”? Well, thanks to United Wholesale Mortgage, it means having access to superb service, technology, partnership tools...AND price! UWM has dropped its rates across the board for conventional, government and jumbo products. It gives the nation’s No. 1 wholesale lender unequaled pricing in the country, to go along with everything else that makes it the most popular wholesale lender among mortgage brokers. UWM has removed all state adjustments and all Loan Level Pricing Adjustments (LLPA) overlays, as well. Now, not only will mortgage brokers enjoy the fastest and easiest experience by working with UWM, they’ll also get their customers unmatched best rates. To learn more, visit www.UWM.com/have-it-all.

Floify just launched a new integration with Day 1 Certainty-approved asset verification provider, Plaid. This major partnership supplies Floify’s LO users with another popular VOA service to automatically pull reports of assets and deposits for prospective borrowers and sync with their respective loan files, which helps reduce loan processing times and eliminate fraud, and allows LOs to originate with confidence. Additionally, Plaid-generated VOA reports can be configured to sync with Floify when a loan application is converted to a live loan or on a one-off basis directly from within a loan flow. Floify’s Plaid integration is being offered as an alternative to their existing VOA integrations with AccountChek™ and MeridianLink. [To see Floify’s new Plaid integration in action, request a live demo.](#)

The Agencies: Always in the News, Always Making Changes

National Average Mortgage Rates



	Rate	Change	Points
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Mortgage News Daily

30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00

Freddie Mac

30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/3

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

Will Joseph Otting, Acting Director of the FHFA, which oversees Freddie and Fannie, soon announce a plan to take the GSEs out of conservatorship? We've never expected Congress to spring into action, with the U.S. Government receiving billions of dollars of their profits every year. Most believe that we'll see the confirmation of Mark Calabria first, not expected until March.

Stockholders are especially interested in any plan to recapitalize and/or set loose F&F. No one wants either to suffer a loss that the U.S. Government has to cover. Given the large need for capital, any plan to remove the GSEs from conservatorship is likely to meaningfully dilute the potential value of the common shares.

Last week Fannie Mae released [Lender Letter LL-2019-02](#) in conjunction with Freddie Mac [Bulletin 2019-3](#) to impose a minimum reserves requirement to serve as a compensating factor to offset the risk associated with a continued **income interruption for Borrowers due to the government shutdown**. Additional flexibility has also been made available for Verbal Verifications of Employment (VVOE) and paystub age requirements.

Freddie Mac and Fannie Mae (the GSEs) are providing an [update](#) to Phase 3 of the Uniform Loan Delivery Dataset (ULDD), as a follow up to the [July 10, 2018 announcement](#). The GSEs are clarifying existing ULDD Phase 3 data points, as described below. Today's updates reflect joint GSE changes to: further align GSE loan delivery requirements, incorporate recently announced policy changes, address customer feedback. No new data points or enumerations are introduced with the November 2018 update. The GSEs are also providing an updated implementation timeline to identify each of their remaining ULDD Phase 3 system implementation dates.

Fannie Mae changed its process for single sign-on capability for improved and efficiency when accessing Fannie Mae applications. Users know that the new single sign-on process was implemented, eliminating the possible second login. To ensure that any auto-script you use can still access PE - Whole Loan using the new single sign-on process, a demo environment was created – hopefully you've used it by now! Fannie recommended [testing in the demo environment](#) to ensure your script can log in with the new single sign-on screen.

The redesigned Fannie Mae Developer Portal provides quick and easy access to its suite of API products, including this month's new APIs: Loan-Level Draft Notifications, which returns draft notifications data for servicers from five existing Fannie Mae Connect™ reports, and Technology Services Invoices, which automates the manual process performed to ingest, reconcile, and look up amounts on open invoices. Visit developer.fanniemae.com to view the portal, browse APIs, and find out how to get started.

On December 4, 2018, Fannie Mae released [Selling Guide Announcement SEL -2018-09](#) describing changes made to the following key topics: **Self-employment income calculation** – enforcement relief when using approved vendor tool Commissions and unreimbursed business expenses – updated policy based on tax law changes. Appraisal waiver policy – for loans in process at time of disaster. On-frame modular and modular construction – eligible property type added. Small business administration loans – clarified as subordinate financing if secured by the subject. Flood insurance – individual policies for single unit condos now permitted. An updated Form 1008 link is also included in the announcement.

Freddie Mac's CHOICEHomeSM pilot is a new type of manufactured home with aesthetic appeal and features comparable to site-built homes. This pilot will ultimately allow a loan secured by a CHOICEHome to be treated like one secured by a single-family site-built home. [More information about this offering is available in its Single-Family news article.](#)

Freddie Mac previously announced that effective December 10, 2018, there would be enhancements to Loan Selling Advisor® export datasets that included the addition of several data elements to allow lenders to create its own customized exports with data currently available on the Loan Purchase Statement. To allow adequate time for assessing the impacts and make the necessary system updates, Freddie Mac is deferring the release of the new data elements until Monday, January 28.

You can now submit to Loan Product Advisor® and start delivering Freddie Mac's consolidated Home Possible® mortgage – with new flexibilities for your borrowers with very low to moderate incomes. Read the [Single-Family News Center](#) article for additional information on what's been added to Home Possible and how it can help you expand your business.

Freddie Mac retired 34 edits which will make the edit process simpler for Electronic Default Reporting (EDR). You may view and download the complete list of edits [here](#).

Freddie Mac Access Manager is a self-service system that enables you to easily create, manage, and provision your users' access to certain Freddie Mac Single-Family sourcing and servicing tools and applications, including tools in Freddie Mac Loan Advisor Suite®. If you aren't currently signed up, you can [sign up for Freddie Mac Access Manager](#), and transition your company to this new online provisioning system. These tools and related capabilities are available through Freddie Mac Access Manager now.

Freddie Mac issued a reminder to Sellers about collecting the Uniform Loan Delivery Dataset (ULDD) Phase 3 data for loans with an Application Received Date on or after January 1, 2019, and delivered on or after the May 20, 2019 mandate.

Freddie Mac's Loan Product Advisor® asset and income modeler (AIM), its solution for automating the manual processes of assessing borrower assets and income, is now available for Loan Product Advisor submissions and resubmissions on and after December 9, 2018. Read the Single-Family News Center [article](#) to see how these capabilities can help your business.

Fannie Mae published its [December Servicing Guide Announcement](#) providing updates to servicer requirements for handling borrower-initiated mortgage insurance termination, provides additional flexibility for managing insurance loss proceeds held in taxes and insurance custodial accounts, updates property insurance carrier requirements, clarifies flood insurance requirements, and more.

Freddie Mac issued [Bulletin 2018-25](#) on December 6th which provides temporary selling requirements and flexibilities for certain mortgages secured by properties, or for borrowers with places of employment (as applicable), in certain zip codes in Butte County which were heavily impacted by the fires.

Capital Markets

Bond markets were closed yesterday but the U.S. 10-year closed Friday up at 2.78%. Risk-free Treasuries across the curve reaching their highest levels of the week (rate-wise) as markets digested the possibility that tariffs on imports from China could be lifted to smooth negotiations (refuted by the Treasury Department), Chinese officials offering to significantly increase China's imports from the United States for a six-year period in order to eliminate the trade imbalance (countered by U.S. representatives), the Bank of Japan thought to be lowering its inflation forecast, and continued Brexit drama.

In the United States we closed last week with some positive economic readings. Industrial production beat expectations in December, as did capacity utilization rate, with both figures eclipsing their prior readings as well. Hard date showed notable strength in manufacturing output, which saw its largest gain since February 2018 and helped ease worries surrounding December ISM Manufacturing Index figures from earlier in the week. Unfortunately, the preliminary University of Michigan Index of Consumer Sentiment for January fell to the lowest level since President Trump was elected. Consumer's attitudes about the economic outlook for 2019 is now the worst since mid-2014, which may hurt disposable income spending.

This **holiday-shortened week** includes updates on housing and Markit and regional Fed indices. Releases involving durable goods and new home sales are expected to be postponed due to the partial government shutdown. We also have an ECB decision on Thursday. December **existing home sales are due at 10AM ET today and are expected to decline** slightly. Tomorrow, we receive the usual weekly MBA Mortgage Index; and November FHFA Housing Price Index. We begin today with Agency MBS prices better/higher by .125 than Friday's close and the 10-year yielding 2.75%.

Jobs and Business Opportunities

If there ever was a time to project which mortgage companies will be successful in the long-run, look at who succeeded in 2018. While many have stayed flat or experienced a decrease in production, [NRL Mortgage](#), a Houston-based privately-owned lender, ended the year with a growth of 24% in volume (when compared to 2017). “With a strong executive and ownership team that has stayed intact for over 10+ years, NRL has made several strategic investments into digital technology to improve efficiency and company acquisitions for further growth. It’s no secret that projections for the year will be tough on our industry, especially for small banks and mortgage companies; however, we’re positioning ourselves as the sleeping giant to make 2019 one of our most productive years. If you are a mortgage company that produces \$500M (or less) in volume and would like to eliminate overhead while sharing in our success to produce a huge profit in 2019, confidentially reach out to President & CEO Ron Zach.”

Ever heard the quote: “Change begins at the end of your comfort zone”? A fool would believe there’s no need for change in our industry. And here we are in 2019, most of us still comfortable using antiquated processes and tools. IF it were up to you...what would you change about the way mortgage industry? Aaron Brown, CEO of Canopy Mortgage says “...the number one thing on my list is LO Compensation.” Brown believes that loan officers are being overused and underpaid as the industry makes the shift towards greater speed and automation. Canopy is seeking Loan Officers with a desire to challenge the status quo. They’ve changed everything from the automated front end tech, streamlined fulfillment and YES better LO compensation. Take a minute to check out how Canopy Mortgage is implementing [all the changes you’ve been waiting for](#). Or Contact Josh Neumarker, Director of Business Development at Canopy Mortgage (888-696-9076).”

SocialSurvey is are hiring several Regional Vice-Presidents of Business Development with dedicated sales territories. “We want to thank the mortgage industry for a fantastic 2018 as [SocialSurvey](#) now serve 150 lenders representing over 30,000 loan officers. Our platform has expanded from reviews and reviews sharing to now include social media monitoring and listings management. To keep up with the demand, If you have a proven track record of selling technology or services into the mortgage vertical, this is a unique opportunity to part of an amazing growth story.” Send confidential resume and contact info to Gaby Mota to learn more.