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A Message from Jeffrey Chalmers:

"Lots of inspiring news, much that affects both consumers and real estate professionals."

Impac to Raise Funds; Servicing Packages; Fannie/Freddie Program Changes

You've made it to "Talk like a Pirate" day. Many lenders are saying, "Arrggghh" when it comes to appraisals. Mike Simmons with Axis AMC put some things in perspective. "Fannie Mae...sees approximately 90% of all residential lending appraisals – even some by credit unions and small banks who portfolio loans but (strategically) may one day want to sell them to outside investors. Fannie Mae identifies only some 40,000 unique appraisers who deliver all of those loans (and) are responsible for doing nearly 90% of the vast number of loans FNMA sees. Given that we vacillate between estimating the resource of available appraisers to be somewhere in the neighborhood of 75,000 to 85,000, this is startling information." Let's change the requirements for entry!

In company news **Impac Mortgage Holdings**, expected to hit \$12 billion in originations this year, entered into an underwriting agreement with JMP Securities [agreeing to issue and sell 3 million shares of common stock](#), \$0.01 par value per share, at a public offering price of \$13.00 per share. Not only that but JMP has a 30-day option to purchase up to an additional 450,000 shares of common stock. CEO Joseph Tomkinson explained that the roughly \$36 million in proceeds from this offering, expected to close this week, will allow the company to execute on its core growth strategies, which include continuing to expand its origination and servicing platforms and to retain valuable MSR assets.

National Average Mortgage Rates



| | Rate | Change | Points |
|--------------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 6.86% | -0.05 | 0.00 |
| 15 Yr. Fixed | 6.31% | -0.02 | 0.00 |
| 30 Yr. FHA | 6.32% | -0.06 | 0.00 |
| 30 Yr. Jumbo | 7.04% | -0.03 | 0.00 |
| 5/1 ARM | 6.53% | -0.02 | 0.00 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.78% | -0.08 | 0.00 |
| 15 Yr. Fixed | 6.07% | -0.09 | 0.00 |
| Mortgage Bankers Assoc. | | | |
| 30 Yr. Fixed | 7.00% | -0.03 | 0.60 |
| 15 Yr. Fixed | 6.63% | +0.07 | 0.61 |
| 30 Yr. FHA | 6.87% | -0.03 | 0.92 |
| 30 Yr. Jumbo | 7.13% | +0.02 | 0.38 |
| 5/1 ARM | 6.22% | -0.16 | 0.60 |

Rates as of: 7/26

Recent Housing Data

| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Jul 10 | 206.1 | -0.19% |
| 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% |

| | Value | Change |
|--------------------|-------|--------|
| Builder Confidence | 51 | +6.25% |

While we're on MSR assets, the servicing market has settle down a little, more is still subject to price fluctuations which impact borrower's pricing. And the packages out for bid continue. **Prestwick Mortgage Group** is the exclusive broker for a well-capitalized mortgage bank who is offering a \$360 - 480 Million Fannie Mae Texas and Louisiana concurrent flow servicing offering. The monthly concurrent flow will be for \$30-40 Million, and will be 100% Fannie Mae A/A, \$225,000 average loan balance, 45% Texas and 45% Louisiana, 70% Retail and 30% wholesale. Bids for this package are due Thursday, September 22, 2016, at 5:00 PM EDT. **Incenter Mortgage Advisers** recently went to market with a \$191 Million Fannie Mae and Freddie Mac bulk residential MSR package, consisting of 30, 25, 20, 15 and 10-year fixed rate mortgages. There was an additional offering of \$50 - \$75 million per month of Fannie/Freddie Co-Issue on behalf of the Seller. This created a potential offering of a \$1 Billion in Fannie Mae and Freddie Mac servicing over the next 12 months. The package had a weighted average coupon of 4.116%, \$240k average loan size, 734 WaFICO, 76.7% WaLTV, with FL, NJ, MD, and CA being the top states. **Phoenix Capital's** recent offering: a \$345M 100% FHLMC ARC 58% Fixed 30, 41% Fixed 15, (F30) Note Rate; 3.24% (F15) Note Rate 0.250% wAvg Net Service Fee Avg Bal \$231K Geography: 26% PA, 20% NJ, 14% MA, WaFICO 759; WaLTV 74% 2.15% HARPs, 91% Single Family/ PUD Properties, 92% Owner Occupied, 42% Purchase, 83% retail originations.

MountainView Servicing Group, LLC is offering up a \$3.26 billion FHLMC/FNMA non-recourse servicing portfolio. "The seller is also interested in selling up to \$200 million a month of their conventional production on a co-issue basis with the winning bidder. Written bids are due Friday, September 23rd at 5PM ET. What's inside of it? 99.9 percent fixed rate and 100 percent 1st lien product, weighted average original FICO of 759 and weighted average original LTV of 74 percent, weighted average interest rate of 3.62 percent (3.91 percent on the 30yr fixed rate product), average loan size of \$217k, primarily from the Southeast.

Speaking of Freddie Mac and Fannie Mae, and **conventional conforming changes...**

You have 15 months to prepare for the new, longer & more extensive, loan application. AnneMaria Allen with **The Compliance Group** sent this note along addressing the Uniform Residential Loan Application (URLA - Fannie Form 1003/Freddie Form 67) and its new data fields for increased reporting under the Home Mortgage Disclosure Act (HMDA). The new version includes simplified terminology and a clearer set of instructions for users, according to the GSEs. This, in turn, will help borrowers complete the loan application with less help from the lender. As part of the project, the GSEs worked together to create a common corresponding data set, called the Uniform Loan Application Dataset (ULAD), to ensure consistency of data delivery. Lenders may begin using the redesigned forms on Jan. 1, 2018; however, as of right now, there is no deadline set for their required use.

AnneMaria observed, "The changes are primarily good. From a compliance standpoint, of course the HMDA changes are needed. The URLA is the primary form in which we collect all of our data. It tells us the story we need to know about the borrower. The better documented the story is, the faster it speeds up the lending process."

Of course this will require major system upgrades, especially since the URLA hasn't changed in years. As Ms. Allen noted, "There are so many components tied within the application that certain changes will affect other areas, and sometimes you don't even realize they will affect another area until they do. The application is the heart of the loan process, so our industry is literally having a heart transplant."

What do they know that we don't about the direction of interest rates? Freddie Mac and Fannie Mae have recently updated their **ARM notes and riders** to include new language that imposes a **lifetime floor rate**. The new language prohibits the interest rate for ARMs from falling below the loan's margin. The revised Freddie Mac and Fannie Mae ARM notes and riders must be used for all Agency mortgages **submitted to U.S. Bank** with note dates on or after October 1. The effective date for changes to U.S. Bank Portfolio ARM products will be announced at a later date.

Fannie Mae's Servicing Guide has been updated to include changes related to the following: Foreclosure Time Frames and Compensatory Fee Allowable Delays Exhibit, Mortgage Insurer Delegations for Workout Options and Form 3179 and Form 181 Loan Modification Agreement Instructions.

During the weekend of November 5, **Fannie Mae** will deliver [new whole loan committing grids](#) and implement an update PE. Fannie is enhancing the current offering of committing grids, introduced earlier this year, with 11 more committing grids for 15-year, 20-year, and 30-year commitments.

Fannie Mae has three releases planned for [EarlyCheck](#). The first [two releases](#) (October 15 and November 19) involve new edits, changes to edit severity, and edit deactivations. To help you begin planning, Fannie is providing advance notice of the January 21, 2017, release which will move numerous credit eligibility loan-level edits upfront in EarlyCheck from downstream acquisitions systems.

On November 21, new credit eligibility edits will be available in the **Fannie Mae Loan Delivery application**. These same edits are experienced today post-submission, requiring lenders to work with the Acquisitions team to resolve. On October 3, these edits will be available in the Loan Delivery Test Environment (LDTE). Reference the [Release Notes](#) or attend a [live webinar](#) to learn more about this release, and other updates in Loan Delivery.

Wells Fargo has removed its overlay of Maximum Loan Amount on Guaranteed Rural Housing (GRH) Loans. Also, its Relocation requirements overlay on Conventional Conforming and non-conforming have been removed.

Effective with ARM Notes issued on or after October 1, **PennyMac** is aligning with Fannie Mae and Freddie Mac and will be requiring the use of the [ARM Notes and Riders](#) with a revision date of 6/16.

Sun West has updated its manual underwriting guidelines specifically for the review of a borrower's credit. The updated guidelines include additional information on how various risk factors associated with a borrower's credit are analyzed during a manual underwriting review. To access the updated guidelines, please click [here](#). Also noted, Sun West is aligning its guidelines for Multiple Financed Properties as per Fannie Mae announcement [SEL 2016-03](#). The revised policy is effective for loan submissions after 06/30/2016. The updated guidelines can be accessed through its website.

Flagstar has updated its Conventional Underwriting guidelines to reflect the overlay requiring the credit report to be dated within 60 days of underwriting has been changed to 75 days within the date of underwriting. On the date of the loan application, the borrower's existing mortgage(s) must be current, which means that no more than 45 days may have elapsed since the last paid installment date on the credit report. If more than 45 days have elapsed since last reporting, it is required to document the mortgage is current.

AmeriHome posted on 9/8/2016, a REVISED incident period end date of October 2, 2016, was noted on the FEMA website for DR-4277, Louisiana Severe Storms and Flooding. In addition, AmeriHome's Seller Guide and Agency program guides are updated with changes to support Freddie Mac 2016-11 & 2016-12, including new financed MI requirements, and Fannie Mae SEL 2016-05, including new VVOE requirements and universal Notes and riders.

Fifth Third Correspondent's weekly communication reiterated Fannie Mae's guidance and requirements for personal accounts as no longer applicable for business accounts. Instead the Underwriter must analyze deposits into business accounts to determine reasonability based on evaluation of the business cash flow. Also, The Federal Housing Finance Agency directed Freddie Mac and Fannie Mae to extend the HARP Program to provide borrowers additional opportunities to refinance their current loans. The new loan must have an application date on or before September 30, 2017.

The bond market? Friday was somewhat quiet as U.S. Treasuries were either unchanged or slightly lower in price in a curve-flattening trade after reports showed that U.S. consumer price inflation ran hotter than expected in August. (The main theme of this week in Treasuries has been the steepening of the yield curve as investors questioned central banks' commitment to asset purchases.) But agency MBS closed narrowly changed in price, and tighter on spread. We ended the week with the 10-year's yield at 1.69%.

But this week should be interesting indeed. In Japan the Bank of Japan will meet to discuss monetary policy decisions, and in this country the FOMC (Federal Open Market Committee) meets as well to discuss baseball's wild card race. (And also possibly raising short term rates.)

Jobs and housing drive the economy, and this week we'll have a load of housing news starting with today's NAHB Housing Market Index for September. Tomorrow is Housing Starts & Building Permits. Wednesday is more mortgage-related news with the MBA's application data. But at 2PM ET (11AM PT) we have the FOMC's announcement, FOMC Forecasts and Fed Chair press conference. Thursday has the usual jobless claims, along with yet more housing news with the FHFA Housing Price Index and Existing Home Sales. Friday closes out with Leading Economic Indicators and the PMI Manufacturing Index.

With little in the way of economic news over the weekend, **this morning we're at 1.68% on the 10-year and pretty much unchanged on agency MBS prices.**

Jobs and Announcements

Mike Simmons with Axis AMC put some things in perspective. "Fannie Mae...sees approximately 90% of all residential lending appraisals - even some by credit unions and small banks who portfolio loans but (strategically) may one day want to sell them to outside investors. Fannie Mae identifies only some 40,000 unique appraisers who deliver all of those loans (and) are responsible for doing nearly 90% of the vast number of loans FNMA sees. Given that we vacillate between estimating the resource of available appraisers to be somewhere in the neighborhood of 75,000 to 85,000, this is startling information." Let's change the requirements for entry!

On the lending side, **U.S. Bank is expanding its [wholesale business](#) and is searching for Account Executives in Florida, Louisiana, Arkansas, Texas, and Mississippi.** AEs will develop and maintain a high quality and profitable external wholesale/referral network, and develop relationships with Sales Center Bankers for point-of-sale marketing and training sources on U.S. Bancorp products and services. AEs will also gather market-specific information, attends broker functions and trade shows, develops and enforces quality control measures. "At U.S. Bank, we're passionate about helping customers and the communities where we live and work. The fifth-largest bank in the United States, we're one of the country's most respected, innovative and successful financial institutions." Resumes should be sent to Holly Wildey, U.S. Bank Talent Acquisition & Recruiter. U.S. Bank is an equal opportunity employer committed to creating a diverse workforce. We consider all qualified applicants without regard to race, religion, color, sex, national origin, age, sexual orientation, disability or veteran status, among other factors.

On the operations & retail side, **Mortgage Financial Services is on the hunt for underwriters.** Ranking #722 on the INC. 5000 list of the [fastest growing private companies](#), MFS was also recognized by HousingWire Magazine as one of the top four mortgage companies "to keep an eye on." "If you are a mortgage underwriter in north Texas with LAP/SAR qualifications and interested in working with a dynamic group of professionals dedicated to serving each other through teamwork and helping families with their dreams of homeownership, please contact Debbie Wooten. And **if you are a mortgage originator looking for a home** where the words "support", "teamwork", and "make your customers happy" really mean something, visit www.joinMFS.com or contact John H. P. Hudson, CRMS.

Well, here's a mistake. Friday I announced the retirement of Tony Schmeck, the CFO at Supreme Lending, - a year early! Mr. Schmeck is not retiring this September 30, but next September (2017)! Fortunately, he took it in good humor as everything is above-board with his 18-month transition!

Because Integrity Matters™

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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