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Another DOJ/False Claims Settlement; Conventional Conforming Program Changes

The European Central Bank has been collecting data on cyber-instances at 18 major banks as part of a pilot program that will be expanded to other lenders. The initiative is intended to create an early warning system for bank cyberattacks. A good thing.

M&T Bank Corp, a large northeast U.S. regional bank, did not admit any wrongdoing but agreed to pay $64 million to settle civil charges it misled the government into insuring hundreds of risky mortgages, leading to substantial losses when the loans went into default. The U.S. Department of Justice tells us that the settlement resolves charges originally brought by an internal whistleblower that the company violated the federal False Claims Act. The case was brought in 2013 by Keisha Kelschenbach, who spent 16 years working for the bank as a senior underwriter. Her cut of the money has not been determined. M&T was accused of having from 2006 to 2011 certified loans for FHA insurance that did not meet underwriting and quality control requirements. The government said M&T also uncovered numerous loans that contained "major errors," but reported just seven to HUD, of which the FHA is a part. "Mortgage lenders that fail to follow FHA program rules put taxpayer funds at risk and increase the changes of borrowers losing their homes," Benjamin Mizer, head of the Justice Department's civil division, said in a statement. M&T settled to avoid the cost of litigation and looked forward to "continue as a leading and responsible provider of home loans in the communities we serve, including as a FHA program participant." (The case is U.S. ex rel Kelschenbach v. M&T Bank Corp, U.S. District Court, Western District of New York, No. 13-00280.)

Fannie & Freddie, conventional conforming changes? Always a lot going on that is relevant to every residential lender seeing that the lion's share of biz is still heading through conventional conforming channels.

Freddie, for one, has witnessed a steady decline in mortgage repurchase activity in the last four years, at least for the mortgages Freddie Mac buys. "Mortgage repurchases are a last resort if a quality control review finds a mortgage didn't meet our underwriting requirements at the time of sale. It's a last resort because the lender is given multiple opportunities to address a problem, such as providing missing information from the loan file, before a repurchase is considered. Completed repurchases have dropped from a peak of $4.2 billion in 2010 to about $400 million in 2015, a 95 percent drop.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.30%	+0.12	0.00
15YR Fixed	6.92%	+0.09	0.00
30YR FHA	6.89%	+0.07	0.00
30YR Jumbo	7.40%	+0.03	0.00
7/6 SOFR	6.80%	+0.31	0.00
30YR VA	6.90%	+0.07	0.00

Rates as of: 11/10

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.43	-0.62
10 YR Treasury	4.9860	+0.0952
30 YR Treasury	5.3557	+0.0737

Pricing as of: 11/10 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 28	192.6	-1.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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"When seller/servicers sell Freddie Mac loans with greater certainty, they are more likely to make loans that take advantage of the full extent of our credit box....Many seller/servicers have made significant investments to improve their loan manufacturing process by using new tools, technology and processes. We expect this trend to continue as we begin to phase in Loan Advisor Suite later this summer. Loan Advisor Suite is a flexible, end-to-end loan delivery solution we designed with our customers to increase lender efficiency and provide earlier insight into representation and warranty relief.

In other Freddie news, it reminded the industry that it has made improvements to its representation and warranty framework four separate times in as many years. "These changes help ensure that the new representation and warranty framework is more transparent to seller/servicers and gives them greater certainty in the loans they sell to us. The most recent change to the framework provides seller/servicers contesting certain alleged loan-level representation and warranty breaches a more extensive appeals process, plus an independent dispute resolution process."

Wells Fargo Funding removed the Loan Score requirements for its Prior Approval High Balance Conforming Loan Program. As of May 2nd, Wells will follow Fannie Mae requirements. Wells has also updated it Conventional Conforming pay stubs requirements effective on or after May 30th. Payroll earnings statement for the most recent pay period must be computer-generated or typewritten, clearly identify the borrower as the employee, show the gross earnings both for the pay period and year-to-date, show the pay period covered, and show the employer's name. Note: Follow Seller Guide Section 820.13(a): Age of Documents requirements for age of credit documentation.

Wells Fargo is adding Freddie Mac Home Possible Advantage Loans beginning May 23. The Home Possible Advantage program provides borrowers with financing up to 97% LTV and 105% TLTV. Wells will be updating adjusters for Home Possible® Loans to better align with Freddie Mac effective May 16, 2016 and adding adjusters for Home Possible Advantage® Loans in conjunction with its announcement to accept these Loans effective May 23.

The **Fannie Mae** Servicing Guide has been updated to include changes related to the following: Certain Default-Related Expenses, Law Firm Matter Transfers, Servicing Requirements for Nevada and Illinois Acquired Properties, Borrower Outreach Requirements and other Miscellaneous Revisions. Read the Announcement for more details.

As announced by Fannie Mae and Freddie Mac, the Uniform Collateral Data Portal (UCDP) added new Appraisal-Sharing functionality. By using the appraisal-sharing functionality, correspondents and aggregators will benefit by replacing manual operations for sharing and reviewing correspondent appraisal with an integrated solution using UCDP and CU.

To get started, the correspondent must complete the one-time setup process in UCDP to select a list of aggregators with whom you will share appraisals. Review the UCDP Appraisal-Sharing Job Aid for Correspondents for direction on how to set up appraisal-sharing. **Ditech Financial LLC** is set up as a registered aggregator with an Aggregator ID TFT616.

The Help Center available within **Fannie Mae** applications has been retired and replaced by its new Technology Support page. The new page describes how to contact Fannie chat, and includes a link to search for help online. For details, view Fannie Mae technology application(s).

M&T Bank is offering FNMA HomeReady HomeStyle Program. The HomeStyle feature only, the base HomeReady is not being offered.

Optimal Blue has released an automated interface with Fannie Mae's Pricing & Execution - Whole Loan™ Platform. This automated interface will enable originators to take out commitments directly with Fannie Mae (FNMA) through the Optimal Blue system. It will eliminate having to re-enter commitments in the FNMA system after making the trading decision in the Optimal Blue system. This interface is available to joint Optimal Blue/Fannie Mae customers immediately, and is another component of Optimal Blue's compelling ELS offering which automates mortgage workflow from initial customer engagement through the disposition of a loan to the secondary market.

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Is Fannie going directly to the borrower? "Use **Fannie Mae's** new one-page overview to let your borrowers know how to access Framework's online, interactive course at their convenience. In three easy steps, your buyers will build their homeownership expertise with Framework and complete the course needed to qualify for the HomeReady mortgage. You can start using the one-pager today and find more resources on our HomeReady page."

PennyMac posted updates as applicable from Fannie Mae's DU 10.0 Release Notes and SEL 2016-3. The effective date is included in each section.

The following **AmeriHome** guides are updated with the changes in conjunction with Fannie Mae's announcement SEL 2016-03. AmeriHome updates include: Fannie Mae Standard Conforming Mortgage Program Guide, Fannie Mae Standard High-Balance Program Guide, Fannie Mae DU Refi Plus Program Guide, and Texas (a)(6) Product Guide. In addition, beginning 4/18/2016, AmeriHome will be emailing a new, automated "Ineligible for Purchase Notification," advising Sellers when a loan delivered to any product or program does not meet AmeriHome purchase requirements.

Effective with Home Possible and Home Possible Advantage locks on May 13, 2016, **Plaza** will implement the new LLPAs and LLPA cap structure outlined in Freddie Mac Bulletin 2016-8 and 2015-21.

Bopping over to the bond markets, certainly the topic of conversation here at the MBA's Secondary Marketing Conference, we didn't have much volatility last week. But this week we'll certainly have a lot thrown at us in terms of scheduled news - most of out of it dealing with housing. Today are the Empire Manufacturing Index and the home builders weigh in their NAHB Housing Market Index. Tomorrow we'll experience theConsumer Price Index, Housing Starts & Building Permits, and Industrial Production & Capacity Utilization. Wednesday has EIA Petroleum Status Report and the FOMC Minutes. Thursday starts with Jobless Claims, Leading Economic Indicators, and the Philadelphia Fed Business Outlook Survey and Friday closes out with Existing Home Sales.

Jobs and Announcements

"Network Funding, LP welcomes Ryan Pilgrim as its new Western Divisional Manager. Pilgrim has 18 years of experience in the industry, most recently at WJ Bradley where he served as SVP over Regional Retail Sales. "Ryan is a dynamic mortgage professional with a keen ability to build high-performing teams and an incredible sphere of influence throughout the West Coast," said Network Funding Executive VP Brett Snortland. Pilgrim is already in the process of hiring both ops and production staff to expand multiple offices in the region as well as opening several new locations. Those interested in joining the growing West Coast team can visit www.join.nflp. com to learn more about Network Funding and its available positions and send resumes to join@nflp.com."

Mountain West Financial, a seasoned company with over 25 years of experience, is looking for a Regional VP of Production in the Orange County and Los Angeles area of Southern California. Mountain West also has openings for Account Executives, Regionals, and Retail Managers. The company is approved with FNMA, FHLMC, GNMA and offer a variety of non-agency products. "What really sets them apart is their expertise in purchase money loans, efficient turn times, robust marketing tools and unbeatable customer service, MWF has been listed on The Scotsman Guide for 'Top Mortgage Lenders' as well as '50 Best Companies to Work For.' If you are interested in joining a team of professionals with shared business ethics and a promise to complete the job with integrity and consistency, contact John Cady (951.453.6442) or visit www.join.mwfinc. com for a confidential interview. Come grow with us!"

Sierra Pacific Mortgage is making buying a home even more possible with the launch of Freddie Mac's Home Possible program. This flexible loan offers low down payment option that helps low- to moderate-income borrowers realize their dream of homeownership. Sierra Pacific currently operates 8 Regional Fulfillment Centers and is licensed in 49 states, and is a nationwide direct lender for HUD, Fannie Mae, Freddie Mac, and an approved Seller with FHA, VA and USDA. Sierra Pacific offers retail, wholesale, and correspondent channels.

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A mortgage technology firm is seeking an experienced candidate to fill the role of Controller/CFO in their financial district San Francisco headquarters. Compass Analytics is a growing provider of financial technology services to the mortgage industry, including banks, mortgage servicers and mortgage investors. With offices in New York City, San Francisco and Chevy Chase, MD, Compass offers an unusual opportunity for growth and experience in the dynamic industry of financial technology. The successful candidate will be hands-on, yet also play a key role on the management team and be responsible for the financial, accounting, risk management, strategic planning, human resources and administrative operations of a privately-held national organization. Compass offers a casual yet focused, fast-paced work environment with an outstanding compensation and benefits package. Interested candidates should email a cover letter with resume to Marketing Manager Sarah Slagle.

"US Mortgage Corporation was very honored to be one of the premiere sponsors of the PinkTie.org annual gala event held on Long Island by donating $20,000 to fight cancer on behalf of the Don Monti Memorial Research Foundation. "We consider **contributing** to the community as a vital part of being in the lending community, and it gives us great pleasure to help fight for this cause", says Steven A. Milner, Founder and CEO. The event had nearly 3,000 industry professionals in the Real Estate community and a slew of celebrity Athletes and personalities, with 100% of the money raised going to the cause. "We should all never lose sight of the fact that we are fortunate to be in a position to contribute. This business and this community has been wonderful to us, so giving back is only natural for US", says Scott A. Milner, President. US Mortgage Corporation is a 22-year old nationwide direct lender and FNMA seller/servicer and is always looking for people to share and grow our vision either by building a sales team or joining an existing one. For more information, please contact Andrea Silver."

Expert Advice | Exceptional Service | Flawless Execution

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

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