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## Changes in Fannie/Freddie Pricing and Programs; How Much Does 3.75 mln sq. ft. of Office Cost?

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[Text](#)

**The \$1.3 billion Sears Tower**, complete with a \$775 million loan, was sold to Blackstone. The WSJ reports that the property backs a \$775 million loan of which several pieces were securitized in commercial mortgage-backed securities. The building has more than 3.75 million square feet of office space and is the second tallest office building in the United States, after One World Trade Center in downtown Manhattan. The property faced large tenant leasing and capital costs in the first quarter of 2014. Subsequently, the loan was transferred into special servicing after the borrower expressed concern about the capital required to keep the property fully funded. The loan could be defeased and a special servicing workout fee likely when the loan pays off. Currently with two years to maturity (20 months till open) and a 6.27% coupon, it is unclear whether Blackstone will assume the loan or defease it.



Hey, who is **more likely to go into foreclosure**, a conforming conventional borrower or [a jumbo borrower](#)?

While we're talking about big money, Ginnie Mae has added HMBS Enhanced Monthly Pool and Loan Level Disclosure Layout revisions. To view its disclosure, [click here](#).

And not to be outdone, **Fannie updated its LLPA matrices**. "[This Notice](#) announces that Fannie Mae has updated the pricing guidelines in the [Loan-Level Price Adjustment \(LLPA\) Matrix](#) and Adverse Market Delivery Charge (AMDC) Information and the [Refi Plus™ Mortgages Only](#) Loan-Level Price Adjustment (LLPA) Matrix and Adverse Market Delivery Charge (AMDC) Information matrices to reflect the policy change that pertains to how loan-level price adjustments are applied to mortgage loans with more than one borrower, specifically when one borrower has a credit score and one or more borrowers do not have credit scores."

Also not to be outdone, Freddie Mac released Bulletin 2015-3 which announced changes that "enhance our modification options and expand borrower eligibility using our loss mitigation toolkit. All changes are effective for new evaluations conducted on or after **July 1, 2015**, but you're encouraged to implement them immediately." Freddie's Bulletin addressed **Step-Rate Mortgages** ("Offering borrowers with Step-Rate Mortgages the opportunity for an earlier modification with our Freddie Mac Streamlined Modification - Streamlined Modification; adding a new eligible hardship to our Freddie Mac Standard Modification - Standard Modification.) Imminent Default Hardship test. There are plenty of other thrilling details - please read Guide [Bulletin 2015-3](#) for more details on these changes and for additional updates.

So Freddie is asking its servicers to change certain loans "to reduce the risk of re-defaults as scheduled interest rate adjustments under the HAMP program begin." As a reminder, under HAMP rates on modified mortgages fixed for 5 years, then increase in steps by as much as 1% a year until matching the market rate when HAMP modification took effect. The bulletin above directs servicers to start evaluating HAMP borrowers on July 1 for streamlined modification if they become 60 days delinquent within 12 months after rate increase, and borrowers facing imminent default as a result of increases should also be considered for modifications

And let's not forget that a couple weeks ago the Rural Housing Service proposed a Rule amending the **Single Family Housing Guaranteed Loan Program**. The Rural Housing Service (RHS) has proposed a [rule](#), amending the current regulation for the Single Family Housing Guaranteed Loan Program. The RHS seeks to expand its lender indemnification authority, allow lenders to reduce principal balances (in some cases), revise its interest rate refinancing requirements, and to amend its regulation to indicate that a loan guaranteed by the RHS is a Qualified Mortgage if it meets certain requirements set out by the CFPB. Comments on the rule must be received by May 4, 2015.

Speaking of agency news, the FHFA (overseer of Freddie & Fannie) released its [Progress Report](#) on the initiatives outlined in its 2014 Strategic Plan and 2014 Conservatorship Scorecard for Fannie Mae and Freddie Mac (the GSEs). The Progress Report is a summary of the work undertaken in furtherance of FHFA's key goals for the GSEs, including issues MBA has championed, such as clarifying lenders' liability under the GSE representation & warranty framework, reducing the number and severity of the GSEs' assessments of compensatory fees, increasing the amount of credit-risk that is transferred to the private market, and pursuing "front-end" risk-sharing transactions, and develop a single security that can be fungible for TBA delivery to increase overall liquidity.

Let's keep going with some random program and lender changes that have been announced over the last several weeks.

First, a correction on some **New Penn Financial** program notes. Its Home Key product is for borrowers who've experienced a credit event; it is not a credit repair product.

**JPMorgan** announced that it is [buying \\$45 billion](#) in servicing from **Ocwen**. Chase's production is down and wants those 277,000 loans, and it would bring its servicing portfolio to roughly \$1 trillion (still behind Wells' \$1.75 trillion). And, let's face it, Ocwen is shrinking and wants the ducats.

A while back Angel Oak Wholesale began offering a mini- correspondent program for eligible parties. **Angel Oak Mortgage Solutions**, specializes in non-agency lending, with a focus on non-prime loans, announced that its non-agency mortgage products are now available to third party lenders through a mini-correspondent channel. The platform provides affiliated lenders with the opportunity to offer Angel Oak Mortgage Solutions' non-agency products in their respective lenders' name.

**Flagstar** posted information regarding the new rural area eligibility maps that become effective on February 2 for purchase transactions under the GRH [Doc. #5830](#) program. As a reminder, refinance transactions do not require the property to be in an area

currently defined as rural by Rural Development. Therefore only purchase transactions are affected by the new maps. Also, updates have been made to its Early Loan Payoff policy which will now feature a graduated calculation based on duration and product. This new policy will be applied to all loans which payoff on or after February 1, 2015.

**Parkside Lending**, wholesale and correspondent, launched its new corporate brand, which is epitomized by a new tagline: Experience the power of caring. The company, known for providing a more thoughtful borrowing experience, has been experiencing substantial growth and wanted to ensure all aspects of its brand were consistent across the country. In conjunction with its new brand, the company also launched a new public website that will help familiarize visitors with Parkside Lending, as well as present information about partnering with the organization and opportunities for doing business together. More information can be found on the [Parkside Lending website](#).

Regarding **Penny Mac** Conforming Condo Project Warranty Documentation - lenders that sell mortgage loans secured by units in a condo project are expected to have staff that are knowledgeable about and qualified to evaluate the specific risks presented by these properties. As a reminder read... [announcements 15-07](#).

**Chase** dedicated four seasoned account executives to focus solely on sourcing new correspondent relationships to further its growth, for details, read the attached [press release](#).

**Citibank Correspondent** began offering Community Reinvestment Act (CRA) Premiums on eligible Loans. CRA eligible loans now receive the CRA Premium shown on page 8 of the Rate Sheet and on the CRA Premiums table attached [here](#). Eligible CRA Loans include: Property located in an eligible MSA per the current Citi CRA Premiums table, all products and programs, conventional and government, Purchase and refinance transactions, where eligible per the Citi CRA Premiums table, any occupancy type and 1-4 unit property types.

**PMAC** Lending guides were updated to clarify Student Loan Payments, per Handbook 3555 Chapter 11. Construction to Permanent financing will be offered on a new mortgage note as a first long-term, amortizing mortgage to the borrower(s) to replace interim financing. Specific conditions must be met in order to qualify. (PMAC will not offer One-Time Close or Two Step- Construction to Permanent financing.)

**Franklin American Mortgage Company** announced the re-introduction of the Conventional Conforming Fixed 97 Program for one-unit primary residence owner occupied transactions. For purchase transactions, at least one borrower must be a first-time homebuyer. For refinance transactions, borrowers with an existing FNMA owned mortgage that are not eligible for the DU Refi Plus product may be eligible for this program. The 97% LTV program will be available for loan casefiles underwritten through Desktop Underwriter Version 9.2. Franklin American Mortgage is not offering the MyCommunity Mortgage feature of the 97 program or the Freddie Mac Home Possible Advantage 97 program at this time. Please refer to the Conventional Conforming Fixed 97 loan product description for details and guidelines.

Rates: up a little, down a little. Yesterday they continued downward after a very weak housing start number for the month of February. The press is talking about how traders and investors were hesitant to position ahead of today's Fed statement and press conference. The focus is on whether or not the word "**patient**" appears in the FOMC statement. **Really?** With countries struggling around the world, people engaged in violent conflicts, huge currency fluctuations... watching for the word "patient" is what it's all about?

**(Read More: [Is The Market Too Far Ahead of a Predictable Fed?](#))**

The war of words between Greece's government and Euro group & German officials continued. Greece feels that it has sacrificed given the austerity plan, and highlights the gains to the European core. Germany and others have benefited from exchange and interest rates that are lower than they would have faced had they still had their own currencies.

But since this is mortgage and economic commentary, returning to yesterday Housing Starts fell 17.0% in February although the January number was revised higher. That was a surprise but analysts quickly attributed it to record snowfall in the Northeast and extreme cold in the Midwest. But the West didn't do its part: high-than-average temperatures should have compensated for some of the decline in other regions, but housing starts fell 18.2% in the West. February Building Permits, however, beat estimates. And let's not forget that West Texas Intermediate Crude (WTI) made a **new 6-year low Tuesday** - don't forget the impact falling oil prices have on certain states and oil-related businesses!

This morning we've had the MBA's application numbers from last week: apps dropped 4%, refis fell 5%, and purchases fell 2%. Not great news for April and May...

There is no news until the FOMC rate decision, so look for some potential volatility in mid-day. Until then... we closed the 10-yr at 2.06% Tuesday afternoon, and this morning we're at 2.04%.

What's in a name? Plenty. But what might be interesting to trivia buffs is [how girl names have changed over the years](#) - if so this site can be pretty mesmerizing.

### Jobs and Announcements

On the expansion front, **New Penn Financial** is growing its Third Party Originations channel in all areas of the business! Headquartered near Philadelphia PA, New Penn is recognized as one of the largest and fastest growing mortgage lenders in the country. New Penn is hiring experienced AEs in the following areas: MA, CT, SE PA/NJ, FL, TX, Chicago, IL and Seattle, WA. Approved as a FNMA/FHLMC seller/servicer, GNMA issuer, and a portfolio lender, New Penn offers a diverse product mix, very competitive pricing, and is led by a highly reputable executive management team. In addition to these sales positions, New Penn is hiring talented underwriters and processors (account managers) in its Plymouth Meeting, PA and Concord, CA locations. To learn more about [New Penn](#) and to inquire about these opportunities please contact [Cathy Fox](#).

**AnnieMac Home Mortgage**, is excited to announce the launch of its wholesale lending channel: AnnieMac Wholesale, and is now looking for AEs for its new wholesale channel throughout the U.S. Headquartered in Mount Laurel, NJ, "AnnieMac Wholesale's sole mission is to earn your business through exceptional service... again and again". AnnieMac Home Mortgage is a nationwide mortgage lender and an approved seller/servicer with Fannie Mae, Freddie Mac and Ginnie Mae. And [AnnieMac Wholesale](#) is focused on providing brokers with the highest level of expertise and customer service you expect from a wholesale lender. Interested AEs can send their resume to [wholesaleinfo@anniemacwholesale.com](mailto:wholesaleinfo@anniemacwholesale.com).

**Mountain West Financial**, a seasoned company with 25 years of experience, is looking for a Regional VP of production in the Orange County and Los Angeles area of Southern California. MWF is also expanding into Oregon, Washington, Nevada, Arizona, and Colorado. "If you have expertise in these areas and are looking for a great company to build your career with, MWF is where you want to be: we have openings for AEs, Regionals, and Retail Managers. [MWF](#) is approved with FNMA, FHLMC, and GNMA and

offers a variety of non-agency products. It has been listed on The Scotsman Guide for 'Top Mortgage Lenders' as well as '50 Best Companies to Work For' by Mortgage Executive Magazine. 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](#) for a confidential interview. Come grow with us!"

And a quick congrats to **National MI** which just announced the addition of four industry professionals to its sales team in the National account and Southwest field sales force. Tracy Whipple will serve as national account director for National MI, Donna Varnell in Arizona and Nevada markets, Kai Hopton and Garrett Holton in Southern California.

**About the Author**



**Rob Chrisman**

Pipeline Press, Author

Rob Chrisman began his career in mortgage banking "primarily capital markets - 27 years ago in 1985 with First California Mortgage, assisting in Secondary Marketing until 1988, when he joined Tuttle & Co., a leading mortgage pipeline risk management... [more](#)

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MORTGAGE RATES: 30 Yr FRM 3.75% | 15 Yr FRM 3.04% | Jumbo 30 Year Fixed 3.65%

MBS PRICES: 30YR FNMA 4.5 108-17 (-0-02) | 30YR FNMA 5.0 110-32 (-0-01) | 30YR FNMA 5.5 112-17 (0-03)

RECENT HOUSING DATA: Mortgage Apps -1.26% | Refinance Index -2.94% | Purchase Index 1.88%

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