

News Roundup

By Neal McNamara

In Brief

Lenders intend to loosen credit in 2015

Fannie Mae's fourth-quarter '14 survey of lender expectations revealed that about 9 percent of all lenders expect to loosen credit standards in 2015. Smaller and larger institutions were more likely to ease credit standards at 10 percent and 12 percent, respectively. Only 5 percent of midsize lenders reported they were planning to loosen credit.

Home-value increase in 2014 was lower than 2013

The total value of all single-family housing in the U.S. reached \$27.5 trillion at the end of 2014, according to Zillow data. That represents a 6.7 percent increase over 2013. The total value of homes in 2013 had increased 8 percent over 2012, however.

Loan-application fraud increased in 2013

The results of a LexisNexis report on confirmed cases of mortgage fraud in 2013 revealed an increase, mostly of frauds on loan applications. Of all verified fraud cases in 2013, 74 percent were for misrepresentations on applications, which could include anything from a falsified social security number to false income information. Incidents of misrepresentations on mortgage applications had increased from 69 percent of all fraud incidents in 2012 and 61 percent of all fraud incidents in 2011.

Homebuilders are optimistic about 2015

The National Association of Home Builders' December 2014 measurement of homebuilder confidence was at one of the highest points in all of this past year — although it was down one point from this past November — and builders were still highly confident about home sales in the future. The index measuring homebuilder expectations about sales in the next three months was at 65 this past December, which is three points higher than December 2013. The NAHB considers any index reading above 50 to be positive.

Economist calls for caution about new GSE programs

In a year-end conference call this past December, Edward Pinto, a co-director of the American Enterprise Institute International Center on Housing Risk, warned lenders to be cautious about new Fannie Mae and Freddie Mac credit-loosening programs. Toward the end of 2014, the government-sponsored enterprises issued new guidelines around representations and warranties framework, and launched a new 3 percent downpayment program. Pinto cautioned that low-downpayment loans can be risky, and that the GSEs' conservator, the Federal Housing Finance Agency, could pull back rep and warranties promises in the event of another housing crash.

Independent-originator licenses are on the rise

The number of nondepository mortgage originator licenses grew in this past third quarter while the number of depository licenses shrank, according to data from the National Mortgage Licensing System & Registry. In third-quarter 2014, independent-originator licenses grew to 343,800 from 311,589 a year earlier. The number of federally registered originator licenses fell from 404,385 to 393,981 in the same time frame. ■

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In Numbers



The U.S. Department of Veterans Affairs no-downpayment loan limit in San Francisco County, after a \$424,500 cut as of Jan. 1

Source: U.S. Department of Veterans Affairs



Closing rate of all purchase loans in the U.S. this past November, the highest rate since 2011

Source: Ellie Mae



Share of lower-end homes with an underwater mortgage, the highest among low-, middle- and higher-end homes

Source: Zillow



Share of homes that property investors held to rent out this past November

Source: Auction.com

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In View



Lenders' top causes of reduced profits

Although only 29 percent of lenders saw consumer demand as a problem for their businesses in second-quarter '14, the percentage increased to 53 percent this past fourth quarter. Other problems facing lenders included competition and government regulations.

Source: Fannie Mae

In Words

“One single positive jobs report is certainly not enough data to be a stand-alone trigger — if you get positive job-growth report after report, that could indicate an actionable trend.”

Brad Rust
Co-president, Pivotal Capital

“Demand is holding steady but would be more robust if it weren't for lagging wage growth and tight credit conditions that continue to hamper those individuals looking for relief from rising rents.”

Lawrence Yun
Chief economist, National Association of Realtors

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In Focus

The Federal Reserve is set to raise interest rates in mid-2015, a change that Freddie Mac reflected in its outlook for average interest rates in 2015 and 2016.

Source: Freddie Mac



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