

Ocwen Dominates Initial Streamline HAMP Mods

Ocwen Financial accounted for slightly more than half of the modifications completed under the new Streamline Home Affordable Modification Program offering, according to the company.

Streamline HAMP mods are only available for non-agency mortgages. The program is aimed at borrowers who meet general HAMP eligibility criteria but haven't completed a loan mod application by the time their loan is 90 days delinquent. It's streamlined in that no income documentation is required and there are lower standards for hardship documentation.

"Preliminary data suggests that Streamline HAMP is providing many borrowers who have not previously participated in the Making Home Affordable Program a new opportunity for a modification," the Treasury Department said.

The program was detailed in July 2015 and the Treasury said the first mods were completed during the second quarter of this year, totaling 7,811. Ocwen said it accounted for 4,112 of the mods completed during the second quarter.

Fitch Ratings said Ocwen's loan mod activity roughly doubled due to the Streamline HAMP mods.

"Ocwen expects that the increased cash flow from the successful modifications will outweigh the costs of unsuccessful modifications," the rating service said. "Unsuccessful modifications will have longer liquidation resolution timelines and likely higher loss severities than they would have had they not been included in the program."

The Treasury said 24,836 trial Streamline HAMP mods were started during the second quarter. Ocwen said it has helped approximately 19,000 homeowners in need initiate a trial plan under the program.

The largest non-agency servicers participating in HAMP were required by the Treasury to evaluate borrowers for a Streamline HAMP mod and other servicers were encouraged to participate in the offering.

All servicers evaluating borrowers for Streamline HAMP mods were directed to establish their own policies for the program. The Treasury said servicers' policies must treat all similarly situated loans in a consistent manner, subject to investor restrictions.

HAMP is scheduled to end at the end of this year, though there's an exception for Streamline HAMP mods. For the other aspects of HAMP, borrowers must submit an application by Dec. 30 of this year to be evaluated for a HAMP mod. ►

News Briefs

➔ **CORRECTION:** Redwood Trust's Choice program doesn't allow for stated-income documentation, as originally reported in the Sept. 9, 2016, issue of *Inside Nonconforming Markets*. And Redwood does allow underwriting exceptions for Choice mortgages, a change that was made after the program was introduced.

➔ The baseline conforming loan limit for Fannie Mae and Freddie Mac will likely go up to about \$422,000 in 2017, according to an *Inside Nonconforming Markets* analysis of the most recent home-price data from the Federal Housing Finance Agency.

➔ Issues involving non-agency mortgages and the TILA-RESPA Integrated Disclosure rule have largely been addressed, according to Daniel Perl, CEO of Citadel

INSIDE NONCONFORMING MARKETS – SEPTEMBER 23, 2016

Servicing. He said that while TRID errors continue to be identified, many errors can generally be addressed with a re-disclosure within 60 days after closing.

➔ JPMorgan Chase completed the \$4.00 billion in consumer relief required under a \$13.0 billion settlement more than a year early, according to a report this week from the settlement's monitor.

Average Jumbo Mortgage Interest Rates

	9/21/2016		9/7/2016		8/24/2016	
Nonconforming Jumbo 30-Year	3.625%	0.416 pts	3.561%	0.377 pts	3.582%	0.414 pts
Nonconforming Jumbo 30-Year (MBA survey)			3.780%	0.290 pts	3.700%	0.270 pts
Nonconforming Jumbo 15-Year	3.100%	0.563 pts	3.075%	0.438 pts	3.125%	0.438 pts
Conforming Jumbo 30-Year	3.375%	1.250 pts	3.375%	1.375 pts	3.375%	1.375 pts

Average Prime Offer Rates

	9/26/2016	9/12/2016	8/29/2016	8/15/2016	8/1/2016	7/18/2016
30-year fixed-rate mortgage	3.53%	3.49%	3.48%	3.49%	3.52%	3.46%
15-year fixed-rate mortgage	2.83%	2.83%	2.81%	2.83%	2.85%	2.79%
5-year ARM	3.20%	3.17%	3.15%	3.15%	3.15%	3.11%
7-year ARM	3.27%	3.24%	3.21%	3.21%	3.21%	3.17%

Non-Agency Mortgage Stock Prices

	9/22/2016	9/8/2016	8/25/2016	8/11/2016	7/28/2016	YTD Change
IMPAC Mortgage Holdings (IMH)	\$13.45	\$16.81	\$16.42	\$16.72	\$17.94	-22.2%
Nationstar Mortgage Holdings (NSM)	\$15.43	\$16.13	\$15.60	\$15.26	\$12.44	17.5%
Ocwen Financial (OCN)	\$3.61	\$3.34	\$3.18	\$3.01	\$1.81	-48.1%
Redwood Trust (RWT)	\$14.47	\$14.32	\$14.62	\$14.80	\$14.37	5.1%
Two Harbors Investment (TWO)	\$8.97	\$9.09	\$8.95	\$8.98	\$8.69	9.3%
Walter Investment Management (WAC)	\$3.63	\$3.25	\$3.10	\$3.23	\$2.76	-74.7%
INM Composite	\$59.56	\$62.94	\$61.87	\$62.00	\$58.01	-19.2%

Mortgage Performance

	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Mar-16
Delinquencies (60+ Days)						
Subprime		12.00%	13.00%	13.00%	13.00%	13.00%
Subprime MBS	23.93%	24.42%	24.75%	25.04%	25.44%	25.93%
Alt A MBS	18.97%	19.02%	19.21%	19.40%	19.52%	19.95%
Jumbo MBS	8.42%	8.49%	8.47%	8.48%	8.68%	8.77%
Second Mortgage Default Rate	0.52%	0.44%	0.51%	0.58%	0.58%	0.59%
Subprime Loss Mitigation (In thousands of loans)						
Non-HAMP Modifications Completed	5	5	5	6	6	5
Repayment Plans Initiated	7	8	8	9	7	6
Other Retention Plans Completed	6	6	6	9	10	6
Foreclosure Sales	6	7	6	6	6	5

Jumbo mortgage interest rates from Inside Mortgage Finance Weekly Sample of Mortgage Rates and Mortgage Bankers Association. APOR from Federal Financial Institutions Examination Council. Subprime delinquency rates and loss mitigation data from Hope Now Alliance. MBS delinquency rates from Fitch Ratings. Second mortgage default rates from S&P/Experian.

Notice to Readers:

Regular copying of this publication – in whole or in part – violates U.S. copyright law and is punishable by statutory damages of up to \$150,000 per infringement, plus attorneys' fees (17 USC 504 et. seq.). Without advance permission, illegal copying includes regular photocopying, faxing, excerpting, forwarding electronically, and sharing of online access. A reward is paid for information leading to the successful resolution of claims for unauthorized copying. Site licenses and discounted bulk subscriptions are available. Call 301-951-1240 for information. ISSN 1093-4030