



2021 Changes to the US Mortgage Industry and the Impact on Mobility





**2021 CHANGES TO THE US MORTGAGE
INDUSTRY AND THE IMPACT ON MOBILITY**

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Webinar Instructions

- Q&A Information
 - Button on the lower menu bar
- Follow-up
 - Slides and recording will be available online within 24 hours on Worldwide ERC's site
- Polling
 - Polling box will pop up in a window; results will display in the same box
 - You can move the polling window to any area on your monitor(s)
- CRP/GMS Information
 - CRP credit automatically tracked based on attendance/completion
 - GMS credit – title needs to be added to the GMS Renewal Application
 - Webinar available for up to two years

Today's Presenters



Cheryl Pfaffenberger
Director, Client
Services

SIRVA Mortgage, Inc.



Ernie Phillips
Manager, Loan Production

SIRVA Mortgage, Inc.

Topics

- Recent Industry Changes
- Market Trends
- Purchasing in Today's Environment
- Interest Rates and Affordability
- What to Watch in 2021
- Q & A

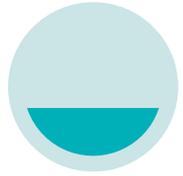


Recent Industry Updates

- Conforming Loan Limit
 - Increased to \$548,250
 - \$822,375 for high-cost areas
- Uniform Residential Loan Application (URLA)
 - Required beginning March 1, 2021
 - Longer, cleaner look, more consumer friendly
- London Interbank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR)
 - LIBOR scandal
 - Impact on Adjustable-Rate Mortgage (ARM)
- E-Closings



E-Closings



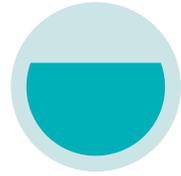
Traditional Closing

All documents are paper

Signed with wet ink

Signed in person with all parties

Notarized in the traditional way

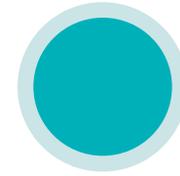


Hybrid eClosing

Some documents are signed electronically

Deed, mortgage, other documents to be recorded are signed with in person with wet ink

Notarized in the traditional way



Online eClosing*

Remote online notarization (RON)

All documents are signed electronically

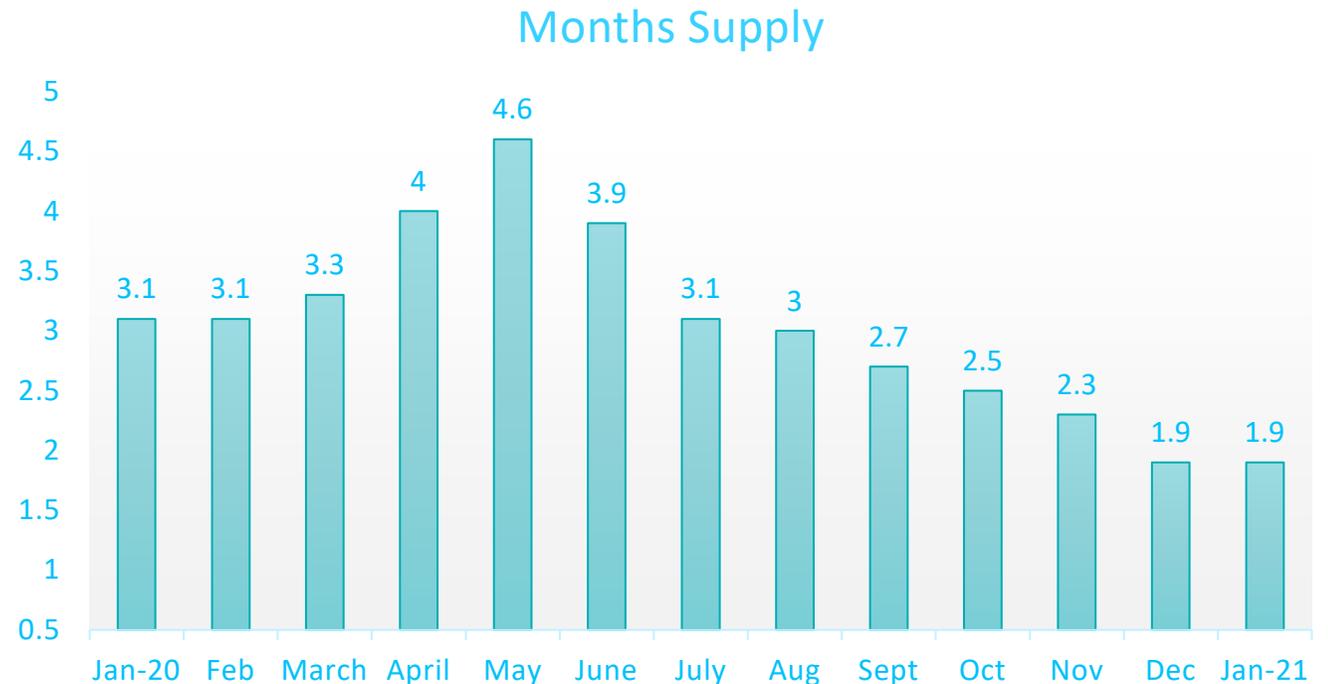
eNotarized via webcam

eNotary keeps a recording of the meeting

*availability varies by state and county

Inventory Levels

- The inventory of homes for sale fell to a record low 1.04 million units by the end of January. That's a 25.7% decline year-over-year. The market had a 1.9-month supply of homes for sales. A 6-month supply is considered a sign of a balanced market. This is a record-setting low since 1999, when NAR started tracking the data.
- At the current sales pace it would take just 1.9 months for housing inventory to be depleted.



Source: NATIONAL ASSOCIATION OF REALTORS®

Mortgage Rate Trends

Freddie Mac reported record low mortgage interest rates 16 times in 2020



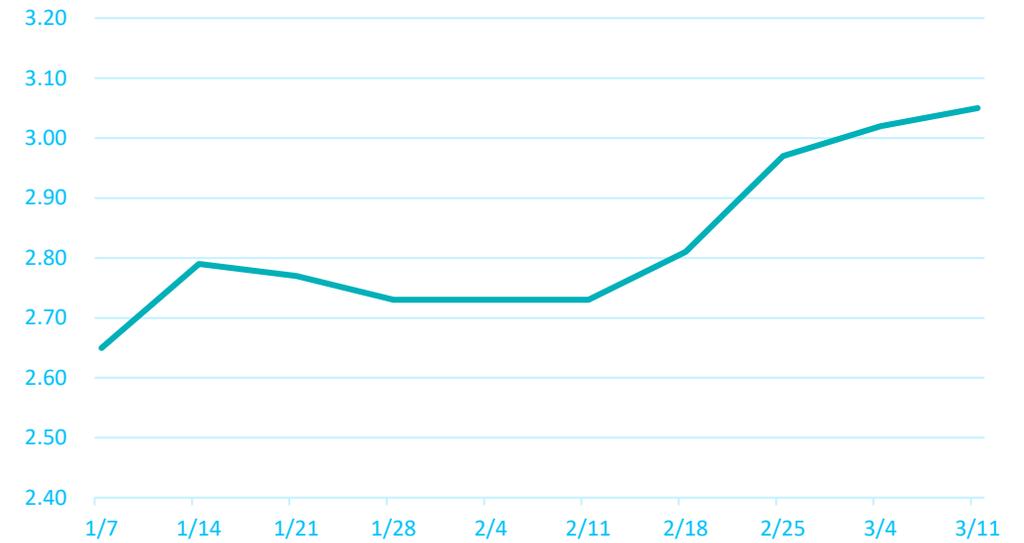
PRIMARY MORTGAGE MARKET SURVEY®
Summary page with all rate types - U.S. averages

30 yr Fixed Rate 2020



PRIMARY MORTGAGE MARKET SURVEY®
Summary page with all rate types - U.S. averages

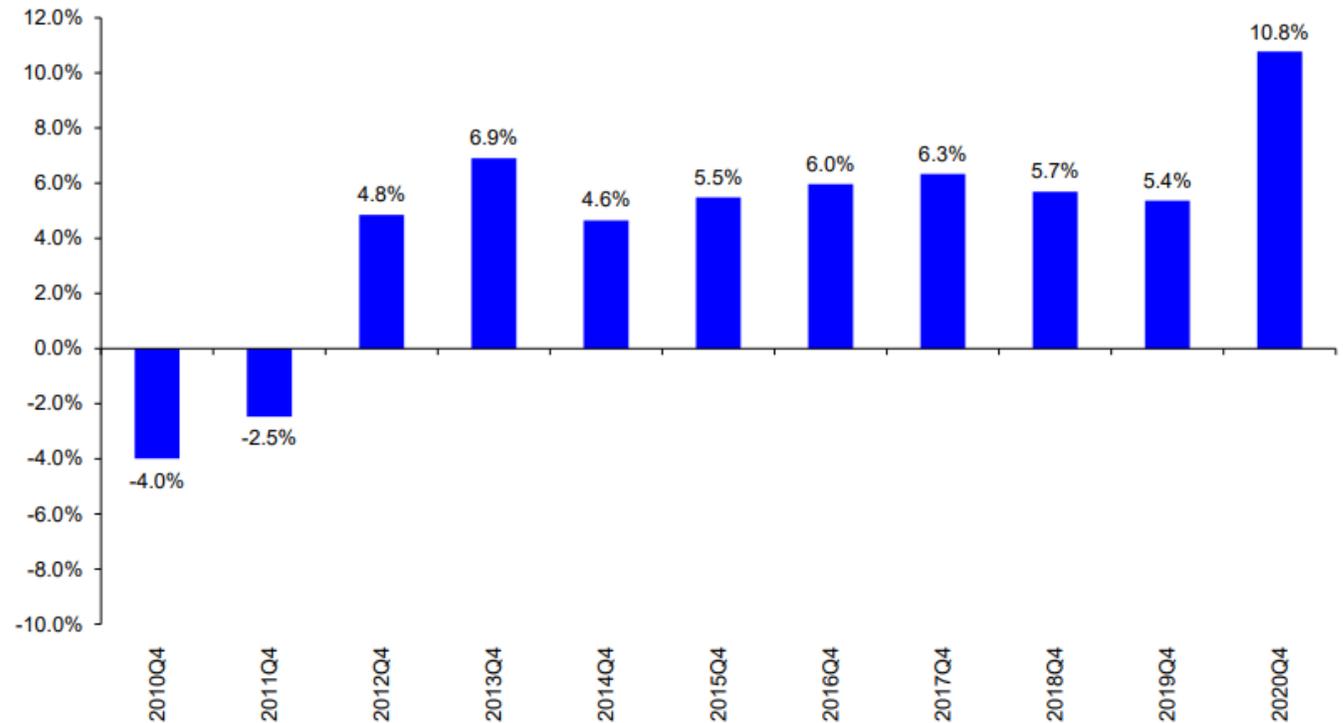
30 yr Fixed Rate 2021 YTD



Home Prices

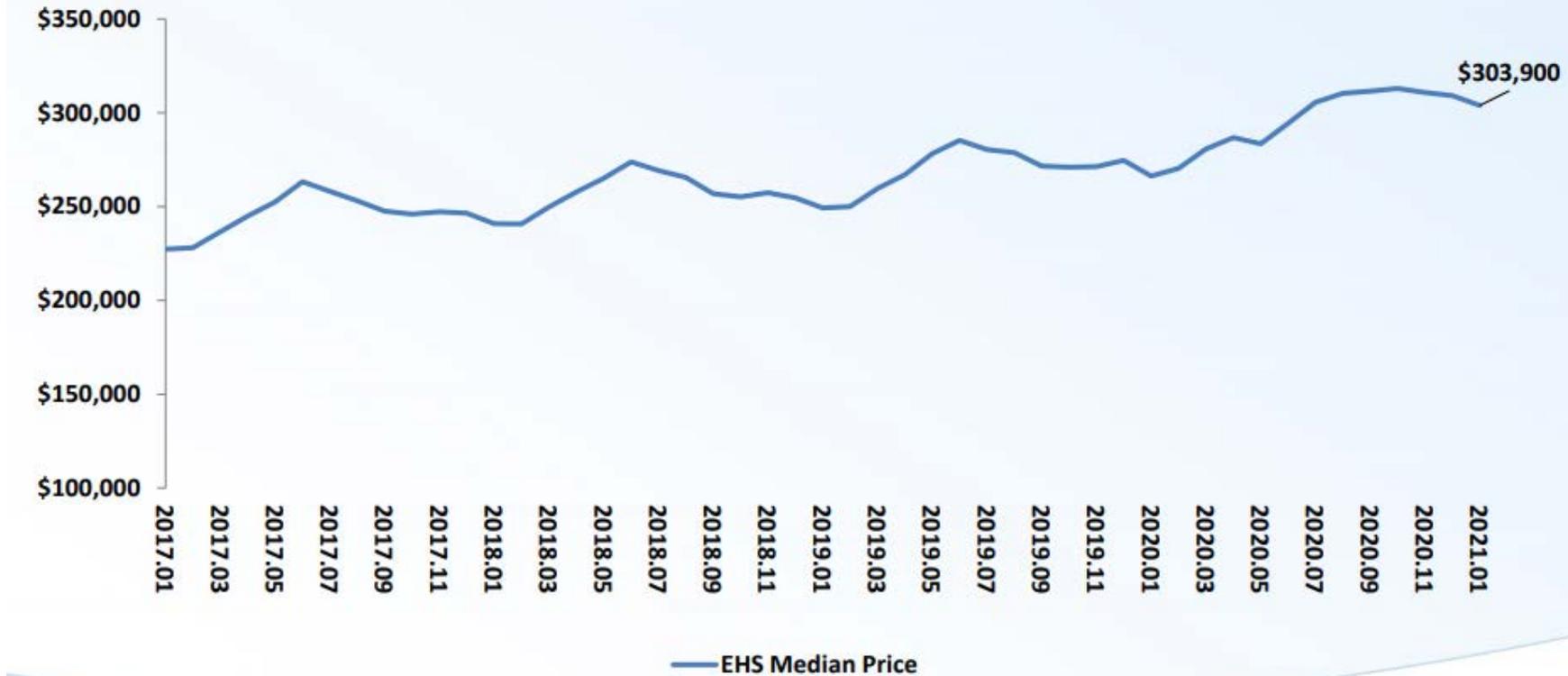
- U.S. house prices rose 10.8 percent from the fourth quarter of 2019 to the fourth quarter of 2020 according to the Federal Housing Finance Agency House Price Index (FHFA HPI®). Prices were up 3.8 percent compared to the third quarter of 2020.
- House prices have risen for 38 consecutive quarters, since 2011
- Largest annual and quarterly increase in the history of the FHFA HPI®.

House Price Appreciation Over Previous Four Quarters for U.S.
Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal) through 2020Q4

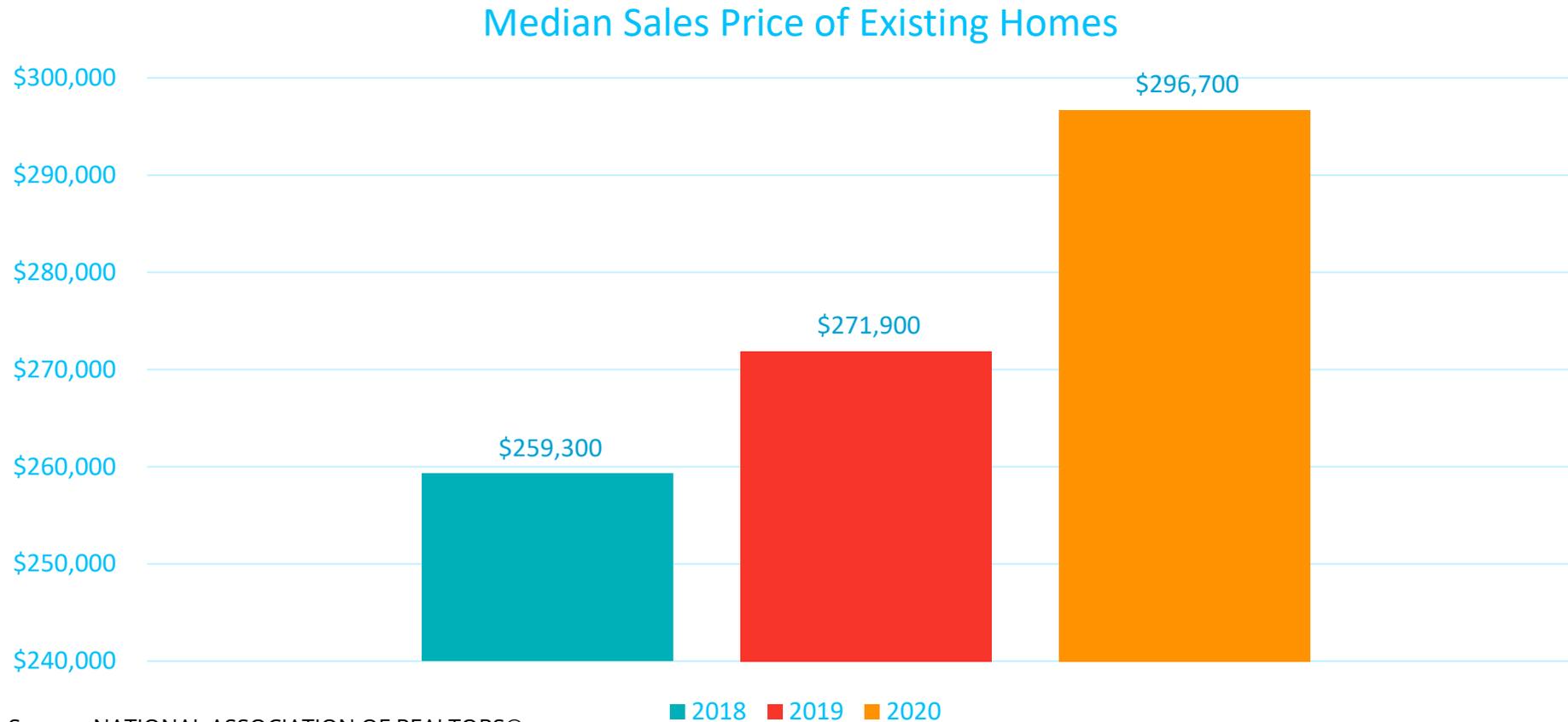


Source: FHFA

Median Price of Existing Home Sales



Median Sales Price 3-Year Comparison



Polling Question

- My transferees are prepared to buy/sell in this environment?
 - Not prepared
 - Somewhat prepared
 - Well prepared
 - I don't manage relocating employees

Purchasing in a Competitive Market



For Buyers:

- Get preapproved early
- Work with company preferred agents
- Be prepared to move quickly
- Be ready to negotiate and understand concessions may be necessary



For Employers:

- Partner with reputable, experienced agents
- Partner with preferred lenders who understand relocation
- Be prepared for requests to extend benefits

Qualifying in Today's Environment



Protections for Homeowners

COVID

A pause or reduction to your mortgage payments for a limited time

Hardship

Forbearance

Initial forbearance of up to 180 days

Extensions available

Foreclosure

Moratoriums

Suspend or stop foreclosure

If your loan is backed by Fannie Mae, Freddie Mac, HUD/FHA, USDA, or VA, your lender or loan servicer cannot foreclose on you until after June 30, 2021.

Fannie Mae Forbearance FAQ

Q If the borrower has entered into a repayment plan to resolve missing payments during a forbearance, must it be completed before they are eligible for a new purchase or refinance transaction?

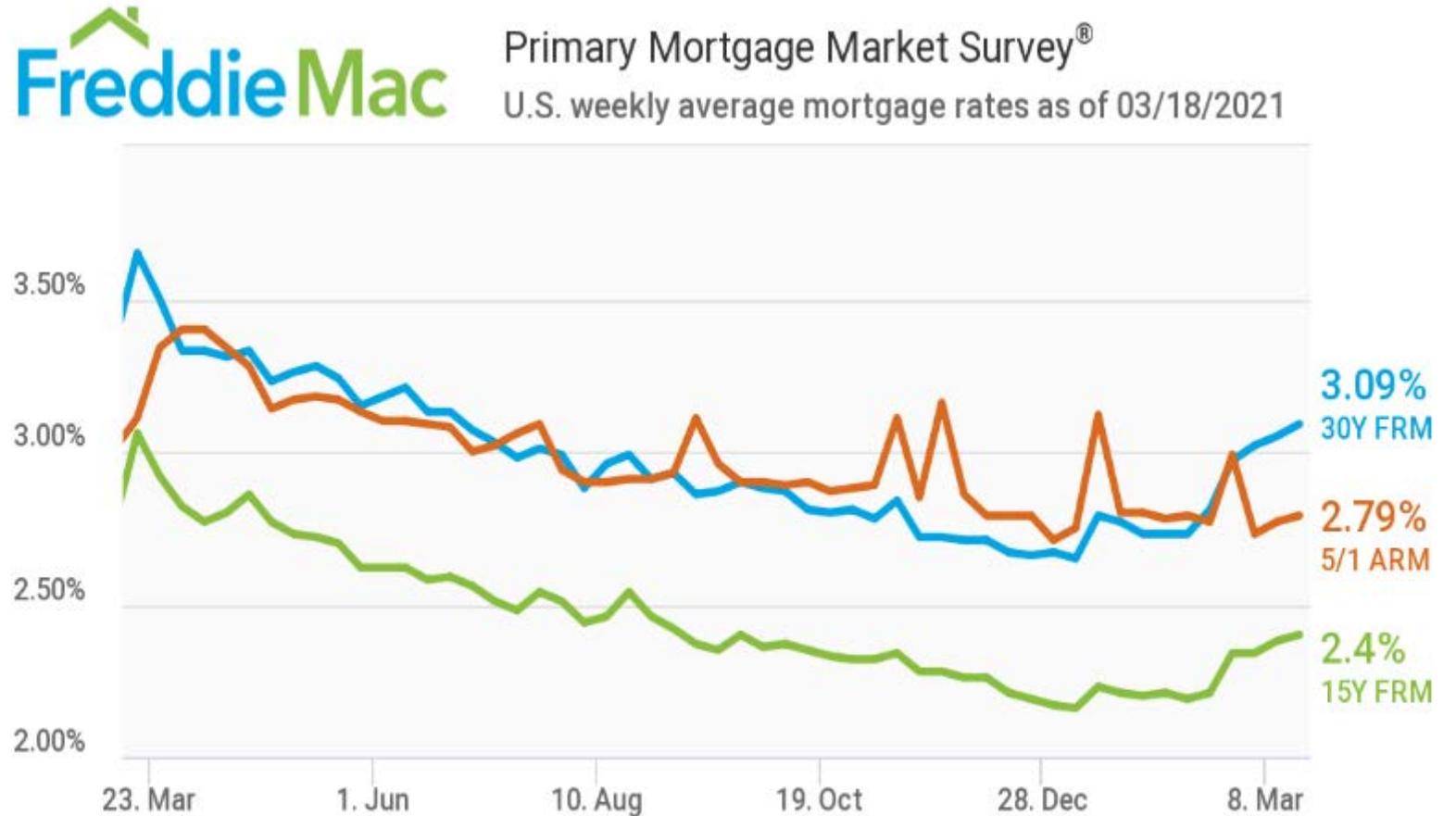
A No. If the borrower has entered into a repayment plan to resolve missed payments, the borrower is eligible for a new purchase or refinance transaction after making three timely payments. Alternatively, if the repayment plan is completed in fewer than three payments, then the borrower is eligible upon completion.

Q What responsibility does the lender have if the borrower entered forbearance on an existing mortgage loan after applying for a new loan?

A The lender must follow the guidance in LL-2021-03 to determine whether the existing mortgage loan is current or if the borrower has entered into and made three full timely payments under a loss mitigation solution as of the note date of the new mortgage loan.

Mortgage Rates

- The Mortgage Bankers Association is forecasting that the Freddie Mac survey rate will reach about 3.5% by the end of 2021.
- 30yr rates = 3.65% 3/19/2020 compared to 3.09% 3/18/2021



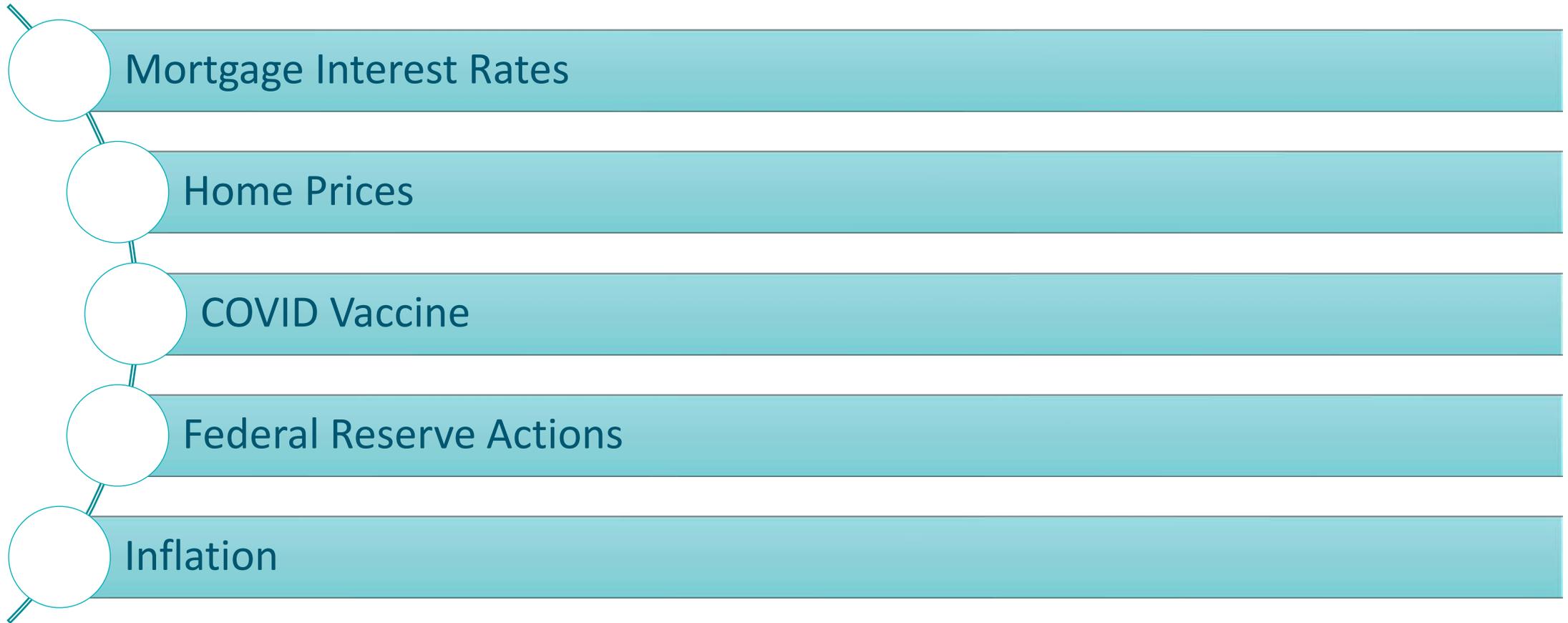
Interest Rates and Affordability

Every **.25%** rate increase results in approx. **\$10,000** less purchasing power

- **\$330,000** loan at **2.75%** = **\$1348** Principal + Interest payment
- **\$320,000** loan at **3%** = **\$1349** Principal + Interest payment
- **\$310,000** loan at **3.25%** = **\$1349** Principal + Interest payment
- **\$300,000** loan at **3.5%** = **\$1348** Principal + Interest payment



What to Watch in 2021



Polling Question

- Did you find the webinar valuable today
 - Very valuable
 - Valuable
 - Somewhat valuable
 - Not valuable





Thank you for attending!

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