

Altavera Mortgage Services Notes

Uptick in Non-QM Activity from Originators, Aggregators and Investors

DENVER, Colo., April 20, 2016 (SEND2PRESS NEWSWIRE) – Altavera Mortgage Services (Altavera), the premier provider of third-party residential mortgage origination services, reports a marked uptick in non-Qualified Mortgage (non-QM) inquiries in the first quarter of 2016. According to President and Founder Brian Simons, staffing requests from Altavera's clients suggest the industry is preparing for increased business in Q2 and the second half of 2016.

"While non-QM still represents only a portion of our overall client portfolio, approximately 35 percent of new client inquiries are for non-QM work," said Simons. "We're seeing a rise in demand from originators for underwriting and processing support and from aggregators for pre-purchase review."

Non-QM loans are mortgages that do not meet the standards of a Qualified Mortgage (QM) as defined by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). While not inherently high-risk, these mortgages do not fit into the complex rules associated with QM loans.

"One of our clients recently requested four additional underwriters and three additional processors to prepare for their projected volume over the next few months," said Simons. "We also know of several non-QM investors that are hiring extra business development and sales personnel. In our experience, these kinds of staffing trends are a good indicator of what's in the pipeline."

In addition, Simons pointed to a gradual easing of credit by some lenders as well as a greater comfort level by banks to hold non-QM product. In its January 2016 Senior Loan Officer Opinion Survey on Bank Lending Practices, the Federal Reserve reported that lending standards are beginning to ease for all non-QM loan types except subprime loans. Further, as recently reported in Inside Nonconforming Markets, origination of interest-only mortgage loans was up 8.5 percent in 2015 versus 2014, and much of the interest-only product is being held by banks.

"We anticipate that as interest rates increase, we'll see even more interest in non-QM products," said Altavera Chief Operating Officer Debora Aydelotte. "Already, our clients are originating a variety of non-QM loan types, from jumbo loans to loans with a higher debt-to-income ratio than what's allowed under the QM rules. We're also seeing increased interest in early foreclosure release and asset inclusion loans."

Borrowers who have forfeited their homes in a foreclosure sale typically must wait a prescribed number of years before applying for another QM loan. Early

foreclosure release is a type of non-QM loan that allows borrowers to take out a mortgage before the prescribed waiting period ends. Asset inclusion is a type of non-QM loan where the borrower relies on assets (often income from self-employment) to cover some of the loan's income qualifications.

"Early indicators from the last three months point to a healthy non-QM market in 2016 that will exceed 2015 volumes by a material margin," concluded Simons.

Altavera provides originators, investors and aggregators with mortgage fulfillment services including underwriting, processing, closing and pre-purchase review, also called close loan review or due diligence. The service provider works closely with each client to understand its unique non-QM products, then assigns a dedicated team of tenured Altavera staff members to serve the client's needs.

About Altavera:

Based in Denver, Colorado, Altavera provides independent, third-party mortgage origination services to residential mortgage originators. Altavera's staff of seasoned, U.S.-based specialists help clients streamline operations, minimize costs and achieve faster cycle times for greater customer satisfaction and profitability. Altavera maintains its highly trained staff through Altavera Academy, the firm's dedicated training unit.

For more information, visit <http://altavera.com/>.

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