



**The MBA of the Bluegrass and the Women's Council of Realtors
Present**

Flood Zone Education for Real Estate Agents and Lenders

Panel Featuring:

**Micah Campbell, Agency Manager, Kentucky Farm Bureau Insurance
Thomas Martin, Senior Planner with LFUCG Division of Planning**

Tuesday, April 18, 2017

Location: Rector Hayden Real Estate's New Office

1099 Duval Street, Suite 250

Lexington KY 40515

Networking/Breakfast: 9:00-9:30 a.m.

Program: 9:30-10:30 a.m.

The program is FREE to our MBA Members

Thank you Whitaker Bank for sponsoring this meeting!



WHITAKER BANK
CORPORATION OF KENTUCKY

**Please RSVP to MBABluegrass@aol.com. The deadline to register is Friday, April 14,
2017, 5:00 p.m.**

Recap: March 1 Economic Outlook Meeting with Dr. Christopher Bollinger

March certainly came in like a lion! Despite the thunder, driving rain and hail of March 1st, mortgage bankers, affiliates, and realtors turned out to hear Dr. Christopher Bollinger, the Director, Center for Business and Economics at the Gatton College of Business and Economics at the University of Kentucky, discuss the economic outlook for the United States, Kentucky, and the Bluegrass.

Two main questions were addressed: Where are we in the business cycle and where is growth? The US GDP is going up. Dr. Bollinger said that the recession in 2008 was one of the worst recessions. It is a different economy now. There is a 2% growth rate.

In the employment level sector, services is a huge sector. Manufacturing has not been a major factor in years. It's been stable for the most part. Manufacturing peaked out in 1954 per employment share. Manufacturing output has trended up. The United States makes more now than ever before. Technology has caused this increase. Fewer workers are producing more now. Manufacturing is still an important part of the economy.

The health workers sector has grown rapidly over manufacturing employment partly due to the aging population. A healthy economy is a diverse economy. Are there good jobs? Healthcare earnings are comparable in hourly pay with manufacturing. Service jobs need more education.

The growth of firms in the United States trended up until the recession in 2008. Very few firms were being set up during the recession because lending was tight. 2012 marked a turnaround. Healthcare establishments jumped in 2012 because of the Affordable Care Act.

Currently, the unemployment rate is approximately 4.9%. Economies that are healthy are always changing, Dr. Bollinger said. Openings and hires drop during a recession. After 2009, openings have increased and are getting higher than the hires. The labor market is heating up. Quits are increasing today.

Dr. Bollinger talked about "animal spirits." The term, animal spirits, was used by John Maynard Keynes in one of his economics books. In his 1936 publication, "The General Theory of Employment, Interest and Money," the term "animal spirits" is used to describe human emotion that drives consumer confidence. According to Keynes, animal spirits also generate human trust. There has been a resurgence of interest in the idea of animal spirits in recent years. Several books and articles have been published on this topic. Keynes believed that animal spirits were necessary to motivate people to take positive action.



From right: Miranda Marston, Stockton Mortgage Corporation, who sponsored the event, and Dr. Christopher Bollinger

Contact Dr. Christopher Bollinger at (859) 257-9524 or crboll@email.uky.edu.

Thanks, again, to Stockton Mortgage Corporation, for sponsoring this meeting!





APR 3.125% - based on \$115,000 at 2% interest rate.

Mortgage Revenue Bond Special Funding Program

Kentucky Housing Corporation (KHC) has **\$5 million** available at **2 percent interest rate, fixed for 30 years**. This special funding program is available on a first-come, first-served basis starting Wednesday, **March 8, 2017**, with new reservations.

This program is targeted to:

- Households whose gross annual income does not exceed **\$40,000**.
- An existing or new construction property (purchase price limit **\$130,000**) in a county not receiving HHF DAP funds*.
- 640 minimum credit score.
- FHA, VA, or RHS first mortgage options.
- Households who meet one of the following criteria:
 - At least one of the home buyers is age 62 or older.
 - At least one member of the household is disabled and is receiving disability income.
 - A single- or two-parent household with at least one dependent child under the age of 18 living in the household.

Available DAP:

- Regular (up to \$6,000)
- Affordable (up to \$4,500)

**Counties that have received Hardest Hit Funds (HHF) Down payment Assistance Program (DAP) funds are ineligible for MRB funding. For more information, including MRB guidelines and a full list of eligible counties, see KHC's program guides located on KHC's website under 'Lenders,' 'Program Guides,' 'Mortgage Revenue Bond Programs.'*

Kentucky Housing Corporation, 1231 Louisville Rd. Frankfort, KY 40601
800-633-8896 | 502-605-1318 | TTY 711 | www.kyhousing.org





Kentucky Housing Corporation (KHC) is pleased to recognize our Top Loan Producers for the 2016 calendar year.

Kentuckians who receive a loan from KHC work with one of 87 lending partner banks and mortgage companies throughout the state. KHC offers safe and secure home loans for first-time and previous home buyers. Since its creation in 1972, KHC has helped over 94,000 households become homeowners in the Commonwealth.

We thank all of our lending partners for helping provide affordable homeownership opportunities for those who want to own a Kentucky home.

Congratulations to our 2016 Top Loan Producers!

Top Lenders

Overall Top Producing Lender:
Century Mortgage Company

Second Place Winner:
Stockton Mortgage Corporation

Third Place Winner:
Century Mortgage Company

Commonwealth Bank & Trust Company
First Liberty Financial Mortgage
a Division of ETFUCU
Caliber Home Loans
Envoy Mortgage Ltd.
Mortgage Suppliers Inc.
Key Mortgage of Kentucky
Interline Mortgage Services LLC
Benchmark Mortgage
Stockyards Bank & Trust Company
South Central Bank
PrimeLending
Bank of England
First Community Mortgage Inc.
Fairway Independent Mortgage Corporation
Homeservices Lending LLC
Central Bank and Trust Company
Republic State Mortgage Company
Option Financial LLC
Polaris Home Funding Corp.
VanDyk Mortgage

Top TPO Lenders

Statewide Mortgage LLC
New Perspective Mortgage LLC
Heritage Bank Mortgage Services

Top MCC Lenders

American Mortgage Service Company

Top Producing Loan Officers

First: Elayne Havens,
American Mortgage Service Company

Josh Price
Darrell Overstreet
Teri Knott
Jesse Cronen
Tracy Holtsclaw
Paul DeSurne
Dustin Mistelske
Kevin Brinkman
Heather Montgomery
Christopher Squires
Tom Freppon
Susan Morgan
Sue Ann McKissick
Tim Eickhoff
Helen Ruehmer
Josh Hay
Dennis Tindle
Clayton Farris
Jesse Hardin
Chris Roberts
Sherrida Burrus
Darrell DeVore
Ravi Patel
Manuel Tapia
Amber Mahoney
Kenneth Prost
Tom Barron
Chase Blume
Julia Vice



List in order of loans produced.

Toll-free in KY at 800-633-8896 or 502-605-1318

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KHC | Kentucky Housing Corporation
Investing in quality housing solutions.

Title: Independent Mortgage Bank Volumes Decrease, Production Profits Drop in 4th Quarter 2016

Source: MBA

Date: March 21 2017

Contact: Ali Ahmad, aahmad@mba.org



Washington, D.C. (March 21 2017) Independent mortgage banks and mortgage subsidiaries of chartered banks reported a net gain of \$575 on each loan they originated in the fourth quarter of 2016, down from a reported gain of \$1,773 per loan in the third quarter of 2016, the Mortgage Bankers Association (MBA) reported today in its Quarterly Mortgage Bankers Performance Report.

"Rapid increases in interest rates in the last two months of 2016 slowed mortgage activity in the fourth quarter, driving a significant decrease in loan production profits," said MBA Vice President of Industry Analysis Marina Walsh.

"Mortgage lenders reported a combination of both lower revenues and higher expenses. On the revenue side, secondary marketing income dropped as mortgage lenders wrestled with less favorable pricing and pipeline challenges. At the same time, production expenses per loan rose as fixed costs were spread over fewer loans,"

"Those mortgage lenders with servicing portfolios benefited from higher net servicing financial income in the fourth quarter due to increases in the valuation of their mortgage servicing rights, driven by the same rising interest rates. However, the reduced profitability on the production side of the business generally outweighed servicing gains," Walsh continued.

Key findings of MBA's Quarterly Mortgage Bankers Performance Report include:

- Average production volume was \$690 million per company in the fourth quarter of 2016, down from \$764 million per company in the third quarter of 2016. The volume by count per company averaged 2,811 loans in the third quarter of 2016, down from 3,072 loans in the third quarter of 2016.
- The average pre-tax production profit was 24 basis points (bps) in the fourth quarter of 2016, down from an average net production profit of 74 bps in the third quarter of 2016. Since the inception of the Performance Report in the fourth quarter of 2008, net production income has averaged 53 bps.
- The purchase share of total originations, by dollar volume, was 58 percent in the fourth quarter of 2016, compared to 60 percent in the third quarter of 2016. For the mortgage industry as a whole, MBA estimates the purchase share at 49 percent in the fourth quarter of 2016.
- The average loan balance for first mortgages was \$246,473 in the fourth quarter of 2016, down from the previous study-high of \$251,398 in the third quarter of 2016.
- The average pull-through rate (loan closings to applications) was a study-high 76.45 percent in the fourth quarter of 2016, up from 73.33 percent in the third quarter of 2016.
- Total production revenue (fee income, net secondary marketing income and warehouse spread) decreased to 347 basis points in the fourth quarter of 2016, down from 365 bps in the third quarter of 2016. On a per-loan basis production revenues decreased to \$8,137 per loan in the fourth quarter of 2016, from \$8,742 per loan in the third quarter of 2016.

Continued on page 7

News from the MBA Continued:

- Net secondary marketing income decreased to 272 basis points in the fourth quarter of 2016, down from 291 bps in the third quarter of 2016. On a per-loan basis, net secondary marketing income decreased to \$6,433 per loan in the fourth quarter of 2016, down from \$7,037 per loan in the third quarter of 2016.
- Total loan production expenses - commissions, compensation, occupancy, equipment, and other production expenses and corporate allocations - increased to \$7,562 per loan in the fourth quarter of 2016, from \$6,969 in the third quarter of 2016. For the period from the third quarter 2008 to the present quarter, loan production expenses have averaged \$5,900 per loan.
- Personnel expenses averaged \$5,001 per loan in the fourth quarter of 2016, up from \$4,675 per loan in the third quarter of 2016.
- Productivity decreased to 2.7 loans originated per production employee per month in the fourth quarter of 2016, from 2.9 in the third quarter. Production employees includes sales, fulfillment and production support functions.
- Net servicing financial income improved to a year-to-date *gain* of \$34 per loan in the fourth quarter of 2016 from a year-to-date *loss* of \$122 per loan in the third quarter of 2016.
- Including all business lines, 73 percent of the firms in the study posted pre-tax net financial profits in the fourth quarter of 2016, down from 94 percent in the third quarter of 2016.

MBA's Mortgage Bankers Performance Report series offers a variety of performance measures on the mortgage banking industry and is intended as a financial and operational benchmark for independent mortgage companies, bank subsidiaries and other non-depository institutions. 74 percent of the 353 companies that reported production data for the fourth quarter of 2016 were independent mortgage companies and the remaining 26 percent were subsidiaries and other non-depository institutions.

Looking for Members!



Do you know a bank, an attorney, a title company, an insurance company, or mortgage lender who should be a member of the MBA of the Bluegrass??? Please be inviting! **Contact any of the board members listed on the website.**

MBA of the Bluegrass 2017 Board Officers and Directors

Board Officers—

Will Puckett—President, PNC Mortgage

Tenia Debord—President Elect, Wells Fargo Home Mortgage

Abdul Muhammad—Treasurer, PrimeLending

Open at the time of this writing—Secretary

Brian Gardner—Immediate Past President, Bluegrass Land Title

Directors—

AJ Daugherty—AAA Insurance-AJ Daugherty

CJ Cunningham—Lambuth Mortgage

Brenda Weaver—ehome Network

Tim Vaughan—Fairway Independent

Bryan May—Century Mortgage Company

Emily Grant—Bluegrass Land Title

Sherri Wagerman—MGIC

Wayne Thompson—Walden Mortgage Group

Marcie Morris—Kentucky Housing Corporation

Stephen Neary—Chase

2017 MBA of the Bluegrass Inc. Board Officers

President—Will Puckett, (502) 418-4902, will.puckett@pnc.com

President Elect—Tenia Debord, (859) 771-8707, tenia.debord@wellsfargo.com

Secretary—Open at the time of this writing

Treasurer—Abdul Muhammad, (859) 512-8689, amuhammad@primelending.com

Past President—Brian Gardner, (859) 266-1611, bgardner@bluegrasslandtitle.com

2017 Committees

The next two pages have the committees for 2017. If you want to plug in and do more for the MBA of the Bluegrass please contact one of the board officers or committee chairs.

Legislative—Is responsible for reporting to the Board of Directors and the membership any current activity on local, state, or national legislative issues.

Committee Chair—Tim Vaughan, (859) 327-0085, tim.vaughan@fairwaymc.com

Ethics—Responsible for inquiries or accusations against members and reporting to the Board of Directors their findings and recommendations.

Committee Chair—Brenda Weaver, (844) 243-4663, bweaver@ehomenetwork.org

Finance—Shall prepare a budget of the estimated income and expenses of the organization for the year.

Committee Chair—Abdul Muhammad, (859) 544-4216, amuham-mad@primelending.com

Membership—In charge of recruitment and retention. They will devote their attention to the proper welcoming of new members and guests and to strive to encourage friendships among members.

Committee Chair—Abdul Muhammad, (859) 544-4216, amuham-mad@primelending.com

Affiliate Relations—This committee is responsible for promoting and recruiting affiliate members to the organization. This involves planning and conducting special events for our affiliates.

Committee Chair—A.J. Daugherty, (859) 425-5816, adaugherty@aaa-alliedgroup.com

“Remember, members do business with members.”

2017 Committees Continued:

Education/Program—This committee is responsible for organizing meetings, identifying location, scheduling speakers, and securing sponsorships for the events. Additionally this committee is responsible for arranging any special events like the golf outing and Christmas party. This committee selects topics, arranges dates/times, and secures speakers for Educational Roundtables to educate the membership.

Committee Chair—Tenia Debord, (859) 260-2988, tenia.debord@wellsfargo.com

By-Laws—Reviews the by-laws and proposes any changes that are necessary

Committee Chair—Sherri Wagerman, (502) 930-2697, sherri_wagerman@mgic.com

E-Communications—Responsible for the current development and future upgrades to the website and will stay current on all technological advances in the industry.

Committee Chair—Mellissa Buckley, (859) 361-6706, mebuckley@firstam.com

PR/Communications—Supplies monthly notices concerning the organization meetings and other interesting information of the membership to newspapers, radio and television stations.

Committee Chair— Emily Grant, (859) 266-1611, egrant@bluegrasslandtitle.com

Important Websites to Know

Mortgage Bankers Association of Louisville

<http://www.mbalou.org>

Mortgage Bankers of Kentucky

<http://www.mbaky.org>

The National Mortgage Bankers Association

<http://www.mortgagebankers.org>

Mortgage Fraud Blog

<http://www.mortgagefraudblog.com/>

FBI Mortgage Fraud

<http://www.fbi.gov/page2/dec05/operationquickflip121405.htm>