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## Housing boom buoys financing

### MORTGAGE LENDERS HAVE STRONG 2015, DESPITE NEW RULES

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An improving economy and modest mortgage interest rates propelled Colorado home mortgage lenders to a strong 2015, with increases in new loans especially. Refinancings of existing mortgages for the year ran the gamut from being down or flat compared to 2014, to being higher than expected.

In a surprising shift, some lenders reported an increase in millennial borrowers, who traditionally have been renters, obtaining mortgages to buy homes.

"It was a very good year for the mortgage industry," said Stacey Harding, senior vice president and national production mortgage manager at Greenwood Village-based Cherry Creek Mortgage Co. Inc. "Our anticipation leading into 2015 was it would be a flat growth rate, but we'll be up 20 percent over 2014."

Cherry Creek Mortgage, one of metro Denver's largest home mortgage lenders, closed 5,067 in such loans worth \$1.4 billion in 2014. Harding attributed the 2015 increase to relatively low mortgage rates, more refs than anticipated and growing consumer confidence regarding home buying.

Greenwood Village-based Bellco Credit Union saw "roughly a doubling of new-purchase volume, but refs were stagnant," said Jamie Slavin, Bellco's mortgage sales manager. "It's shifting more to a purchase market." Bellco has some 258,000 members mostly in Colorado.

Affordable mortgage lender the Colorado Housing and Finance Authority (CHFA) of Denver reported a record year for single-family home loans with \$721 million in volume as of mid-December 2015, up 78 percent from 2014.

CHFA chalked up the increase to the good Colorado economy, plus its new down payment assistance grant that provides as much



**Jamie Slavin, mortgage sales manager, for Bellco Credit Union at the Cherry Creek branch, says the credit union saw its new-purchase volume of loans roughly double in 2015.**

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as 3 percent of recipients' first mortgage loan value to cover down payment and/or closing costs.

"We make changes to not miss opportunities. I think a good economy helps, and median rents are so high, it makes home ownership more doable," said Cris White, CHFA CEO.

While some consumers worry the Federal Reserve's announced increase in short-term interbank interest rates will affect mortgage interest rates, there's no direct correlation between the two, according to mortgage lenders. The Fed influences short-term interest rates, but mortgage-backed securities (MBS) drive longer-term mortgage rates.

Home loans also were buoyed last year by a boost in millennial borrowers, young adults born between the 1980s and early 1990s.

Some 58 percent of CHFA's buyers in 2015 were millennials. The generation makes up Bellco Credit Union's fastest-growing customer group, said Slavin.

Local home mortgage lending followed its traditional seasonal rhythm last year, with the highest volume in the peak spring and summer home-buying periods.

Last year's challenges for lenders included

complying with the TILA-RESPA Integrated Disclosure (TRID) rule that went into effect in November. It's part of the combined Truth in Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA).

TRID aims to make mortgage closing processes more transparent. The new rule early on required lenders to modify procedures, train staff to use it and provide borrower education, sometimes slowing the closing process.

"There's the misconception this rule has made it harder to obtain mortgage financing, but that's not the case," said Harding. "There is more paperwork now, but if you work with a good strong mortgage company and loan officer, you can get through it just fine."

Lenders don't anticipate new federal rules in 2016, though there may be some from 2017-2019 related to the federal Home Mortgage Disclosure Act (HMDA). "We think 2016 is the year the dust settles," Slavin said.

For next year generally, lenders think strengthening consumer confidence bodes well for home buying and the mortgage industry. "We expect another year of modest growth, with modest refs," said Harding. "Nothing too dramatic."