



Ca-Vin Phan

Chief Operation Officer, Able Financial Corp
12387 Lewis St. Ste 201 Garden Grove, CA 92840

Office: 714-462-6149
Fax: 657-221-3063
cvphan@ablefinancialcorp.com
View My Website

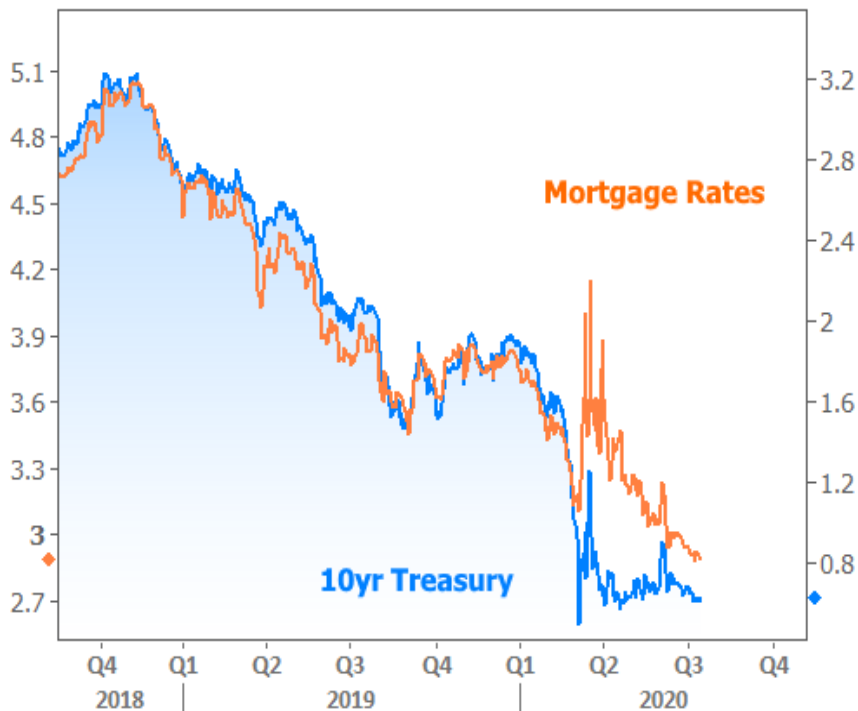
It's Time To Refinance (Again)

Markets continue to focus on coronavirus numbers first and foremost. When the news is **good**, we tend to see stocks and rates move higher. When the news is **bad**, rates tend to fall and stocks struggle to improve.

The movement is usually more pronounced for stocks. When it comes to rates, however--especially mortgage rates--recent volatility is taking place at a microscopic level compared to recent months. This could continue to be the case until we get a **much clearer** sense of how the pandemic will likely evolve in the context of our attempts to reopen the domestic economy.

Until that happens, of all the places to be flying in a relative holding pattern, this is **as good as it gets** for mortgage rates. When coronavirus first hit the bond market, it was US Treasuries that responded most convincingly. Mortgage rates weren't able to keep pace and that turns out to have been a good thing in hindsight.

Because mortgages lagged Treasuries (the 10yr Treasury yield is the customary point of comparison), they've been more capable of moving lower on the good days and less susceptible to moving higher on the bad days. The net effect is a string of ever-lower all-time lows.



National Average Mortgage Rates



| | Rate | Change | Points |
|----------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 7.08% | -0.05 | 0.00 |
| 15 Yr. Fixed | 6.45% | -0.02 | 0.00 |
| 30 Yr. FHA | 6.55% | -0.05 | 0.00 |
| 30 Yr. Jumbo | 7.25% | -0.04 | 0.00 |
| 5/1 ARM | 7.07% | -0.03 | 0.00 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.86% | -0.01 | 0.00 |
| 15 Yr. Fixed | 6.16% | +0.03 | 0.00 |

Rates as of: 7/3

Market Data

| | Price / Yield | Change |
|----------------|---------------|---------|
| MBS UMBS 6.0 | 100.44 | +0.24 |
| MBS GNMA 6.0 | 100.58 | +0.19 |
| 10 YR Treasury | 4.3503 | -0.0823 |
| 30 YR Treasury | 4.5230 | -0.0828 |

Pricing as of: 7/3 12:58PM EST

Recent Housing Data

| | Value | Change |
|---------------------|--------------|---------|
| Mortgage Apps | Jun 12 208.5 | +15.58% |
| Building Permits | Mar 1.46M | -3.95% |
| Housing Starts | Mar 1.32M | -13.15% |
| New Home Sales | Mar 693K | +4.68% |
| Pending Home Sales | Feb 75.6 | +1.75% |
| Existing Home Sales | Feb 3.97M | -0.75% |
| Builder Confidence | Mar 51 | +6.25% |

No... really... this isn't just a term that's being thrown around interchangeably with "really low rates." The average lender is now able to offer conventional 30yr fixed rates in the **high 2% range** for the best scenarios.

That means some homeowners are in a position to benefit from a refinance even if they already refinanced in the past year.

But isn't it a lot of work to refi again?

While some scenarios are more complicated than others, on average, loan applications are seeing an unprecedented amount of appraisal waivers. The industry has worked quickly to adapt to new realities and in many cases, that has made things easier for borrowers.

But aren't there a lot of costs that I'll have to pay that I just paid the last time I refinanced?

Not necessarily. There are different kinds of closing costs. In general, you can **ignore** "stuff you would have paid anyway" like taxes, insurance, and prepaid interest. You won't get hit for those twice.

There's a good chance the lender can pay for a most or all of the other fees like title, escrow, origination, appraisal, etc. Either way, borrowers should consider how long it will take to break even on the refinance by dividing those new hard costs (if any) by the monthly payment savings.

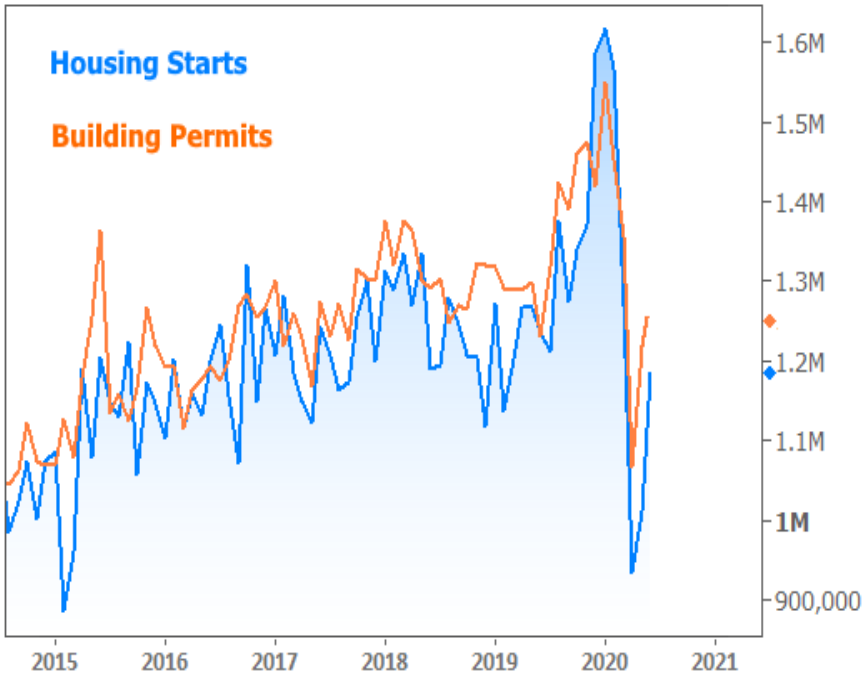
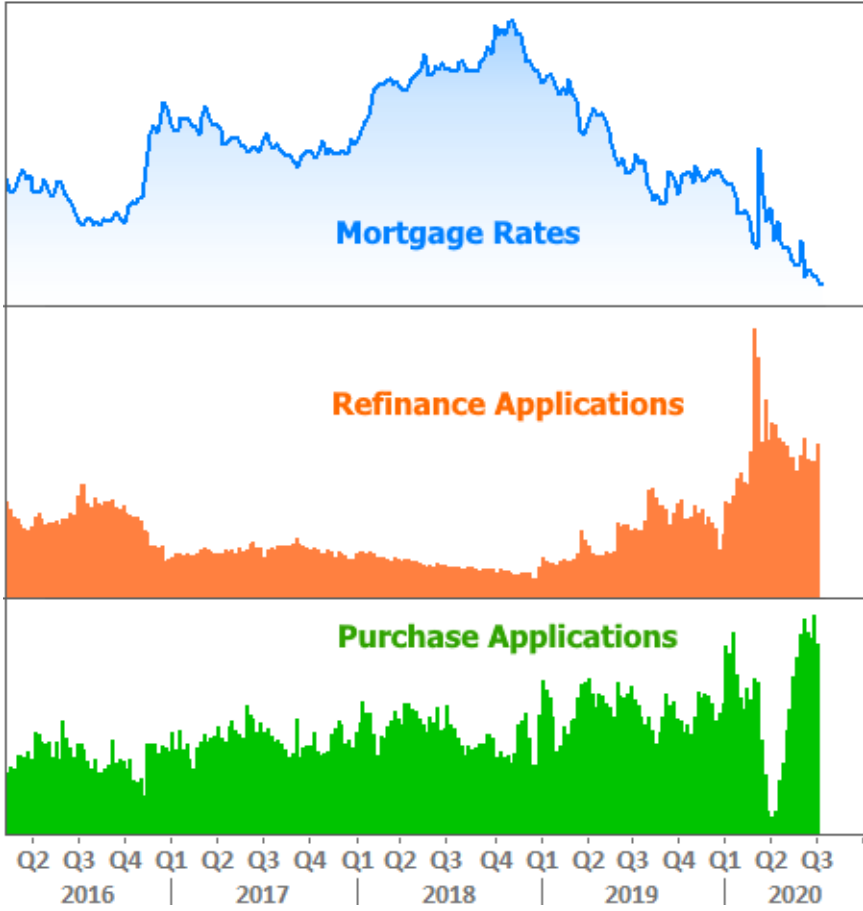
But what if haven't refinanced recently and don't have as many years left on this mortgage.

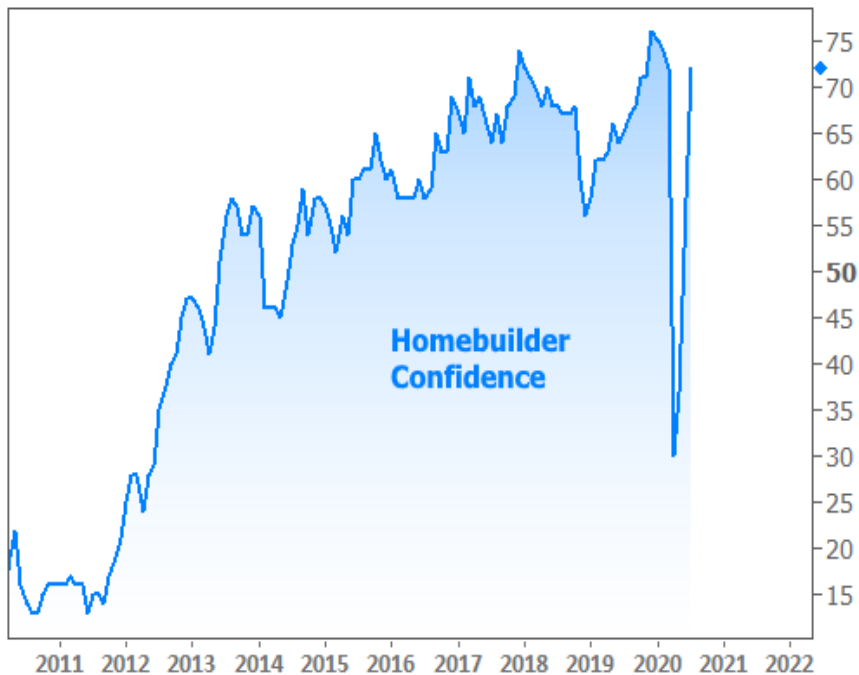
You'll need to do some math here, but generally speaking, if you continue making the same payment but with a new lower interest rate, you might find your home will be paid off sooner with the new loan.

The bottom line:

The current low rate environment is like nothing we've ever seen before. It's easy to tune out the constant advertisements and news stories about "all-time low rates," but this time around, the refinance process is very much worth investigating right now.

Housing-related economic reports from the past week:





Subscribe to my newsletter online at: <http://housingnewsletters.com/ablefinancialcorp>

Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|--------------------------|-----------------------------------|--------|----------|--------|
| Tuesday, Jul 14 | | | | |
| 8:30AM | Jun Core CPI (Annual) (%) | 1.2 | 1.1 | 1.2 |
| Wednesday, Jul 15 | | | | |
| 7:00AM | w/e MBA Purchase Index | 305.4 | | 325.2 |
| 7:00AM | w/e Mortgage Refinance Index | 3774.3 | | 3373.9 |
| 8:30AM | Jul NY Fed Manufacturing | 17.20 | 10.00 | -0.20 |
| 9:15AM | Jun Industrial Production (%) | 5.4 | 4.3 | 1.4 |
| Thursday, Jul 16 | | | | |
| 8:30AM | Jun Retail Sales (%) | 7.5 | 5.0 | 17.7 |
| 8:30AM | Jul Philly Fed Business Index | 24.1 | 20.0 | 27.5 |
| 8:30AM | w/e Jobless Claims (k) | 1300 | 1250 | 1314 |
| 10:00AM | Jul NAHB housing market indx | 72 | 60 | 58 |
| Friday, Jul 17 | | | | |
| 8:30AM | Jun House starts mm: change (%) | 17.3 | | 4.3 |
| 8:30AM | Jun Building permits: number (ml) | 1.241 | 1.290 | 1.216 |
| 8:30AM | Jun Housing starts number mm (ml) | 1.186 | 1.169 | 0.974 |
| 8:30AM | Jun Build permits: change mm (%) | 2.1 | | 14.1 |
| 10:00AM | Jul Consumer Sentiment | 73.2 | 79.0 | 78.1 |
| Wednesday, Jul 22 | | | | |

Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

| Date | Event | Actual | Forecast | Prior |
|-------------------------|-----------------------------------|--------|----------|--------|
| 7:00AM | w/e MBA Purchase Index | 310.9 | | 305.4 |
| 7:00AM | w/e Mortgage Refinance Index | 3973.3 | | 3774.3 |
| 9:00AM | May Monthly Home Price yy (%) | 4.9 | | 5.5 |
| 10:00AM | Jun Existing home sales (ml) | 4.72 | 4.78 | 3.91 |
| 10:00AM | Jun Exist. home sales % chg (%) | +20.7 | 24.5 | -9.7 |
| Thursday, Jul 23 | | | | |
| 10:00AM | Jun Leading index chg mm (%) | +2.0 | 2.1 | 2.8 |
| Friday, Jul 24 | | | | |
| 9:45AM | Jul PMI-Composite (source:Markit) | 50.0 | | 47.9 |
| 10:00AM | Jun New home sales chg mm (%) | 13.8 | 4.0 | 16.6 |
| 10:00AM | Jun New home sales-units mm (ml) | 0.776 | 0.700 | 0.676 |