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A Message from Jeffrey Chalmers:

"Is Fannie looking to energize the Purchase market with a New Construction option?"

Fannie Mae is Testing New Type of Construction Loan

With new home building still lagging other measures of the housing recovery, and lean inventories of new homes causing shortages of existing homes as well, Fannie Mae is seeking ways to **provide a little help**. The company has plans to test market at least one new product for purchasing newly constructed homes before they are built.

A pilot program is still in the talking stages and apparently has not yet received approval from Fannie Mae's regulator, the Federal Housing Finance Agency. But according to sources at the company, the first initiative might make it cheaper and simpler to get a loan for new home construction.

If a consumer **wants to build a home**, the present process calls for him or her to hire a builder and obtain a construction loan. When the house is complete, the borrower must then obtain a regular mortgage to repay the construction loan. Lenders can also write a mortgage with the intention of selling it to Fannie Mae, but not until the home is finished. Therefore, they have to carry the loan, and its risks, on their own books, perhaps for many months.

Fannie Mae is proposing to purchase such loans from lenders on the **day construction is begun**. The company would then place the loan into a pool with regular mortgages for sale on the secondary market. The borrower would not begin making payments until the house is ready for occupancy. This would potentially make a new home mortgage cheaper and easier to get.

Jon Lawless, the company's vice president for product development and affordable housing, told Bloomberg, "Everything is about supply right now. With these activities that we're undertaking, we hope we can find something that finds a fast path to more supply."

But Fannie Mae's CEO Timothy J. Mayopoulos admitted the program won't have a huge impact on inventories. He said, "We're taking steps to do the things that are within our control, but we don't put up housing."

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.86%	-0.05	0.00
15 Yr. Fixed	6.31%	-0.02	0.00
30 Yr. FHA	6.32%	-0.06	0.00
30 Yr. Jumbo	7.04%	-0.03	0.00
5/1 ARM	6.53%	-0.02	0.00
Freddie Mac			
30 Yr. Fixed	6.78%	-0.08	0.00
15 Yr. Fixed	6.07%	-0.09	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/26

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%

Because Integrity Matters™

	Value	Change
Builder Confidence	Mar 51	+6.25%

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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