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ARMs Drive Slight Improvement in Underwriting Standards -MBA

While adjustable rate mortgages (ARMs) make up only a fraction of mortgage originations (just over 6 percent in the most recent Mortgage Bankers Association's (MBA's) volume summary), changes to some of their underwriting parameters were reflected in mortgage access numbers.



MBA's Mortgage Credit Availability Index (MCAI) increased by 0.3 percent in July to 179.0, **driven by increased availability** of conventional programs. The Association's Vice President of Research and Economics, Lynn Fisher, explains, "Many agency eligible loan programs have been updated so that underwriting parameters for adjustable rate mortgages (ARMs) more closely **align with their existing fixed rate counterparts**. In many cases this means higher loan to value (LTV) ratios on existing ARMs loan programs, which exerted an upward pressure on the MCAI. This change affected conforming loan programs as well as agency jumbo programs, which focus on loans in high cost areas that exceed the baseline conforming loan limit of \$424,000 but which are still eligible for purchase by the GSEs."

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%

	Value	Change
Builder Confidence	51	+6.25%

Of the four component indices, the **Jumbo** MCAI saw the greatest increase in availability over the month (up 2.7 percent), followed by the **Conventional** MCAI (up 1.5 percent), and the **Conforming** MCAI (up 0.3 percent). The **Government** MCAI (down 0.6 percent) decreased from last month.

The MCAI analyzes data from Ellie Mae's AllRegs® Market Clarity® business information tool. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012. The Conforming and Jumbo indices have the same "base levels" as the Total MCAI, while the Conventional and Government indices have adjusted "base levels" calibrated to better represent where each index might fall in March 2012 relative to the Total=100 benchmark.

All Your Mortgage Needs, Professionally Delivered with a Personal Touch

Whether you're a first-time homebuyer hoping to navigate the process of buying a home so that it is a fun and anxiety-free process or a homeowner looking for refinance options that deliver more freedom and flexibility, I can help you analyze your current situation and find money saving options. With expertise in all areas of mortgage and financing, my hope is that once I become your mortgage partner, I'll stay your mortgage partner. With clients from A to Z, files never leave my hands or my desk. From start to finish, every step of the way, my goal is to keep the lines of communication open, provide complete and attentive service, and ensure the most seamless and satisfactory process possible.

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