



Stephen Moye

Sales Manager/Senior Loan Officer NMLS:
268619/CA-DBO268619, New American Funding Corporation. NMLS: 6606, Equal Housing Lender Licensed by the Department of Business Oversight Under the California Residential Mortgage Lending Act CA-DBO268619 Corp. NMLS: 67180 Equal Housing Lender 1615 Murray Canyon Road #1050 San Diego, CA 92108

Office: 619-309-1678
Mobile: 619-895-8128
Fax: (619) 793-1026
stephen.moye@nafinc.com
[View My Website](#)

A Message from Stephen Moye:

"Today's ARM products are far more conservative and borrower friendly than they were back in the mid 2000s. It certainly can be an option for certain borrowers and is an option worth discussing for many."

More Buyers Turning to ARMs to Achieve Ownership

The share of December originations that were adjustable rate mortgages (ARMs) was the highest since Ellie Mae began tracking them in 2011 the company said in its December *Origination Insight Report*. As mortgage rates rose, the share of ARMs reached **9.2 percent**, up from 8.9 percent in November. The share in December 2017 was 5.6 percent.

"With the strong demand for housing and the rapid increase in property value appreciation, more consumers are turning to Adjustable Rate Mortgages in order to gain additional flexibility when competing for a home," said Jonathan Corr, president and CEO of Ellie Mae. "This is another key indication of **how demand has outpaced supply** in the housing market as consumers pursue their dream of homeownership."

Mortgages for home purchase made up 70 percent of originations in December. This is 1 percentage point lower than the share in November. Sixty-four percent of originations were conventional loans while FHA made up 20 percent and VA loans 11 percent. This was a 1-point shift away from the conventional loan share in November while FHA and VA loans each picked up 1 point.

The time to close all loans increased to 47 days in December, up from 46 days in November. Time to close a purchase loan decreased to 47 days, while time to close a refinance increased to 44 days.

Overall **FICO scores dropped** one point to 726. LTV held at 79 for the fifth month and DTI held at 26/39.

The **average interest rate** for 30-year loans originated during the month was 5.17 percent, up from 5.15 percent in November. The FHA average was 5.20 percent, the Conventional rate was 5.19 and the VA's was 5.01 percent.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%

The **closing rate** for all loans rose from 70.1 percent in November to 71.4 percent in December and was higher across all loan types. Ellie Mae bases the closing rate on a sample of loan applications initiated 90 days earlier, in this case the September 2018 applications.

		Value	Change
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

The *Origination Insight Report* details aggregated anonymized data pulled from Ellie Mae's Encompass origination platform. It focuses on loans that closed in a specific month and compares their characteristics to similar loans that closed three and six months earlier.

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