



## Stephen Moye

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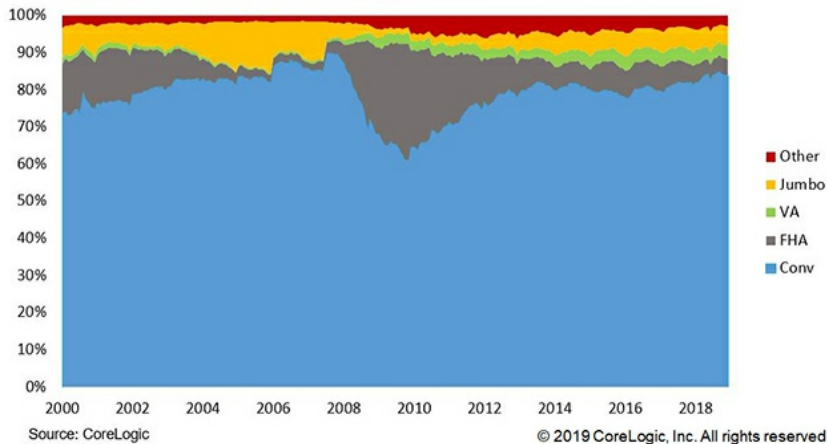
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# Condo Mortgage Business - Poised for a Breakout

Condominium loans represent only about 8 percent of total mortgages, a share that has remain fairly stable for several years. However, CoreLogic says they are **poised to play a much larger role**. Jacqueline Doty, writing in the company's *Insights* blog, says the loans, which are overwhelmingly (80 percent) conventional, have enjoyed recent gains.

Figure 1: Share of Condo Loan Originations



The changes have been especially **notable in the jumbo sector** where there has been a steady increase of condo sales in the over \$1 million price range since 2009. Sales of condos are especially hot in Washington D.C. where they represent 37 percent of the market and Hawaii at 42 percent and both are high-priced markets.

Doty says the condo market has become tighter than ever with an average marketing time of 60 days, the **shortest since CoreLogic started tracking it in 2000**. Add to this the looming entry into the housing market of young Americans, those aged 25 to 27 and it appears that the demand for condos will only increase.

## National Average Mortgage Rates



	Rate	Change	Points
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.

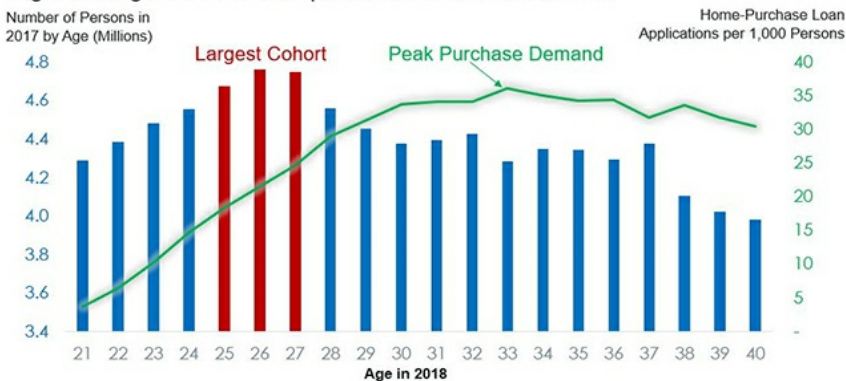
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

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%

Figure 2: Age Cohorts Compared to Purchase Demand



Source: CoreLogic and Census Bureau (population as of July 1) © 2019 CoreLogic, Inc. All rights reserved.

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

She says that lenders who hope to take advantage of a potential surge in condo loan originations need to avoid unnecessarily strict underwriting. The current **delinquency rate for those properties is about 2 percent lower** than that of single-family housing, so there might be room to loosen some guidelines.

The GSEs Freddie Mac and Fannie Mae have already done so, making several changes in their condo policies last year to **allow lenders more flexibility**. Among the changes was to allow the commercial space of up to 35 percent in condo developments rather than the 25 percent that existed previously. They relaxed requirements for small two-to-four-unit projects and streamlined underwriting for some low loan-to-value and investor loans. They also removed the ban on projects with pending litigation as long as it did not pose a threat of significant impact to the project's financial stability. Such flexibility, Doty says, will allow for more condo loans to be originated and sold to the GSEs going forward.

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thank you for coming to website. Having been a loan officer for 20+year...I know first hand how important it is to stay on top of the news and event that effect mortgage rates, regulation, and program guidelines. Let this web site be a resource for you.

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**Stephen Moyer**

