



Tom Payne

Senior Loan Consultant, loanDepot
 NMLS# 1017004 #174457 Licensed in all 50 States
 2835 St. Rose Parkway, Suite 120 Henderson, NV 89052

Office: 702-303-0243
 Mobile: 702-303-0243
tompaynemortgage@gmail.com
[View My Website](#)

Big Jump in Rates Not Hitting Mortgage Apps... Yet

Mortgage rates rose sharply during the week ended November 6. Most contract rates had an average basis point increase near double digits, returning to levels last seen in August and September. Mortgage application volume declined, but the overall response was unremarkable with most components dipping only a percentage point or two.

The Mortgage Bankers Association (MBA) reported that its Market Composite Index, a measure of application volume, was **down 1.3 percent** from the week ended October 30 on a seasonally adjusted basis and decreased 2.0 percent unadjusted.

MBA headlined its press release "Refinance Applications Decrease" and they did, although by **only 2 percent** from the previous week while the refinance share of applications inched up by 10 basis points to slightly under 60 percent. The seasonally adjusted Purchase Index rose 0.1 percent by dropped by 3 percent unadjusted when compared to the previous week. The unadjusted Purchase Index was 18 percent higher than during the same week in 2014.

Refinance Index vs 30 Yr Fixed

Purchase Index vs 30 Yr Fixed

The **FHA share** of total applications increased to 14.1 percent from 13.2 percent. At the same time the VA share dropped by 1 percentage point to 10.9 percent. The USDA share of total applications remained unchanged from 0.7 percent the week prior.

Both contract and effective interest rates increased on average from the previous week. The average contract interest rate for **30-year fixed-rate** mortgages (FRM) with conforming loan balances (\$417,000 or less) increased to 4.12 percent, its highest level since August 2015, from 4.01 percent. Points decreased to 0.45 from 0.47

Jumbo 30-year FRM, loans with loan balances greater than \$417,000, had a rate that rose 14 basis points to 4.04 percent, the highest level since September 2015. Points increased to from 0.34 to 0.38.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00

Freddie Mac

30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	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: 7/23

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%

Housing News Update

FHA-backed 30-year FRM had an average contract rate of 3.87 percent, the also the highest level since September, with 0.25 points. The previous week the rate was 3.81 percent with 0.32 point.

	Value	Change
Builder Confidence	51	+6.25%

The average contract interest rate for **15-year** fixed-rate mortgages increased to 3.35 percent, its highest level since August 2015, from 3.24 percent. Points declined to 0.35 from 0.37.

Adjustable rate mortgages (**ARM**) garnered a 6.6 percent share of mortgage applications during the week, down 0.1 percent from the week before. The average contract interest rate for 5/1 hybrid ARMs increased to 3.22 percent, its highest level since February 2015, from 3.12 percent. Points increased to 0.28 from 0.25.

MBA's Weekly Application Volume Survey has been conducted since 1990 and covers over 75 percent of all U.S. retail residential mortgage applications. Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100. Interest rate data is based on loans with an 80 percent loan-to-value ratio and points include the origination fee.

Update: Buyer Broker Agreement

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its “Proposed Criteria for Evaluating Home Buyer Contract Forms” on Tuesday. The 15 criteria focus on the contracts’ form – whether the documents are readable and understandable – and content – whether they are fair to homebuyers.

- the document’s expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
- the right to terminate the contract
- the disclosure that compensation is negotiable
- the broker’s compensation clearly stated and that the buyer broker can’t receive additional compensation for facilitating a sale
- that any additional fees, such as for showing a home, will be deducted from the broker’s commission if there is a successful sale
- that the commission is due only if there is a successful closing
- that buyers have an obligation – for no longer than 60 days, CFA recommends – to pay a broker who earlier showed them a home they purchased after the contract ended
- seller concessions paid directly to buyers
- dual agency not pre-approved by the contract
- an explanation of how a broker treats different buyer clients interested in the same property
- that buyers should not be required to first go through mediation or arbitration if they have a complaint

Contact me for more information. 702-303-0243 or TPayne@loandepot.com

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