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Lower Rates Spur Refi Applications

Applications for mortgages **rose significantly** during the week ended January 15 as fixed rate mortgage interest rates fell to the lowest levels since mid-autumn. The Mortgage Bankers Association (MBA) reported that its Market Composite Index, a measure of loan application volume rose 9.0 percent during the week on an adjusted basis and 12 percent unadjusted.

Compared to the week ended January 8 the Refinance Index was **up 19 percent** and the share of all mortgage applications that were intended for refinancing jumped from 55.8 percent to 59.1 percent. Purchase mortgage applications increased 2 percent on their adjusted index and 4 percent unadjusted. The unadjusted index was 17 percent higher than during the same week in 2015.

Refinance Index vs 30 Yr Fixed

Purchase Index vs 30 Yr Fixed

Applications for **FHA** backed mortgages decreased from 14.4 percent to 13.7 percent week-over-week and the VA share declined from 12.2 percent to 10.8 percent. Applications for USDA mortgages eased by 0.1 percent to 0.7 percent.

Effective rates for mortgages fell across the board while adjustable rate mortgages (ARMs) were the only products to see an increase in contract rates. The average contract interest rate for 30-year fixed-rate mortgages (FRM) with conforming loan balances (\$417,000 or less) dropped to the lowest level since October 2015, 4.06 percent, while points increased to 0.41. The previous week the rate was 4.12 percent with 0.38 point.

Jumbo mortgages, those with balances greater the \$417,000, had an average contract rate of 3.93 percent, the lowest rate since the previous October, down from 4.02 percent a week earlier. Points eased to 0.30 from 0.31.

Thirty-year FRM backed by the FHA had an average rate of 3.86 percent compared to 3.90 percent the previous week. Points rose to 0.36 from 0.34. The contract rate was the lowest since October 2015.

The average contract interest rate for **15-year** fixed-rate mortgages was also at the lowest rate since October, 3.29 percent, down 3 basis points from the prior week. Points were unchanged at 0.39.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	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: 7/22

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%

The average contract interest rate for 5/1 **ARMs** increased to 3.20 percent from 3.14 percent, with points decreasing to 0.18 from 0.42. Sox percent of applications were for ARMs compared to 5.1 percent the week before.

Builder Confidence

Mar

51

+6.25%

MBS's Weekly Mortgage Applications Survey has been conducted since 1990. The survey covers over 75 percent of all U.S. retail residential mortgage applications with respondents that include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100 and rate data is based on loans with an 80 percent loan to value ratio and points that 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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