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## Refi Demand Surges Amid Falling Rates - MBA

Average mortgage rates declined during the week ended February 5, in at least one case to the lowest level in nearly three years. In response there was a **surge of mortgage applications** reported by the Mortgage Bankers Association (MBA), principally from applications for refinancing.

According to results of the MBA Weekly Mortgage Applications Survey, Mortgage Applications as measured by its Market Composite Index, increased by 9.3 percent on a seasonally adjusted basis compared to the week ended January 29. The index rose 12 percent unadjusted. The Refinance Index jumped 16 percent while the share of all applications that were for refinancing was up to 61.2 percent from 59.2 percent the previous week.

The Purchase Index eked out a seasonally adjusted **0.2 percent gain** from the previous week but was up 7 percent on an unadjusted basis. The index was 25 percent higher than during the same week in 2015.

### Refi Index vs 30yr Fixed

### Purchase Index vs 30yr Fixed

FHA mortgage applications had a 12.3 percent share of the total compared to 12.9 percent the previous week while the VA share was unchanged at 11.1 percent. USDA applications had a 0.6 percent portion of the total, a tenth of a percentage point lower than the week before.

Both contract and effective rates fell across the board. The average contract interest rate for **30-year fixed**-rate mortgages (FRM) with conforming loan balances (\$417,000 or less) decreased to its lowest level since April 2015, 3.91 percent, from 3.97 percent with points unchanged at 0.41.

The average contract interest rate for 30-year FRM with **jumbo** loan balances over \$417,000 fell 8 basis points to 3.76 percent, the lowest level since April 2013. Points increased to 0.30 from 0.26

Thirty-year FRM backed by the **FHA** had the lowest rates since 2015, averaging 3.72 percent, compared to 3.80 percent the previous week. Points decreased to 0.33 from 0.35.

## 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 rate for **15-year** fixed-rate mortgages was 3.18 percent, a 4 basis point decline from the week before and the lowest rate since April 2015. Points rose to 0.38 from 0.37.

|                    | Value  | Change |
|--------------------|--------|--------|
| Builder Confidence | Mar 51 | +6.25% |

The share of applications for adjustable rate mortgages (ARMs) rose to 6.4 percent of the total from 5.9 percent. The average rate for 5/1 ARMs dropped to 2.96 percent from 3.0 percent, the lowest level since last October. Points were down to 0.30 from 0.34.

MBA's survey covers over 75 percent of all U.S. retail residential mortgage applications and has been conducted since 1990. Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100 and rates presume a mortgage 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

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