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Last Week's Low Rates Drove Ongoing Refi Surge

Applications for refinancing again drove a **significant increase** in mortgage applications during the week ended February 12 as mortgage rates continued to decline. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage application volume, rose 8.2 percent compared to the week ended February 5 on a seasonally adjusted basis and was up 10 percent on an unadjusted basis.

Refinancing accounted for **64.3 percent** of the applications submitted during the week, up from 61.2 percent a week earlier and the highest share since February of last year. The volume of those refinancing applications rose 16 percent from a week earlier and the index for conventional refinance applications was up by the same amount week-over-week and reached the highest level since January 2015.

Despite some of the **lowest interest rates** in a year the enthusiasm for mortgages did not carry over to the purchase side. The seasonally adjusted Purchase Index was down 4 percent from the previous week although it increased by 2 percent on an unadjusted basis and remained 30 percent higher than during the same week in 2015.

The **refinance share** of mortgage activity increased to its highest level since February 2015, 64.3 percent of total applications, from 61.2 percent the previous week.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

The **FHA share** of total applications decreased to 11.5 percent from 12.3 percent the week prior. The VA share of total applications increased to 11.7 percent from 11.1 percent the week prior. The USDA share of total applications remained unchanged from 0.6 percent.

The average contract interest rate for **30-year fixed-rate** mortgages with conforming loan balances (\$417,000 or less) decreased to its lowest level since April 2015, 3.83 percent, from 3.91 percent, with points decreasing to 0.36 from 0.41 (including the origination fee) for 80 percent loan-to-value

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%

Housing News Update

ratio (LTV) loans. The effective rate decreased from last week.

	Value	Change
Builder Confidence	Mar 51	+6.25%

The average contract interest rate for 30-year fixed-rate mortgages with **jumbo** mortgages with jumbo loan balances (greater than \$417,000) decreased to its lowest level since December 2012, 3.74 percent, from 3.76 percent, with points decreasing to 0.26 from 0.30 (including the origination fee) for 80 percent LTV loans. The effective rate decreased from last week.

The average contract interest rate for 30-year fixed-rate mortgages backed by the **FHA** decreased to its lowest level since April 2015, 3.67 percent, from 3.72 percent, with points increasing to 0.34 from 0.33 (including the origination fee) for 80 percent LTV loans. The effective rate decreased from last week.

The average contract interest rate for **15-year** fixed-rate mortgages decreased to its lowest level since April 2015, 3.11 percent, from 3.18 percent, with points decreasing to 0.31 from 0.38 (including the origination fee) for 80 percent LTV loans. The effective rate decreased from last week.

The average contract interest rate for **5/1 ARMs** decreased to its lowest level since May 2015, 2.92 percent, from 2.96 percent, with points increasing to 0.32 from 0.30 (including the origination fee) for 80 percent LTV loans. The effective rate decreased from last week. The adjustable-rate mortgage (ARM) share of activity increased to 6.7 percent of total applications.

MBA's Weekly Mortgage Application Survey which has been conducted since 1990, reaches originators of over 75 percent of the U.S. retail residential mortgage market. Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100 and interest rate information presumes mortgages with an 80 percent loan-to-value ratio and points that include the originations 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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