



## Tom Payne

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## Little Change in Mortgage Application Volume

Both mortgage applications and interest rates were essentially **directionless** during the week ended May 13. The Mortgage Bankers Association said its Market Composite Index, a measure of loan application volume, was down 1.6 percent from the previous week on a seasonally unadjusted basis and down 2 percent unadjusted.

The **Refinance Index** rose 1 percent from the week ended May 6 and the refinance share of mortgage applications increased from 52.8 percent to 54.7 percent. **Purchase applications**, on the other hand, dropped 6 percent on both a seasonally adjusted and unadjusted basis from the previous week but remained 12 percent higher than during the same week in 2015.

### Refi Index vs 30yr Fixed

### Purchase Index vs 30yr Fixed

Applications for FHA-backed mortgages had a **12.6 percent share** of application volume, down from 13 percent the previous week while the share of VA applications increased to 12.2 percent from 11.7 percent. The USDA share was unchanged at 0.7 percent.

Mortgage rates were mixed but generally lower. The average contract interest rate for **30-year fixed**-rate mortgages (FRM) with conforming loan balances under \$417,000 was unchanged at 3.82 percent and 0.34 points. The effective rate was also unchanged from the prior week.

The average contract interest rate for jumbo 30-year FRM (loan balances greater than \$417,000) was also unchanged at 3.74 percent, but points eased to 0.29 from 0.31. The effective rate was lower than the previous week.

Thirty-year FRM backed by **FHA** had an average rate of 3.63 percent, down one basis point from the previous week. Points increased to 0.28 from 0.25 but the effective rate declined.

The rate for **15-year** FRM decreased to 3.02 percent from 3.06 percent, with points increasing to 0.38 from 0.33. The effective rate decreased from the previous week.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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 market share of adjustable rate mortgages (ARM) decreased from 5.7 percent a week earlier to 5.5 percent. The average rate for 5/1 ARMs went up 1 basis point and points increased from 0.22 to 0.30, driving the effective rate higher.

Builder Confidence	Mar 51	+6.25%
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MBA's Weekly Mortgage Applications Survey, which has been conducted since 1990, 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 and rate information is based on mortgages 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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