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Applications Continue Stabilizing as Rates Recover

Mortgage applications **continue to decompress** from the two-week holiday moratorium as well as from the usual holiday business interruptions, so it is hard to know where volumes really stand. The Mortgage Bankers Association's (MBA's) current Market Composite Index, covering the week ended January 6, 2017, includes an adjustment to account for the New Year's Day holiday, while the previous week's results were adjusted for the Christmas holiday.

The composite shows applications **increasing 5.8 percent** from the week ended December 30 on a seasonally adjusted basis and by 42 percent unadjusted. The Refinance Index was **up 4 percent** from the previous week and the refinancing share of applications ticked down to 51.2 percent from 52.2 percent.

The seasonally adjusted Purchase Index **increased 6 percent** while unadjusted it was up 45 percent. Compared to the same week in 2016 there was a loss of 18 percent.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

The **FHA share** of total applications ticked up from 11.6 percent to 11.7 percent and the **VA share** rose to 12.8 percent from 12.3 percent. The **USDA share** of total applications retreated to 0.9 percent from 1.1 percent the week prior.

Interest rates for fixed-rate mortgages (FRM) were down on both a contract and an effective basis. Conforming **30-year FRM** (those with loan balances under \$417,000) had an average contract rate of 4.32 percent with 0.41 point, decreasing from 4.39 percent with 0.43 point a week earlier. The jumbo version, loans with balances greater than \$417,000, posted a rate that was 10 basis point below that of a week earlier, 4.27 percent. Points decreased from 0.44 to 0.31.

The contract rate for 30-year FRM backed by the **FHA** fell from 4.22 percent to 4.08 percent. Points increased to 0.35 from 0.34.

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%

There was an 8 basis point decline in the average rate for **15-year** fixed-rate mortgages, resulting in a contract rate of 3.56 percent. Points rose to 0.42 from 0.38.

	Value	Change
Builder Confidence	Mar 51	+6.25%

The adjustable-rate mortgage (**ARM**) share of activity increased to 5.5 percent of total applications, up from 5.4 percent a week earlier. Interest rates increased for ARMs, with the average for 5/1 ARMs rising to 3.32 percent from 3.28 percent and points increasing to 0.46 from 0.42. The effective rate was also up.

MBA's Mortgage Applications 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 interest 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

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