Mortgage Market Commentary



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Differences Between Current and Previous FOMC Statements

(Additions underlined, deletions struck through)

Information received since the Federal Open Market Committee met in May June indicates that the labor market has continued to strengthen and that economic activity has been rising moderately so far this year. Job gains have moderated but have been solid, on average, since the beginning of the year, and the unemployment rate has declined. Household spending has picked up in recent months, and business fixed investment has have continued to expand. On a 12-month basis, overall inflation has declined recently and, likeand the measure excluding food and energy prices, isprices have declined and are running somewhat below 2 percent. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee continues to expect that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace, and labor market conditions will strengthen somewhat further. Inflation on a 12-month basis is expected to remain somewhat below 2 percent in the near term but to stabilize around the Committee's 2 percent objective over the medium term. Near-term risks to the economic outlook appear roughly balanced, but the Committee is monitoring inflation developments closely.

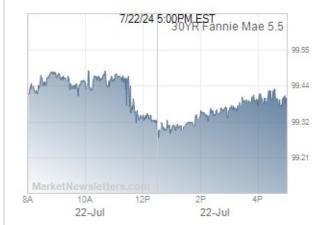
In view of realized and expected labor market conditions and inflation, the Committee decided to <u>raisemaintain</u> the target range for the federal funds rate <u>toat</u> 1 to 1-1/4 percent. The stance of monetary policy remains accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2 percent inflation.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The Committee will carefully monitor actual and expected inflation developments relative to its symmetric inflation goal. The Committee expects that economic conditions will evolve in a manner that

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.39	-0.01
MBS GNMA 5.5	99.78	+0.00
10 YR Treasury	4.2262	-0.0263
30 YR Treasury	4.4444	-0.0281

Pricing as of: 7/23 6:50AM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News I	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 Banke	rs 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 Rates as of: 7/22	6.22%	-0.16	0.60

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will warrant gradual increases in the federal funds rate; the federal funds rate

is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

The For the time being, the Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee currently expects to begin implementing aits balance sheet normalization program this year, relatively soon, provided that the economy evolves broadly as anticipated. This program, which would gradually reduce the Federal Reserve's securities holdings by decreasing reinvestment of principal payments from those securities, anticipated; this program is described in the accompanying addendum June 2017 Addendum to the Committee's Policy Normalization Principles and Plans.

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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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