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## Housing Market Has Plenty to Consider in 2016

Although mortgage rates managed to move lower in the immediate wake of the Fed rate hike, they've since moved back up to the highest levels since July. This **casts doubt** as to the direction of the first dose of mortgage rate momentum in 2016. Or worse yet, it removes some of the doubt that currently exists about rates calmly following the Fed Funds Rate higher.

Simply put, **mortgage rates had been winning** an ideological battle by holding steady to lower even though the Fed Funds Rate moved higher. Now we might wonder if they'll fall back in line with the long term trend that sees a loose but consistent connection between the two.

Fed Funds vs Mortgage Rates



Away from the minutia of day-to-day rate movements, the mortgage market has **bigger fish to fry**. Last week we discussed the precipitous impact from the not-so-precipitous TRID (TILA-RESPA Integrated Disclosures) implementation in October.

Naturally, October, itself, wasn't noticeably affected by TRID because most of the loans closing in October were **originated before** the rules went into effect. As I pointed out last week, November was a different story. Most notably, Existing Home Sales experienced their sharpest decline since the expiration of the homebuyer tax credit.

## National Average Mortgage Rates



	Rate	Change	Points
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### Mortgage News Daily

30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

### Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Rates as of: 8/30

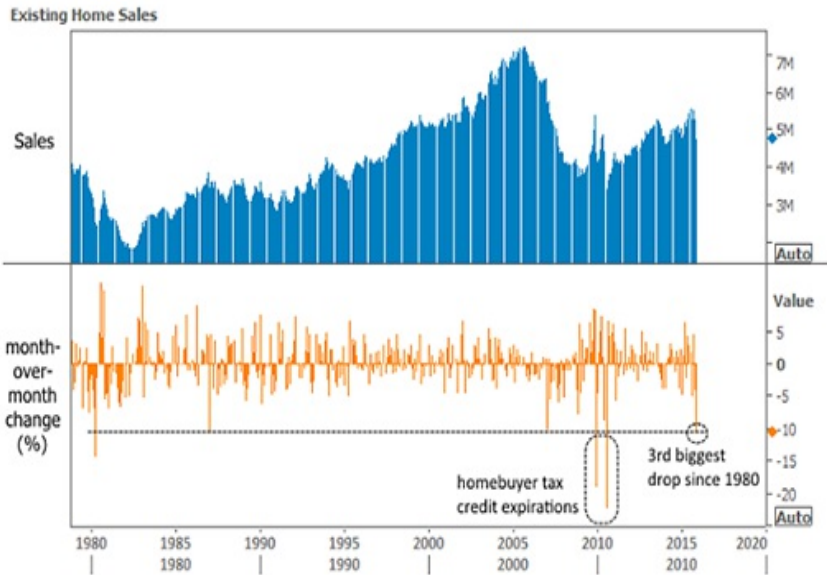
## Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST

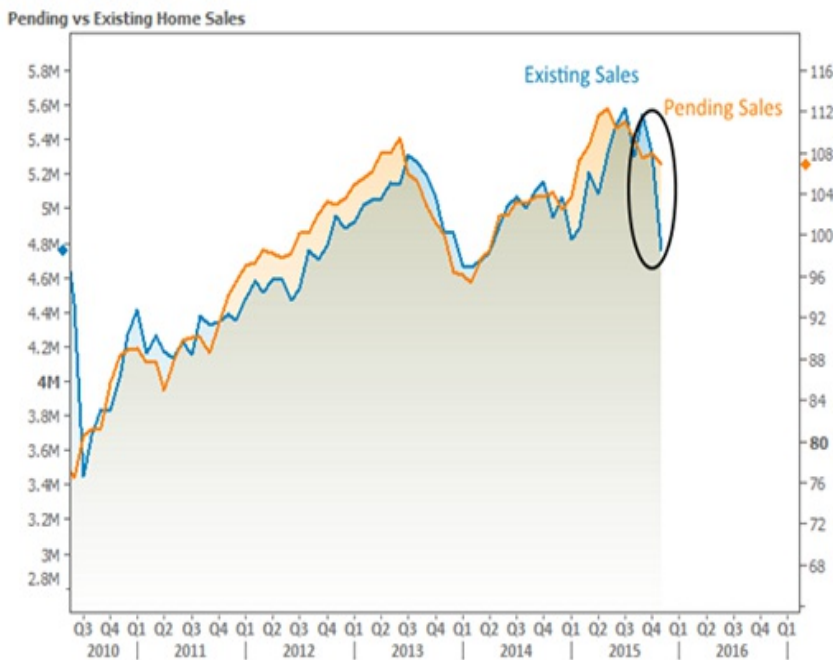
## Recent Housing Data

	Value	Change
Mortgage Apps	Aug 28 226.9	+0.49%
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%
Builder Confidence	Mar 51	+6.25%



There are more than a few lenders out there who are **scratching their heads** over the drop in Existing Home Sales. Either due to preparedness or luck, they haven't seen the sorts of delays that would justify that big of a change, and they may well wonder if there isn't something else behind it. So is there?

The short answer is a fairly conclusive "no." While we did see another downtick in [Pending Home Sales](#) this week, it wasn't the least bit alarming, and nothing nearly dramatic enough to suggest the [Existing Home Sales drop](#) was **indicative of some major shift** in the housing market.



It's not just home sales data telling this story. [Ellie Mae's origination insight report](#) showed application-to-closing time frames moved up to **49 days**, the longest since February 2013. The jump from October to November was an isolated event and the biggest month-over-month change in more than 2 years.

In other housing news, **prices** continue running **at or above expectations**, with the latest **Case Shiller numbers** coming in at a monthly gain of 0.8 percent vs a median forecast of 0.5 percent. The annual rate of appreciation was 5.5 vs 5.4 percent forecast.

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## Recent Economic Data

Date	Event	Actual	Forecast	Prior
<b>Tuesday, Dec 29</b>				
9:00AM	Oct CaseShiller 20 mm SA (%)	+0.8	0.5	0.6
9:00AM	Oct CaseShiller 20 mm nsa (%)	+0.1	0.2	0.2
9:00AM	Oct CaseShiller 20 yy (%)	+5.5	5.4	5.5
10:00AM	Dec Consumer confidence	96.5	93.8	90.4
<b>Wednesday, Dec 30</b>				
7:00AM	w/e Mortgage Market Index			450.0
7:00AM	w/e Mortgage Refinance Index			1764.0
7:00AM	w/e MBA Purchase Index			230.8
10:00AM	Nov Pending homes index	106.9		107.7
10:00AM	Nov Pending sales change mm (%)	-0.9	0.5	0.2
<b>Thursday, Dec 31</b>				
8:30AM	w/e Initial Jobless Claims (k)	287	270	267
8:30AM	w/e Continued jobless claims (ml)	2.198	2.201	2.195
8:30AM	w/e Jobless claims 4-wk avg (k)	277		272.50
9:45AM	Dec Chicago PMI	42.9	49.8	48.7
2:00PM	News Year's Eve			
<b>Friday, Jan 01</b>				
12:00AM	News Year's Day			
<b>Monday, Jan 04</b>				
10:00AM	Dec ISM Mfg Prices Paid	33.5	35.0	35.5
10:00AM	Nov Construction spending (%)	-0.4	0.6	1.0
10:00AM	Dec ISM Manufacturing PMI	48.2	49.0	48.6
<b>Tuesday, Jan 05</b>				
9:45AM	Dec ISM-New York index	716.6		710.6
<b>Wednesday, Jan 06</b>				
8:15AM	Dec ADP National Employment (k)	257.0	192	217
8:30AM	Nov International trade mm \$ (bl)	-42.37	-44.0	-43.9
10:00AM	Dec ISM N-Mfg PMI	55.3	56.0	55.9
10:00AM	Nov Factory ex-transp mm (%)	-0.3		0.2
10:00AM	Dec ISM N-Mfg Bus Act	58.7	58.4	58.2
<b>Friday, Jan 08</b>				

## Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
8:30AM	Dec Manufacturing payrolls (k)	+8	-1	-1
8:30AM	Dec Unemployment rate mm (%)	5.0	5.0	5.0
8:30AM	Dec Private Payrolls (k)	+275	195	197
8:30AM	Dec Non-farm payrolls (k)	+292	200	211

## Service oriented, responsive, competitive rates and an in depth knowledge of todays mortgage market

After completing my degree in finance at the University of Connecticut, I started in the mortgage business right out of college in 2004. With 15+ years of experience and a primary objective of thoroughly explaining all available loan options to my clients with what is typically the largest investment in their lives, I strive to always make myself available. I constantly educate myself with respect to the mortgage industry and underwriting guidelines for FHA, VA, conventional and jumbo financing. I deliver on the expectations discussed up front and provide the service level my clients deserve from day one. I will remain in touch throughout the process and continue to follow up with you after closing. My goal is to wow you and turn you into clients for life. I want you to be so impressed that throughout and after the process you share my information with your friends, family, neighbors and co-workers who may value from my services.

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