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## Fannie Mae Survey Points to Credit Easing

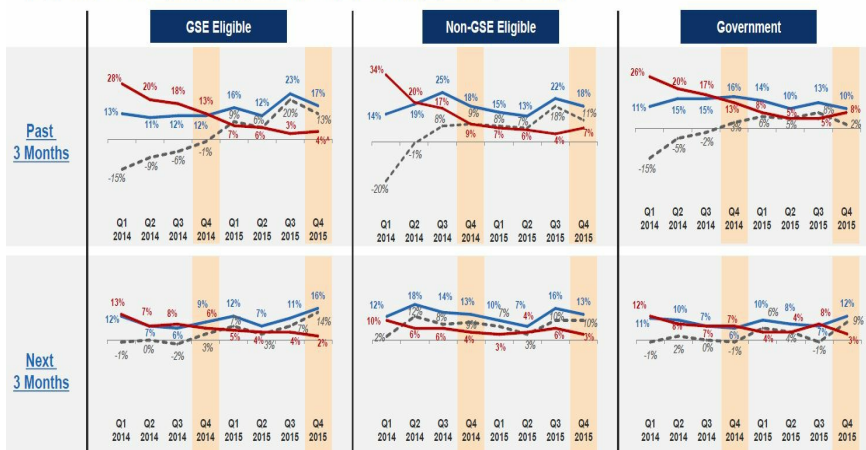
Fannie Mae said Thursday there are indications that easing lending standards may help mitigate some of the loss of housing affordability moving into the New Year. The company questioned a sample of lenders about trends in underwriting as part of its fourth quarter **Mortgage Lender Sentiment Survey**.

The survey, conducted last month shows that more lenders reported they expected to ease rather than tighten credit standards for GSE-eligible and government loans over the next three months. Sixteen percent expect to **loosen standards** for GSE loans compared to 11 percent in the third quarter while only 2 percent expect standards to tighten. Expectations for easing of government guaranteed loans rose from 8 percent to 12 percent.

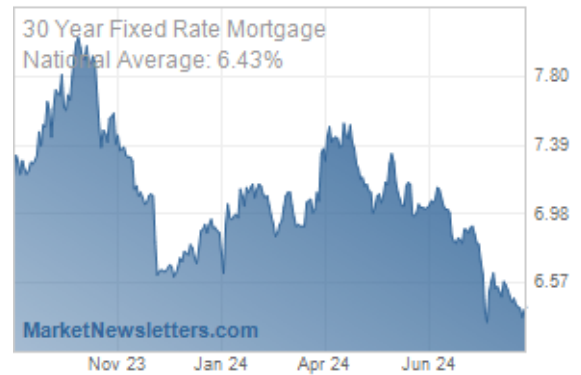
The percentage of lenders who reported that standards had actually eased over the three prior months declined from the third quarter as did the net difference between those who reported easing and those who reported tightening.

### Credit Standards

Lenders continue to report expectations to ease credit standards for GSE eligible loans and government loans over the next three months, with the net percentage of lenders reporting easing expectations reaching a new survey high (14% and 9%, respectively).



## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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

### Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

## Recent Housing Data

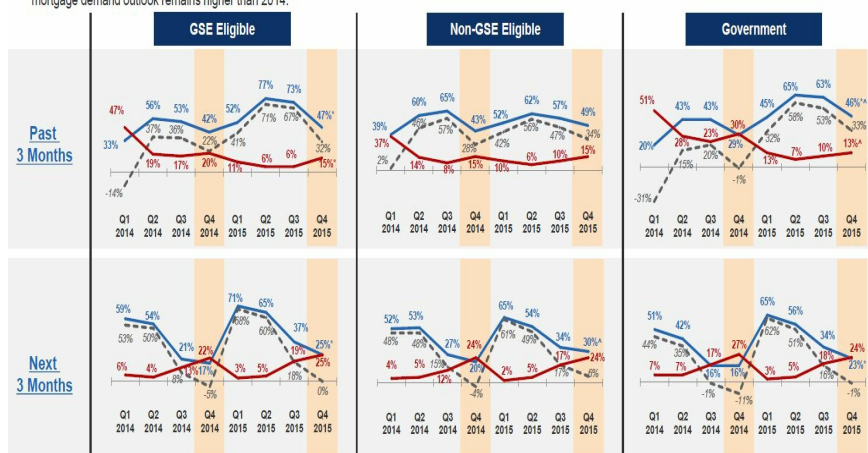
		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

Doug Duncan, senior vice president and chief economist at Fannie Mae said, "Several factors point to constrained housing affordability in 2016, particularly for first-time home buyers, including slow single-family supply response and limited inventory of starter homes on the market, strong inflation-adjusted house price appreciation outpacing household income growth, and an upward bias in mortgage rates. However, on net, lenders told us in our fourth-quarter Mortgage Lender Sentiment Survey that they have eased and **expect to continue to ease** credit standards, which was a consistent trend throughout 2015. Thoughtful easing will help mitigate some of the affordability decline moving into 2016.

Expectations about increased purchase mortgage demand for the next three months has continued to decline throughout the year after reaching survey highs in the second quarter, likely reflecting seasonal influences. Only about a quarter of lenders expect demand to increase for either GSE-eligible or government guaranteed loans but lenders' purchase mortgage demand outlook is still more optimistic than in 2014.

## Purchase Mortgage Demand

The net percentage of lenders reporting increased purchase mortgage demand expectations over the next three months has continued to decline throughout the year across all loan types after reaching survey highs in Q2, likely due to seasonal influences. However, lenders' purchase mortgage demand outlook remains higher than 2014.



Most institutions report they expect to maintain existing strategies toward secondary market originations over the next 12 months. However, more institutions continue to report expectations to **increase rather than decrease** the shares of loan originations sold to Ginnie Mae, continuing a trend seen in previous quarters. Lenders also continue to report they intend to decrease rather than increase their portfolio holdings next year.

More lenders reported expectations to decrease rather than increase the share of their **MSRs** sold to a third party. In addition, more lenders reported expectations to increase rather than decrease the share of their MSRs retained and serviced by a servicer.

Continuing a trend that has prevailed all year, lenders **outlook for profit margins declined**. The net share of lenders expecting an increased profit margin over the next three months has dropped to negative 29%, a new survey low. Approximately one in two of these lenders cite "government regulatory compliance" as a key driver. The negative expectations were particularly strong among larger lenders and mortgage banks. Their negative net percentages were 56 and 53 percent respectively.

Fannie Mae's Mortgage Lender Sentiment Survey polls senior executives of its lending institution customers on a quarterly basis to assess their views and outlook across varied dimensions of the mortgage market. The fourth quarter survey was conducted between November 4, 2015 and November 13, 2015.

### 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.

**Steve Chizmadia**

