

Timothy Baron

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A Message from Timothy Baron:

"Great info for your buyers - very positive Conventional guideline changes. Please the read article for a summary and call me for details. Please feel free to pass this along to your clients in lieu of my business cards. Thank you!"

Fannie Touts Benefits of Recent Guideline Changes

A Fannie Mae vice president wrote recently about some of the company's products designed to **help existing homeowners move up or improve their homes** if they are unable to sell. Jude Landis, VP for single family credit policy said the focus for fostering homeownership is traditionally on first-time buyers. In today's market however there is a need to confront the struggle many who are already homeowners face in trying to move up from the traditional starter home.

She said a Fannie Mae analysis shows **repeat buyers decreased by 40 percent** between 2002 and 2014. Even among those buyers with mid-tier credit scores of around 680 to 740 repeat home purchases have dropped dramatically. Landis speculated that in the case of homeowners with the credit eligibility to buy another home it could be low equity in the existing home that is holding them back.

Landis pointed to **several loan products** offered by Fannie Mae that could help lenders better serve these creditworthy homeowners who are "locked in" by insufficient equity. One would assist them to renovate rather than move, the other to convert their existing home to a rental property and purchase a new principal residence.

The **HomeStyle Renovation** loan allows homeowners to finance improvements to better adapt their home to lifestyle needs such as updating a kitchen, adding an addition, or retrofitting the home to accommodate an aging resident or one with special needs. These are modifications that can help the homeowner avoid the transaction costs of selling and buying and the expense of moving.

Alternatively Fannie Mae has made it easier to finance a new home while **converting the existing residence to an income-generating rental**. Updates to the company's *Selling Guide* change the ways in which underwriters can include rental income in the debt-to-income calculation.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.27%	-0.02	0.00
15YR Fixed	6.92%	-0.03	0.00
30YR FHA	6.90%	-0.01	0.00
30YR Jumbo	7.55%	0.00	0.00
7/6 SOFR	6.78%	-0.10	0.00
30YR VA	6.91%	-0.01	0.00

Rates as of: 10/30

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.82	+0.01
10 YR Treasury	4.9058	-0.0241
30 YR Treasury	5.2730	-0.0352

Pricing as of: 11/2 9:12AM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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Other Fannie Mae policies and programs expand home purchase opportunities for both first-time and repeat borrowers. A new program called **HomeReady** offers expanded eligibility to low and moderate-income creditworthy borrowers to finance homes in designated low-income, minority, and disaster-impacted communities. This product features 97 percent financing for purchases of single unit properties and 95 percent limited cash-out refinances. Also available are lower-than-standard levels of private mortgage insurance for high loan to value properties and some income flexibility.

HomeReady also includes a feature for extended-family households that allows lenders to consider **income from a non-borrower** household member, whether a relative or not, as a compensating factor in accepting a debt-to-income ratio up to 50 percent and also permits consideration of rental income from an accessory dwelling unit, such as a basement apartment, or from boarders. To help support affordability, standard risk-based pricing is waived on any HomeReady loan with an LTV ratio above 80 percent and a credit score of 680 or higher (a risk-based loan-level price adjustment cap of 1.50 percent applies for loans outside of these parameters).

High-cost areas such as parts of California and some major northeast cities are **tough places to buy a starter home** but have also shown some of the biggest drops in repeat buyers since 2002. Fannie Mae recently updated its high-balance loan policy to increase maximum loan to value ratios, aligning them with the standard eligibility up to 95 percent and removing many policy overlays that applied only to high-balance loan.

Finally, the recent expansion of the company's policy for non-occupant borrowers will allow the inclusion of non-occupant borrowers' income and liabilities for qualifying financing of one-to-four-unit owner-occupied properties without a separate calculation of DTI ratio for the occupying borrower.

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The Arizona Loan Baron is at your service!

I would appreciate the opportunity to share with you my extensive mortgage lending experience. My client focused approach has allowed me to build long lasting relationships and partnerships throughout Arizona. I know this market. I live here and work here. Please allow me to be your mortgage lending partner.

Timothy Baron 

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