

Timothy Baron

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A Message from Timothy Baron:

"I see articles touting a new FHA 40 year loan to help homebuyers. They are flat out WRONG. Please call if you have questions."

No, There is NOT a New 40yr FHA Loan

Mortgage rates didn't do much today (the average lender drifted microscopically, and Wednesday's CPI data has infinitely more power to move the needle anyway) so let's take our time to focus on something that's actually interesting and oh-so-timely.

The Rumor:

> **FHA announced a new 40 year loan**

The Reality:

> **FHA announced a LOAN MODIFICATION OPTION that has a 40yr repayment term**

For those who already understand the difference between a loan modification and a new loan option, you're free to go and have a great day. Everyone else won't need to spend more than a few sentences to get up to speed.

A loan modification is a program offered by lenders designed to avoid more dire outcomes when a borrower is struggling to make timely mortgage payments (i.e. foreclosure, short sale, etc).

How did this rumor get started? Reporters misinterpreted the initial news because, unlike everyone who's read this far in this article, they either didn't know what a loan modification was or they somehow missed that this news applied only to loan modifications.

Despite the source material coming out over a month ago, the rumor seems to have gained critical mass just this week based on the uptick in questions and comments we're seeing. Now that you know the truth, don't be shy about forwarding this article if you see the rumor being perpetuated.

For those that want to look like they figured this out on their own, you could simply use the following script and pretend like you wrote it yourself:

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	99.80	-0.01
10 YR Treasury	4.9135	-0.0164
30 YR Treasury	5.2793	-0.0289

Pricing as of: 11/2 8:26AM 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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Hi <insert name of the rumor mongering scoundrel here>,

It looks like that FHA news actually only pertains to loan modifications, and is not a new FHA mortgage option, per https://www.federalregister.gov/documents/2023/03/08/2023-04284/increased-forty-year-term-for-loan-modifications .

Cheers,

<insert your name>

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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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