

WHAT TO LOOK OUT FOR IN 2017

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HOW DOES INTEREST RATE AFFECT AN AVERAGE PAYMENT?

Based on the 2015 median sales price for Sarasota County of \$239,900 and a 20% down payment for a loan of \$191,920, here is how the interest rate can adjust a monthly principle and interest payment over a 30-year amortization:

4.5% with APR 4.597	Principle and Interest \$972.42
4.375% with APR 4.471	Principle and Interest \$958.23
4.25% with APR of 4.350	Principle and Interest \$944.13
4.125% with APR 4.283	Principle and Interest \$930.14
4.0% with APR 4.228	Principle and Interest \$916.26
3.875% with APR 4.177	Principle and Interest \$902.48

Disclosure: Interest rates are based on factors including term, lock time and credit score. Above is for informational purposes only. Some loans require escrow for Property Taxes and Home Insurance and with less than 20% down could require Mortgage Insurance. See your licensed originator for details. Source: fhousingdata.shimberg.ufl.edu/a/profiles?action=results&nid=5800

INTEREST RATES: Are they on the rise? MBA Mortgage Finance Forecast (October 25, 2016)

	2016				2017				2018				2015	2016	2017	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
Housing Measures																	
Housing Starts (SAAR, Thous)	1,151	1,159	1,140	1,210	1,230	1,250	1,280	1,310	1,320	1,350	1,380	1,400	1,108	1,165	1,268	1,363	1,463
Single-Family	790	755	760	790	820	850	870	900	920	950	980	1,000	713	774	860	963	1,063
Two or More	361	405	380	420	410	400	410	410	400	400	400	400	395	391	408	400	400
Home Sales (SAAR, Thous)																	
Total Existing Homes	5,300	5,503	5,380	5,472	5,566	5,664	5,745	5,841	5,881	5,969	6,005	5,922	5,237	5,414	5,704	5,944	6,060
New Homes	529	572	615	616	634	651	642	661	683	699	705	692	503	583	647	695	725
FHFA US House Price Index (YOY % Change)																	
	5.4	5.4	5.4	5.4	5.2	5.0	4.8	4.6	4.4	4.2	4.0	3.8	5.5	5.4	4.9	4.1	3.3
Median Price of Total Existing Homes (Thous \$)																	
	215.8	239.1	244.4	239.0	242.1	249.6	243.5	242.3	247.4	253.2	250.0	242.0	219.9	234.6	244.4	248.2	252.3
Median Price of New Homes (Thous \$)																	
	304.6	312.3	299.2	305.7	311.8	313.5	309.4	310.6	316.8	318.1	314.4	310.6	297.3	305.5	311.3	315.0	317.4
Interest Rates																	
30-Year Fixed Rate Mortgage (%)	3.7	3.6	3.5	3.7	3.9	4.1	4.3	4.4	4.4	4.6	4.7	4.8	3.9	3.6	4.2	4.6	5.4
10-Year Treasury Yield (%)	1.9	1.8	1.6	1.8	2.1	2.3	2.4	2.5	2.5	2.7	2.8	2.9	2.1	1.8	2.3	2.7	3.5
Mortgage Originations																	
Total 1- to 4-Family (Bil \$)	350	510	561	470	400	440	437	352	345	445	443	355	1,679	1,891	1,629	1,588	1,640
Purchase	185	275	298	232	220	310	325	245	240	340	343	255	903	990	1,100	1,178	1,245
Refinance	165	235	263	238	180	130	112	107	105	105	100	100	776	901	529	410	395
Refinance Share (%)	47	46	47	51	45	30	26	30	30	24	23	28	46	48	32	26	24

Notes: Housing starts and home sales are seasonally adjusted at annual rate. Total existing home sales include condos and co-ops. Mortgage rate forecast is based on Freddie Mac's 30 Yr fixed rate which is based on predominantly home purchase transactions. Total 1-to-4-family originations and refinance share are MBA estimates. These exclude second mortgages and home equity loans. The FHFA US Home Price Index is the forecasted year over year percent change of the FHFA All Transactions House Price Index. Refinance share is percent of total dollar volume of closed loans. Copyright 2015 Mortgage Bankers Association. All rights reserved. THE HISTORICAL DATA AND PROJECTIONS ARE PROVIDED "AS IS" WITH NO WARRANTIES OF ANY KIND.



Source: <https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary>

SELLER CONCESSIONS

Fannie/Freddie/FHA/VA/USDA Maximum Seller Contribution Chart

With all the mortgage rule changes, I know it's difficult to keep updated on exactly how much money a seller can contribute to helping a client buy a home. Here's a handy chart that covers all the loan programs and the percentage the seller can pay.

	FNMA/FHLMC	FHA	VA	USDA
Owner Occupied LTV/CLTV		6%	4%	No Seller Contribution Limit*
90.01 or greater	3%	Maximum all loans	Closing cost & points Plus up to 4% sales concession Total: 8%	Closing cost can also be financed up to 100% of appraised value.
75.01 to 90.00	6%			
75.00 or less	9%			
Non-Owner Occupied	2% Maximum all LTV's	N/A	N/A	N/A
FNMA Homepath	Follow standard maximum's with the exception of LTV's over 90% allow up to 6% concessions	N/A	N/A	N/A

*Some investors have an internal policy limiting seller contribution to 6%

CONFORMING LOAN LIMITS RAISED FOR FIRST TIME SINCE 2006

The maximum baseline conforming loan limit in 2017 is being increased to \$424,100 by the Federal Housing Finance Agency. This is the first increase since 2006, and it is an indication of rising home prices. Since 2006, the baseline maximum conforming loan limit for loans purchased by Freddie Mac and Fannie Mae was \$417,000. The baseline loan limit applies to most of the country, with the exception of high-cost areas where 115% of the local median home value exceeds the baseline loan limit. In these areas, higher loan limits apply. The new ceiling loan limit that applies to the areas with the most expensive homes will be \$636,150, which represents 150% of the maximum baseline, the FHFA said.

HOME READY®

Fannie Mae's new program designed to help meet the diverse needs of today's buyers with HomeReady®, Fannie Mae's enhanced affordable lending product. Designed for creditworthy, low- to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities. www.fanniemae.com/singlefamily/homeready

KEY FEATURES

- **No minimum borrower contribution** (1-unit properties); use flexible sources of funds for down payment and closing costs (gifts, grants, Community Seconds®, and cash-on-hand)
- Required **homeownership education** through a simple online course provided by **Framework**
- Up to **97% financing** (1-unit purchase)

FLEXIBILITIES

- **Non-occupant borrowers** allowed (max 95% LTV in DU®) – income is considered part of qualifying income and subject to applicable income limits
- Innovative new feature that **supports extended family households**: will **consider income from a non-borrower household member • Compensating factor** in DU to allow for a debt-to-income (DTI) ratio higher than 45%, up to 50%.
- **Not** counted as qualifying income.
- Non-borrower income must be at least 30% of the total monthly qualifying income being used by the borrower(s). (Note: Income from more than one non-borrower household member may be considered.)
- Non-borrower household members may be relatives or non-relatives.
- Non-borrowers must document their income and sign a statement of intent to reside with the borrower(s) for a minimum of 12 months. Documentation required only if DU determines the non-borrower income will provide a benefit. (See optional **Fannie Mae Form 1019**.)
- Rental income from **accessory dwelling units** may be considered in qualifying the borrower (per rental income guidelines)
- Lower than standard mortgage insurance coverage – 25% for LTVs above 90% to 97%

RULES FOR DROPPING CONVENTIONAL MORTGAGE INSURANCE: Updated August 2015

Applies to primary residences only. 2nd homes and investment property may require MI for life of loan.

BORROWER-REQUESTED TERMINATION

1. Borrower must initiate request in writing to loan servicer
2. Borrower must have an LTV ratio of no greater than 80%
3. Borrower may make principal payments that advance the principal balance to 80% of original value
4. Servicer can request evidence that the borrower's equity is not subject to a subordinate lien
5. The servicer can require the borrower to provide evidence that the value of the property has not declined below the original value
6. Borrower must be current on loan and may not have any 30-day late payments in past 12 months or payments that were 60 or more days past due in the 12-month period beginning 24 months before the later of the cancellation date or the date the borrower requests cancellation
7. Servicer may require the borrower to pay for an appraisal to determine that current value has not declined below original value

**Subject to Loan Servicer guidelines and requirements may vary.*

AUTOMATIC TERMINATION:

1. PMI must be automatically cancelled on the termination date. Termination date is defined as the date on which the principal balance is first scheduled to reach a 78% LTV of the original value regardless of outstanding balance for that mortgage on that scheduled date
2. Borrower may not be delinquent on termination date; if delinquent, PMI must be terminated on the first day of the month beginning after the date that the borrower becomes current
3. When these conditions are met, PMI must be terminated even if property has declined below original value
4. Servicers MAY NOT require an appraisal as a condition of automatic termination
5. Borrower MAY NOT make principal reductions to expedite automatic termination; this approach must be done only on a borrower-requested termination

FINAL TERMINATION

When PMI is not terminated under a borrower-requested termination or an automatic termination, the Homeowners' Protection Act provides that PMI coverage cannot be imposed beyond the first day of the month following the date that is the midpoint of the amortization period of the loan, if the borrower is current on the loan on such date.

NEED MORTGAGE AND FINANCING UPDATES THAT MATTER TO YOU AND YOUR CLIENTS?



Bookmark our resource page at <http://myteamclermont.com/realtor-resources/> to find information to help you do what you do best; **SELL HOMES!**

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