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While we wait on the markets to help improve mortgage rates, the Federal Housing Finance Administration, FHFA, which governs Fannie Mae and Freddie Mac, have implemented new Loan Level Price Adjustments, LLPAs, to increase mortgage rates for borrowers who don't meet the First-Time Home Buyer, FTHB, criteria. This change has been in the media recently and refers to how the FHFA reduced mortgage rates for FTHB by increasing mortgage rates for established homeowners and borrowers. In many cases, borrowers who have excellent credit, high income, and funds for a down payment are paying higher interest rates to help subsidize the lower rates being offered to FTHB with poor credit, lower income, and limited down payment. This doesn't seem fair and isn't fair in my opinion. To avoid all the LLPAs for established homeowners/borrowers, putting more than a 40% down payment is needed but for some high-credit borrowers, putting 30% or more down is sufficient.

By the time you get this June 2023 newsletter, I will have been to Berlin to visit my daughter who is in the last year of grad school, and to Switzerland to see two of my aunts

who were my mother's caretakers prior to her passing in January 2022. I am looking forward to seeing my daughter, who I last saw over the holidays in 2022 and my aunts who I last saw around the time of my mother's passing. Going to Berlin will be a treat since the last time I was there was in 1987 when I was 17 years old and before the Berlin Wall came down. I will send some pictures in the next newsletter.

Wishing you all a fun-filled summer with your loved ones.

As always, your mortgage guy,
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Vic's Mortgage Report

"Home of REAL Mortgage Advice®"



Vic Joshi
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MORTGAGE
Home of REAL Mortgage Advice®

My mission is to help buyers qualify for the best loan available for their circumstance. I spend a generous amount of time with each client to educate them about how the mortgage industry works, through free "Mortgage 101" consultations, so they can make good decisions and get the best loan possible. I've revamped my website to give clients the best resources to supplement my consultations.

When I'm not doing loans, I'm an avid scuba diver and certified Rescue Diver. Eventually, I'd like to become a dive instructor, so I can share the joys of this ocean sport with others.

I give back to the Monterey Bay Aquarium, Divers Alert Network (DAN), and the National Outdoor Leadership School (NOLS).

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Still Waiting on the Market

Hi Friends,

Mortgage interest rates have yet to make a significant move lower because the inflation numbers haven't decreased enough to create more demand in the bond market. I had been hoping for rates to improve after the 5/10/23 and 5/11/23 inflation readings, but the government revised the inflation numbers lower for April of 2022, which caused the April readings from this year, 2023, to be almost identical to last year's readings.

When looking at inflation, the major indicators use a 12-month running average. Dropping off higher inflation readings from 12 months ago and replacing them with lower readings from the current market will eventually cause these numbers to decline. Declining inflation is good for demand in treasury bonds and therefore good for mortgage rates. If the recent adjustment to the April 2022 numbers had not been made, dropping off April's readings from last year and replacing them with this year's April readings in the 12-month running average would have caused inflation for April of this year to come down more significantly, which would have caused mortgage rates to come down as well. Unfortunately, that did not happen.

While mortgage rates have been trending downward since October



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2022 when they hit the 21-year high, mortgage rates remain stubbornly above 6% APR for zero points and in some scenarios, over 7% APR. Hopefully, the inflation readings through the summer months will replace higher numbers from 2022 with lower numbers and we can start to see mortgage rates fall below 6% APR into the fives. I am getting geared up for a mini-refinance run in the mortgage industry. If you want to see if a refinance into the fives makes sense for you, please reach out soon so I can start working on mortgage options before the phone starts ringing.

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...And More Stuff Every Homeowner Should Know