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predicting another slight rate drop after the Fed makes its first increase in the Fed Funds since the market has already absorbed the future first rate hike and a rate hike by the Fed will mean that the Fed is actively fighting inflation.

Mortgage underwriting guidelines continue to change and are still getting more conservative in many cases. Institutional investors of mortgage-backed securities like Fannie Mae are now requiring any credit accounts that are reporting a dispute on the credit report have to have the dispute verbiage removed from the credit report prior to closing. The removal of such verbiage doesn't happen easily these days. A consumer used to be able to contact the credit bureaus directly to remove the dispute verbiage from a credit account such as a credit card or installment loan. Now some of the credit bureaus are requiring a letter from the creditor stating the consumer is not in dispute on the reported account in question. This seems crazy to me because the consumer is the one who is disputing the account yet the credit bureau won't accept the consumer's request to remove the disputed verbiage unless the creditor sends the bureau a letter on their letterhead confirming the account is no longer in dispute. As I have said many times before, mortgage lending makes zero common sense. This issue has recently had an impact on some of the transactions that I have been working on and it has created a lot of pain for borrowers who are trying to purchase property or trying to refinance their existing mortgage. The amount of time and energy it takes to resolve these issues can even cause

a homebuyer, who is on contract to purchase, to lose the deal due to not meeting contingency time frames while waiting for crazy issues like dispute verbiage to be removed from a credit account reporting on the credit report. If you are going to get involved in a mortgage transaction, check to see that you have removed dispute verbiage from your credit report. You can always dispute the account again after close of escrow.

The Consumer Finance Protection Bureau, CFPB, has forced yet another change to the loan disclosure process and the way that documents will look after October 3rd of this year. The Good Faith Estimate and Truth-in-Lending disclosures will be combined into one new disclosure and the Final Settlement Statement that escrow provides will also change. This is boring stuff to most consumers, but the entire look and feel of the key information provided on any mortgage from initial disclosure to closing will be very different and will cause a new round of confusion. It will also add more required waiting periods at various stages of the loan process so it will get harder, yet again, to get a mortgage. More on this next month after I have had a chance to fully digest and understand all of the changes.

*As always, your loan guy,  
Viral (Vic) Joshi*

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, **viral@vicjoshi.com**, so that I can put you on the mailing list.

*Vic's*

# Mortgage Report

*"Home of Free Mortgage Consultation"*

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*Hello Friends,*  
**T**he Federal Reserve decided not to increase the Fed Funds rate of interest at the most

recent Fed meeting in September. The bond market reacted positively to this news in the days following the September 17th decision to keep the Fed Funds at .25%. The Fed did come out with predictions for where the Fed Funds rate will likely be at the end of this year as well as over the next few years up until 2018. The Fed is still predicting a small rate hike this year to .4%, 1.4% in 2016, 2.6% in 2017, and 3.4% in 2018.

The Fed did not increase rates at this last meeting because inflation is still below their 2% target. The Fed did comment on the recent volatility in global markets and how the financial uncertainty globally may slow our economy and put downward pressure on inflation. With the unemployment rate at or slightly below 5%, the main driver for the Fed in raising rates is now mostly based on inflation numbers.

Mortgage rates have been flat overall since rates dropped slightly at the beginning of August. I am still

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