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back to the lenders and escrow/title companies are taking longer to complete their various functions. To make matters worse, the new TRID rules implemented 10/3/15 have wreaked havoc with the time frames for ordering appraisals, getting loans through underwriting, getting final loan documents to escrow, and getting loans funded.

On refinances, we have been pre-locking interest rates for a minimum of 45 days, which comes with a slight increase in the points associated with the same rate when compared to a shorter 30-day lock. Getting refinances completed in 30 days is nearly impossible and this trend will continue until we hit another move higher in interest rates from the current levels that are within .25% to .5% of the 50-year low levels last seen in 2012.

Home purchase transactions are getting the worst of it in the current frenzied seller's market. Realtors are trying to make their offers more attractive by writing contracts with shorter appraisal and loan contingency periods without fully understanding how the new TRID rules are making it impossible to meet some of these shorter time frames. The problem, especially here in the Bay Area, is that there are so many multiple offers and so many all cash buyers that potential buyers are being advised by their realtors to accept shorter contingency periods while there are one or two other buyers in back up position waiting to jump in if the buyer in contract is not able to perform to the specifications in the purchase contract, like appraisal and loan contingencies. This creates a lot of stress for everyone in the transaction, yours truly included. In most cases, the lenders who can perform faster are not the low rate leaders, so trying to get into contract with shorter contingency periods may require taking a slightly

higher interest rate. During a refinance boom, like the one we are currently experiencing, naturally impacts the lowest rate lenders to a large degree on all time frames throughout the loan process. The best advice I can give to potential home buyers if they have to purchase in this market is to get your ducks in a row regarding the loan *before* speaking with a realtor. Knowing how the loan is going to be underwritten by the lenders and preparing accordingly can help save precious time and help allow the contingencies to be met in the required time frame detailed in the purchase contract.

Mortgage underwriting is still very conservative and knowing all of the guidelines that can affect the underwriters' decision to allow the loan to fund or not to fund is very important at the very beginning of the process. This current surge of buyers as well as the frenzied nature of real estate transactions, reminds me of 2006, right before the mortgage markets collapsed to spur the Great Recession of 2008. A tech bubble or further drop in oil prices that could impact the energy sector could be the catalyst of another recession. Most California home owners have equity in their properties. Now would be the time to tap that equity for home improvement and debt consolidation projects or to put money into other types of asset accounts before the next bubble breaks. Feel free to contact me for a *free* mortgage consultation regarding cash out refinances and equity lines of credit.

*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"

Viral (Vic) Joshi

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Hello Friends,
As I mention-
ed in last
month's update,
mortgage interest
rates fell to
a 10-month
low on 2/11/16

and then began to rise again. Rates went up slowly and steadily for the following four weeks until the Federal Reserve's two-day March meeting that concluded on 3/16/16. The Fed left their target interest rate, the Fed Funds, at the current .5% while also revising their prediction on the number of rate hikes in 2016 from four rate hikes to two. That sparked a rally in the stock and bond markets which helped move mortgage rates back down slightly, but not yet back to the levels seen on 2/11/16. Regardless, rates are still very low and I have been working with borrowers to get them into 30-year fixed mortgages below 3.875% APR and into 15-year fixed mortgages around 3.0% APR all through the months of February and March.

As predicted, the drop in rates has caused all mortgage service related sectors to slow down production due to the huge influx of refinance loans. Mortgage lenders have all extended their time frames on functions from boarding new loan applications through underwriting the loans as well as delayed closings. Appraisers are taking longer to get appraisal reports

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