



**Eric Gousios**  
Mortgage Broker, Mortgage Capital Group, Inc  
NMLS# 232541  
64 E Crystal Lake Ave Crystal Lake, IL 60014

Office: 847-888-4241  
Fax: 847-485-5010  
[eric@866mylender.com](mailto:eric@866mylender.com)  
[View My Website](#)

## Freddie Mac Expands LTV Ratios for Super Conforming Mortgages

Freddie Mac is announcing changes to its *Single-Family Seller/Service Guide* which the company says will provide **expanded homeownership opportunities** which the company says will provide expanded homeownership opportunities for some borrowers, especially those in designated high-cost areas. The changes, it says, will also streamline the underwriting process.

The principal change, effective for mortgages with settlement dates on or after March 28, will **revise loan-to-value requirements (LTV)**, total LTV (TLTV) and Home Equity Lines of Credit LTV (HLTV) ratios for super conforming mortgages and 1-unit investment property mortgages.

The three LTV measures above will be **expanded** for super conforming mortgages to align with those ratios subject to base conforming loan limits. The required minimum Indicator Scores for Manually Underwritten super conforming mortgages will also be aligned with those subject to base loan limits.

| SUPER CONFORMING MORTGAGES                                |                                  |                 |               |               |               |       |
|---|----------------------------------|-----------------|---------------|---------------|---------------|-------|
| Effective for Settlement Dates on or after March 28, 2016 |                                  |                 |               |               |               |       |
| Product   | Purpose                          | LTV/TLTV Ratios |               |               |               |       |
|   |                                  | All Eligible    |               |               |               |       |
|   |                                  | ≤ 75%           | > 75% & ≤ 80% | > 80% & ≤ 85% | > 85% & ≤ 90% | > 90% |
| 30-, 20- and 15-year Fixed Rate Fully Amortizing          | Purchase & No Cash-out Refinance | 0.25%           | 0.25%         | 0.25%         | 0.25%         | 0.25% |
|   | Cash-out Refinance               | 1.00%           | 1.00%         | Not Eligible  |               |       |
| Fully Amortizing ARMs (All Eligible)                      | Purchase & No Cash-out Refinance | 1.00%           | 1.75%         | 1.75%         | 1.75%         | 2.00% |
|   | Cash-out Refinance               | 1.75%           | 2.50%         | Not Eligible  |               |       |

For mortgages secured by **1-unit investment properties** the eligible LTV ratios will be aligned for purchase mortgages and no-cash-out refinances. The company said these expanded ratios will provide borrowers with greater ability to refinance into improved rate and term mortgages without the need to establish additional equity.

## National Average Mortgage Rates



|                     | Rate  | Change | Points |
|---------------------|-------|--------|--------|
| Mortgage News Daily |       |        |        |
| 30 Yr. Fixed        | 7.09% | +0.07  | 0.00   |
| 15 Yr. Fixed        | 6.56% | +0.03  | 0.00   |
| 30 Yr. FHA          | 6.62% | +0.07  | 0.00   |
| 30 Yr. Jumbo        | 7.35% | +0.04  | 0.00   |
| 5/1 ARM             | 7.30% | +0.06  | 0.00   |

|              |       |       |      |
|--------------|-------|-------|------|
| Freddie Mac  |       |       |      |
| 30 Yr. Fixed | 7.02% | -0.42 | 0.00 |
| 15 Yr. Fixed | 6.28% | -0.48 | 0.00 |

|                         |       |       |      |
|-------------------------|-------|-------|------|
| Mortgage Bankers Assoc. |       |       |      |
| 30 Yr. Fixed            | 7.08% | -0.10 | 0.63 |
| 15 Yr. Fixed            | 6.61% | +0.01 | 0.65 |
| 30 Yr. FHA              | 6.89% | -0.03 | 0.94 |
| 30 Yr. Jumbo            | 7.22% | -0.09 | 0.58 |
| 5/1 ARM                 | 6.56% | -0.04 | 0.66 |

Rates as of: 5/17

## Recent Housing Data

|                     |        | Value | Change  |
|---------------------|--------|-------|---------|
| Mortgage Apps       | May 15 | 198.1 | +0.51%  |
| Building Permits    | Mar    | 1.46M | -3.95%  |
| Housing Starts      | Mar    | 1.32M | -13.15% |
| New Home Sales      | Mar    | 693K  | +4.68%  |
| Pending Home Sales  | Feb    | 75.6  | +1.75%  |
| Existing Home Sales | Feb    | 3.97M | -0.75%  |

|  | Value | Change |
|--|-------|--------|
| A second change to the Guide affects master or blanket insurance policies on condominium projects and planned unit developments (PUD). The revision will prohibit the sale of mortgages on such properties with an insurance policy that combines coverages for multiple unaffiliated projects or PUDs. The change also alters terms of required insurance coverage for employee dishonesty. | 51    | +6.25% |

Bulletin 2016-3 containing full information on these changes can be [read here](#).

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