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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			
30YR Fixed	7.29%	-0.06	0.00
15YR Fixed	6.95%	-0.05	0.00
30YR FHA	6.91%	-0.08	0.00
30YR Jumbo	7.55%	-0.05	0.00
7/6 SOFR	6.88%	+0.02	0.00
30YR VA	6.92%	-0.08	0.00

Rates as of: 10/29

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 14	188.6	-5.32%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Aug	684K	+12.69%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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.

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

About Casey Sullivan

Casey is a dedicated and dependable mortgage loan officer. His clients count on him to be their skilled, experienced, and focused consultant, listening to their needs.

He skillfully assists his clients with both refinancing and home purchases in California and more specifically the San Francisco Bay Area.

His vision is to build lifetime relationships with each client as their mortgage consultant...for life! He stays connected with each client well after closing which includes loan reviews and dependable market updates.

Casey believes that everyone deserves to completely understand their mortgage financing options and that one size does not fit all when it comes to mortgages. Nor does it apply when it comes to mortgage lenders. All lenders are not made the same and they are not all equal.

For a free consultation, contact Casey Sullivan today at 925-395-4212 or Casey@TheSullivanGrp.com

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