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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			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
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
Builder Confidence	51	+6.25%

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](#).

Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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