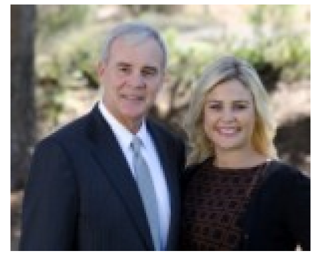
October 6, 2015



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Katie, my daughter, and I are dedicated to helping our clients achieve the American dream of homeownership. Our unwavering commitment is to provide trusted service while working to help each client achieve their short and long term mortgage goals. With 35 years of combined mortgage experience, we are committed to putting the needs of our valued clients first and foremost.

"Know Howe for your next loan"

ECONOMIC COMMENTARY

Jobs: Could Higher Rates Be Good?

If you want a good indication of whether the Federal Reserve Board might raise interest rates in their October or December meetings, last week's employment report gives us a hint. The numbers were disappointing with an increase of under 150,000 jobs and a downward revision in the previous months' data. This means that there is less pressure on the Fed to move quickly, especially considering the fact that wage inflation continues to be muted. The report continues our good news with regard to low interest rates. Apparently, we are going to have a fall sale on real estate with home price increases also moderating.

On the other hand, many analysts are now thinking that the Fed raising short-term rates would be good for the economy. Why is that so? Right now the Fed has created a great amount of uncertainly regarding the anticipated rate increase. The markets, companies and consumers do not like uncertainty. Rampant uncertainty was one reason our recovery from the great recession was so long and arduous. For example, uncertainly keeps companies from investing in the long-term, and that includes adding permanent workers.

Just a week after the Fed released its statement delaying the expected rate hike in which they indicated that there was major uncertainty created because of international events, Chairwoman Yellen was out speaking about the probability of a rate hike this year -- “Most FOMC participants, including myself, currently anticipate...an initial increase in the federal funds rate later this year, followed by a gradual pace of tightening thereafter,” Yellen said. The Fed just can't keep talking about and then taking no action without creating uncertainty.

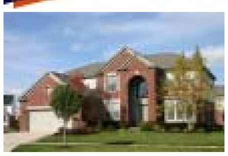
WEEKLY INTEREST RATE OVERVIEW

The Markets. Rates on home loans were stable in the past week as the jobs report approached. Freddie Mac announced that for the week ending October 1, 30-year fixed rates fell one tick to 3.85% from 3.86% the week before. The average for 15-year loans decreased by one tick as well to 3.07%. Adjustables were also stable, with the average for one-year adjustables unchanged at 2.53% and five-year adjustables unchanged at 2.91%. A year ago, 30-year fixed rates were at 4.19%, one-third of one percent higher than today's levels. Attributed to Sean Becketti, chief economist, Freddie Mac --"In contrast to the volatility in equity markets, the 10-year Treasury rate -- a key driver of rates on home loans -- varied just a little more than 10 basis points over the last week. As a result, the 30-year fixed rate remained virtually unchanged, dropping 1 basis point to 3.85 percent. This marks the tenth consecutive week of sub-4-percent rates. Despite persistently low interest rates, the pending home sales index dropped 1.4 percent in August, suggesting possible tempering in existing home sales in September." *Rates indicated do not include fees and points and are provided for evidence of trends only. They should not be used for comparison purposes.*

Current Indices For Adjustable Rate Mortgages
Updated October 2, 2015

	Daily Value	*Monthly Value*
	Oct. 1	*August*
6-month Treasury Security	*0.08%*	*0.22%*
1-year Treasury Security	*0.31%*	*0.38%*
3-year Treasury Security	*0.92%*	*1.03%*
5-year Treasury Security	*1.37%*	*1.54%*
10-year Treasury Security	*2.05%*	*2.17%*
12-month LIBOR		*0.843% (Aug)*
12-month MTA		*0.221% (Aug)*
11th District Cost of Funds		*0.639% (Aug)*
Prime Rate		*3.25%*

REAL ESTATE NEWS


The Agriculture Department's Rural Housing Service offers a variety of loans, grants and loan guarantees to build, buy or improve both single- and multifamily properties. Actually, "rural" is something of a misnomer when it comes to the USDA, because eligible properties can be much closer to big-city markets than you might think. To find out if the property you are considering is eligible, go to eligibility.sc.egov.usda.gov and enter the address. Under the RHS Section 502 Direct Loan Program, low- and moderate-income borrowers are eligible for loans with no money down. Applicants must have an adjusted income that is no greater than the low-income limit for their area. Generally, houses must have a market value that does not exceed the applicable area loan amount. Under the Guaranteed Loan Program, RHS provides a 90% loan note guarantee to approved lenders, to reduce the risk of extending 100% loans to eligible rural homebuyers and those who want to build, rehabilitate, improve or relocate a dwelling in an eligible rural area. There are limitations based on income and family size. But folks who have "moderate incomes" — up to 115% of the U.S. median — qualify. Guaranteed loans can be used for a new or existing residential property to be used as a permanent residence, occupied by the borrower. Closing costs and reasonable and customary expenses associated with the purchase may be included in the transaction. *Source: Source Media*

Properties in the U.S. are still considered a “good buy” relative to prices internationally, researchers note in the National Association of Realtors®’ Economists’ Outlook blog. “A typical foreign buyer probably will not face sticker shock when considering a U.S. purchase,” Jed Smith, NAR’s managing director of quantitative research, comments. U.S. housing is still considered affordable relative to foreign home prices, despite recent gains in the U.S. dollars’ value against foreign currencies as well as a limited number of properties for sale in the U.S. that have been driving up home prices. In a recent issue of *The Economist*, researchers note that U.S. prices relative to income were 11 percent undervalued compared to Britain and Sweden, which were 27 percent overvalued. Similar situations were noted in Australia (39 percent overvalued), Canada (35 percent overvalued), and France (25 percent overvalued). *Source: National Association of Realtors® Economists’ Outlook blog*

Homeowners with poor credit pay exactly twice as much for homeowner’s insurance as people with excellent credit, according to a new insuranceQuotes.com study. Homeowners with median credit pay 32% more than those with excellent credit. People with poor credit pay at least twice as much as people with excellent credit in 38 states and Washington, D.C. Three states prohibit insurers from using credit to calculate homeowner’s insurance premiums: California, Massachusetts and Maryland. “In most states, insurers are putting more emphasis on credit scores this year,” said Laura Adams, insuranceQuotes.com’s senior analyst. “The impact of a poor credit score is higher now than it was last year in 29 states and Washington, D.C., while it is lower in just 17 states. It’s more important than ever for people to maintain a solid credit rating by paying their bills on time, keeping their balances low and correcting errors on their credit reports.” *Source: HousingWire*

EQUAL HOUSING LENDER

Please email bhowe@OrangeCountyLender.com if you would like to be unsubscribed from this mailing.