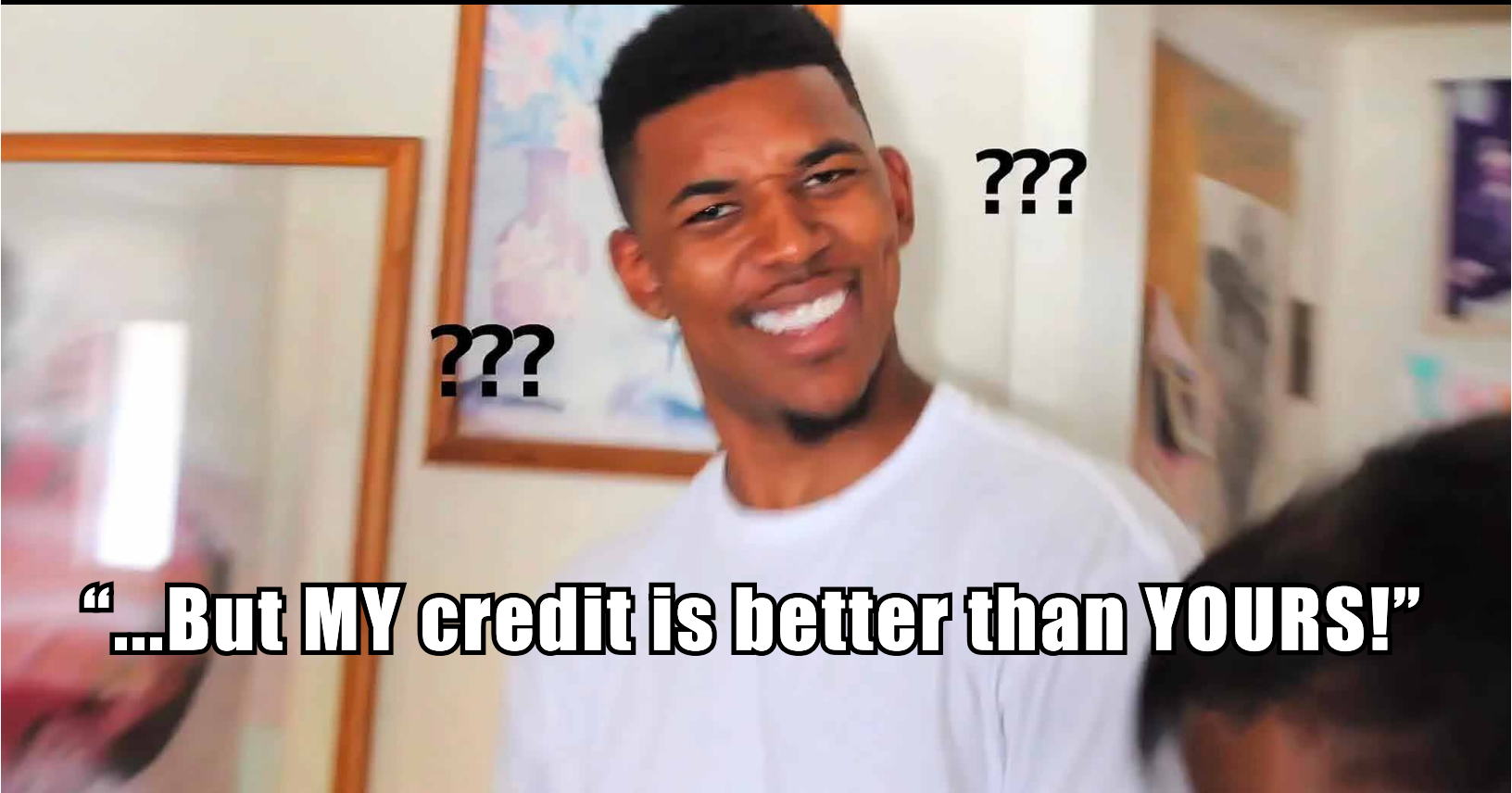


MORTGAGE MARKET NEWS FROM YOUR MORTGAGE ADVISOR



Zach Wain (Owner/Broker)

Recently, we've been fielding a ton of questions about "**the Biden rule** that taxes home buyers with good credit scores to subsidize loans with worse credit scores." So, let's clear the air a bit...

1.

THIS NEWS CAME OUT A FEW MONTHS AGO AND IT IS **NOT** CALLED THE “**BIDEN RULE.**” THE CHANGE WAS MADE BY THE FHFA (FEDERAL HOUSING FINANCE AGENCY) WHO MAKES ALL THE RULES CONVENTIONAL LOANS MUST ABIDE BY.



**I DID THAT
DIDN'T DO THAT - NO, REALLY.**

2.

FHFA IS IMPLEMENTING THE NEW RULE FOR THE “LOAN LEVEL PRICE ADJUSTMENTS” (WE CALL THEM LLPA'S)

(LLPA's are risk based rate/price hits for conventional loans.)

3.

IF YOU HAVE A MORTGAGE ALREADY, YOUR RATE IS NOT CHANGING.

4.

A 620 CREDIT SCORE WILL STILL HAVE A HIGHER INTEREST RATE THAN A 740 CREDIT SCORE. BUT, THE NEW CHANGE MADE THE PRICING GAP SMALLER. THE PRICE HITS ARE WORSE FOR PEOPLE IN THE 700-759 RANGE THAN THEY WERE BEFORE. AND YES, THE PRICE HITS ARE A LITTLE MORE FORGIVING FOR LOWER CREDIT SCORES. BUT, IF YOUR CREDIT SCORE IS BETTER YOU WILL STILL GET A BETTER RATE/PRICING.

5.

THE ONLY NEW EXCEPTION IS THAT FOR 1ST TIME HOME BUYERS WHOSE INCOME IS WITHIN THE MEDIAN FOR THEIR COUNTY, ALL LLPA PRICE HITS VANISH TO MAKE THEIR RATES BETTER.

(is that a bad thing? With home values higher and rates higher, it is challenging to buy your first home right now. Especially in the day of large scale investors buying up properties and low housing inventory.

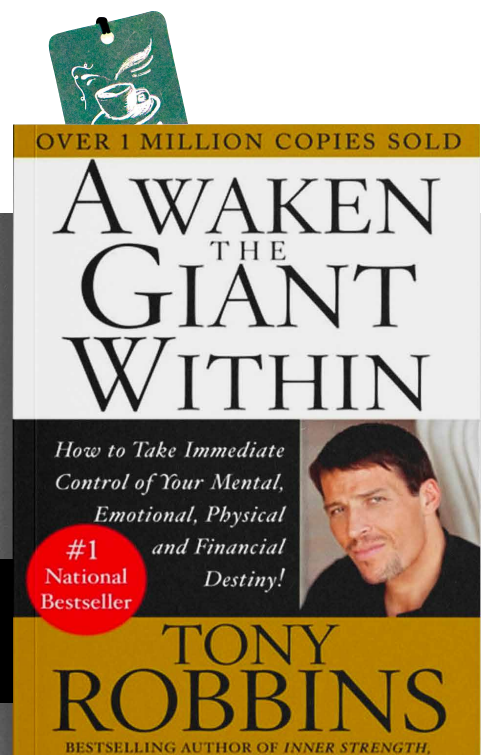
Do I personally like these changes? Nope, not at all.

But, I do not believe it's a crazy redistribution of wealth scheme like some news articles are making it out to be.

The worst changes in my opinion are *for cash out and super conforming loans*. They got way more expensive, that is not being talked about very much. *Super conforming* are loans with higher than the national loan size limit for high cost areas like San Diego, Los Angeles, Denver, etc.

Is anything cheaper? 2-4 unit properties are cheaper, as well as large downpayments on rental/vacation homes. And, first time home buyer loans if their income is within the median for their area.

TARYN'S BOOK OF THE MONTH



Awaken the Giant Within by Tony Robbins

Along with thousands of other mortgage professionals, I had the opportunity to see **Tony Robbins** live and he shared some of his best life practices. They were all so simple and yet, majorly impactful:

1. **See life the way it is.**
2. **Picture it better.**
3. **Do whatever it takes to make it the better view.**

So join me in reading *Awaken the Giant within* and let's shake some Giants.

- **Taryn Baber** (Senior Processor)

SOME GOOD(ISH) NEWS ON INFLATION

The April CPI numbers are in, and American consumers experienced a monthly increase of 0.4% for headline and Core inflation.

CPI measures inflation for food, energy, medical care, cars, airline fees, shelter, and others. Analysts estimated a 0.4% increase to Core inflation (which removes volatile food/energy), so we came in as expected.

Mortgage rates should be stable in the short run.

Long term, a 0.2% monthly increase is a more desirable number.

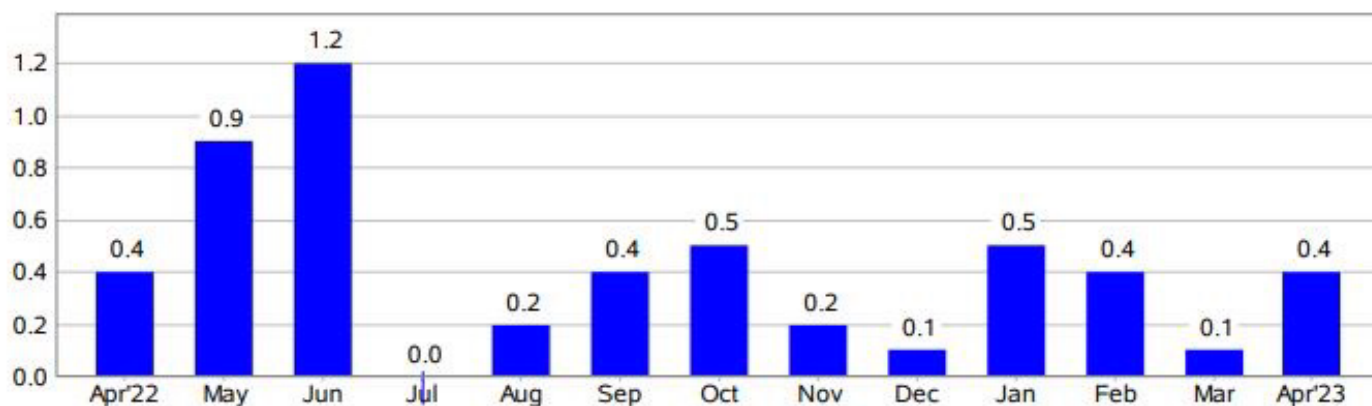
SOME GOOD(ISH) NEWS ON INFLATION

It is worth pointing out that the much maligned Shelter component of the CPI report came in at 0.4% increase, with the O.E.R. Showing a 0.5% increase. Shelter is 1/3 of the entire cpi

report so it remains the biggest hurdle to lower cpi inflation numbers. Maybe it will happen one day?

The shelter component has a severe lag to real time events. So hopefully that lag in shelter reporting starts to become a factor in the next few cpi reports.

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Apr. 2022 - Apr. 2023
Percent change



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Do you have a question for us?