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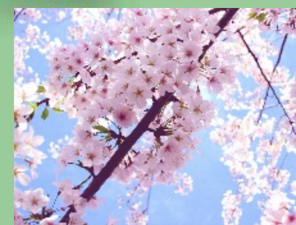
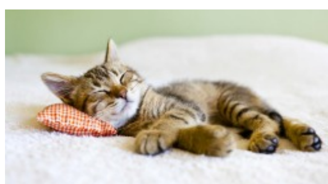


IN THIS MONTH'S ISSUE



BEST BUYS THIS MONTH

- Conforming 30 yr. Fixed @ 3.250%
- Conforming 15 yr. Fixed @ 2.500%
- Conforming 5/1 ARM @ 2.250%
- Jumbo 30 yr. Fixed @ 3.625%
- Jumbo 5/1 ARM @ 2.625%
- FHA 30 yr. Conforming Fixed @ 3.000%
- VA 30 yr. Conforming Fixed @ 3.125%
- FHA 15 yr. Conforming Fixed @ 2.500%
- VA 15 yr. Conforming Fixed @ 2.500%

Conforming to $417,000 < High Balance
Conforming $417,001 to $562,350 < Jumbo

I ALSO DO:

- COMMERCIAL LOANS (more than 4 units)
- "HARD MONEY" LOANS
- REVERSE MORTGAGES
- FOREIGN NATIONALS
- DELAYED FINANCING
- STATED INCOME LOANS
- MANUFACTURED HOMES
- ASSET DEPLETION LOANS

MACROECONOMIC MOVES AND MORTGAGE MARKET ANALYSIS

Wage Growth Picks Up (Week ending 2-5-2016)

Against a consensus forecast of 190K, the economy added 151K jobs in January. This was down from average gains of about 280K over the prior three months. The unemployment rate declined from 5.0% to 4.9%, the lowest level since February 2008.

While job gains in January were a little lower than expected, investors focused more on the surprisingly strong wage growth. Average hourly earnings, an indicator of wage growth, rose 0.5% in January, which was well above the consensus forecast. Investors raised their outlook for future inflation based on the wage data, forcing mortgage rates a little higher after the report.

By contrast, nearly all of the data released earlier in the week was positive for mortgage rates. U.S. manufacturing activity has slowed sharply in recent months. The ISM national manufacturing index is at the lowest level since 2009. The stronger dollar and weakening demand in other countries have hurt the sector. Manufacturing makes up a relatively small portion of U.S. Economic activity, though. More disturbing to investors, the ISM national services index declined to the lowest level since early 2014. The service sector represents over 80% of the U.S. Economy.

Trend Continues (Week ending 2-12-2016)

The trend continued this week as investors displayed a preference for safer assets. Concerns about the pace of global economic growth caused investors to reduce the level of risk in their portfolios. Stock markets around the world posted another week of large losses. For mortgage rates, however, slower economic growth is good news, as it reduces the outlook for future inflation. Combined with the decline in oil prices, inflationary pressures appear to be contained for a while, and mortgage rates have benefited greatly this year.

While the global economic picture remains clouded, incoming data suggests that economic conditions in the U.S. remain relatively healthy.

Friday's report on retail sales revealed steady growth over the last several months, consistent with good job gains and lower gas prices. Excluding the volatile auto component, retail sales in January posted better than expected improvement. Upward revisions to the December results added to the strength of the report. Mortgage rates moved a little higher after the release of the data.

Higher Inflation (Week ending 2-19-2016)

The Consumer Price Index (CPI) is the most widely followed monthly inflation indicator, and the readings for January were higher than expected. CPI was 1.4% higher than a year ago, which was the highest level since October 2014. Core CPI, which excludes the volatile food and energy components, was 2.2% higher than a year ago, which was the highest level since June 2012. Economists often look at core inflation rather than the overall rate to get a clearer sense of the underlying trend

While some forces have helped hold down inflation over the past year, including the stronger dollar and lower oil prices, the service sector has remained strong and costs have been rising. In particular, shelter and medical costs have increased over the past year. Mortgage rates are highly influenced by the outlook for future inflation. If the trend toward higher inflation accelerates, it would be negative for mortgage rates.

Data Exceeds Expectations (Week ending 2-26-2016)

The Core PCE price index is the monthly inflation indicator preferred by the Fed, and the readings for January showed that inflation is rising more quickly than expected. Last week's CPI inflation report contained a similar message. Core PCE, which excludes the volatile food and energy components, was 1.7% higher than a year ago, up from 1.3% just two months ago, and the highest level since February 2013. Low levels of inflation have helped keep mortgage rates low. If the trend toward higher inflation continues, it would be negative for mortgage rates.

The housing data released over the past week was mixed, but the much more significant report was encouraging. January's existing home sales, which make up about 90% of all home sales, increased to near the best level in seven years. They were 11% higher than a year ago. New home sales, which make up the rest of the market, declined in January. Low mortgage rates and solid job gains are having a nice effect on home sales

Fourth quarter GDP was revised higher from 0.7% to 1.0%, above the consensus for a decline to 0.4%. GDP, the broadest measure of economic activity, recently has been volatile from quarter to quarter. The consensus is that 2016 will start on a better note. First quarter GDP growth is expected to rise to 2.0%, well above the levels seen during the first quarters of 2014 and 2015.

SELLING A HOME IN 2016? CONSIDER THE FOLLOWING....

Selling a home can be a stressful experience. If you expect to put your home on the block at some point in 2016, here are some key factors for you to keep in mind before you address issues and concerns to make the best possible deal.

It's a seller's market...

Many homeowners remember the fallout that the housing bust had on real-estate prices. Even though most investors think of the financial crisis as having hit its peak in 2008 and early 2009, it took three more years for home prices to hit bottom. Yet since early 2012, prices have climbed higher, and the Case-Shiller National Home Price Index is coming within spitting distance of matching its highs from 2006 and 2007. Where you live is a key factor in determining just how much of a seller's market you can expect. Hot markets like San Francisco have seen some housing-boom-era practices return to favor, with many reports of bidding wars that result in offers well above the asking price. By contrast, areas where economic prospects are less favorable have never fully recovered from the housing bust. The more lucrative a region's economic future appears to be, the easier you can expect it to be to sell a home.

…but mortgages could get more expensive

One key factor in how much sellers receive for their homes is how much buyers can afford. Low mortgage rates have helped fuel price increases in recent years. But some now fear that with the Federal Reserve having begun a new cycle of rate increases, a move higher for mortgage rates could make homes less affordable. So far, the tiny quarter-point boost that the Fed made in mid-December hasn't pushed mortgage rates higher. Historically, though, tightening has generally led to increased rates on mortgage loans. Sellers need to be prepared for greater difficulty for prospective buyers trying to get financing.

Tax benefits still favor home sales

The biggest tax break for ordinary taxpayers is still the exclusion on capital gains for the sale of a personal residence. Single taxpayers can exclude up to $250,000 in gains from the sale of a home from tax, and joint filers get a double-sized exclusion of $500,000. To qualify, you have to meet a couple of tests. First, the property in question has to be your main home. In addition, to get the full exclusion, you have to have lived in the home for at least 24 months in the past five years. You can't have claimed a home-sale exclusion on tax returns for the previous two years. In some cases, partial exclusions are available, but getting specific tax advice from your accountant or tax professional is essential to make sure you're aware of all the tax implications of a home sale.

Get help at the right price

Most homeowners use a real-estate agent to help market and sell their homes. Historically, the typical 6% commission on home sales was sacrosanct, but some agents have increasingly been willing to negotiate lower commissions for their services. Flat-fee brokerages have also popped up, offering a fixed cost that sellers can count on that's often lower than the percentage-based commission would be. The issue raises a huge debate in the real-estate community, with full- service agents arguing that they fully earn their commissions by bringing in more potential buyers and eventually getting higher sale prices. Yet with some agencies offering incentives to buyers and sellers that reduce net commission costs, sellers should realize that they have leverage in coming up with a deal that works for them.

Selling a home is a monumental event, and it can introduce a number of complicated financial considerations. Being aware of those considerations and making a plan to deal with them will help the selling process go a lot more smoothly.

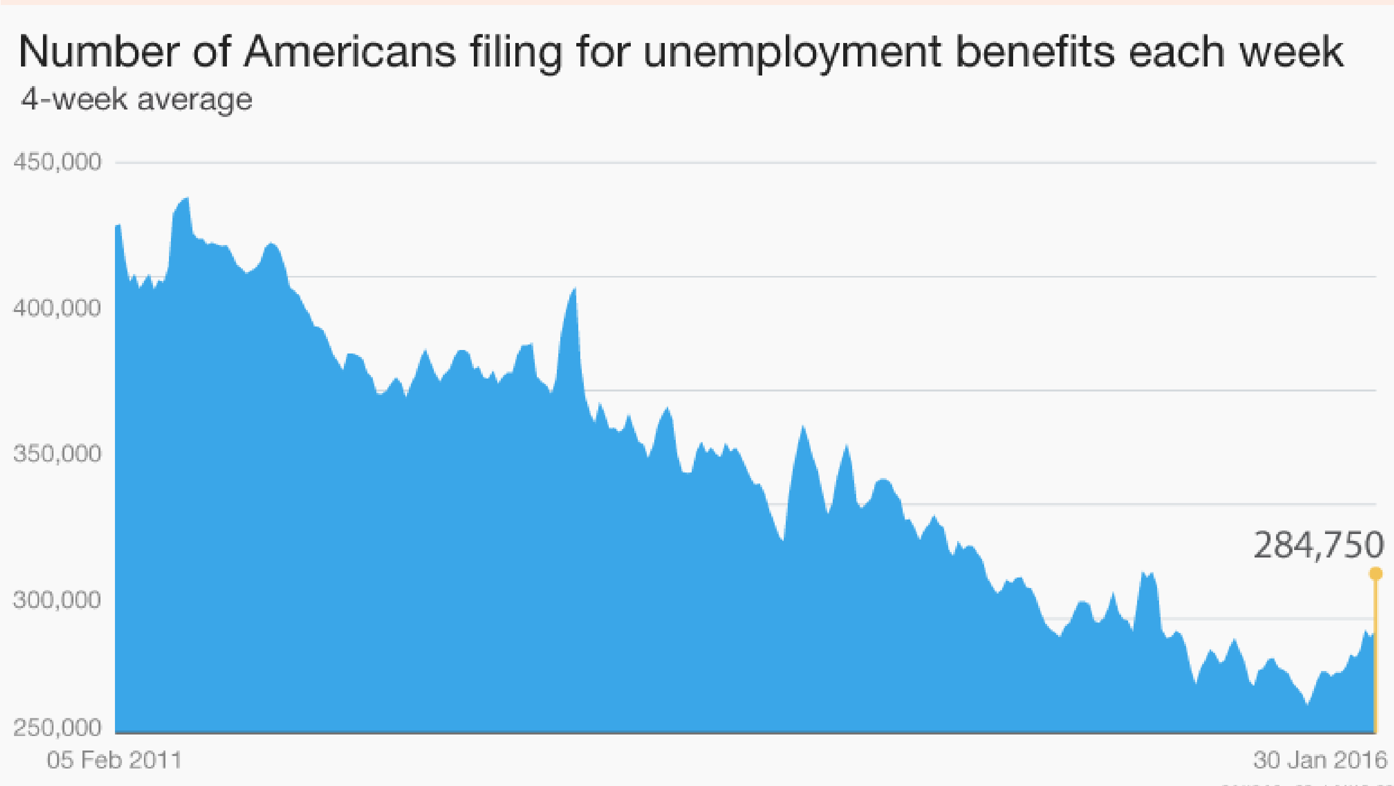
UNEMPLOYMENT FALLS TO 4.9%, WAGES UP 2.5%

U.S. unemployment is back below 5% for the first time since 2008. However, hiring is slowing down. The U.S. economy added only 151,000 jobs in January. That is way down from December when the economy gained 262,000 jobs. .

The job market has been a bright spot in America's recovery from the Great Recession. Unemployment is now 4.9%, the lowest since February 2008, and even wages are finally rising again. It's a long way from when the unemployment rate was 10% as in 2009.

In a rare press conference, President Obama spoke Friday about the job market's gains from the Great Recession. "The progress we've made going from 10% to under 5%, that's a testament to American workers, American businesses, American people being resilient and sticking to it." Obama said.

But there are some warning signs. U.S. economic growth was a mere 0.7% in the fourth quarter. The manufacturing sector is in recession; spending on construction projects is declining; and stocks in the U.S. and around the world are tanking. The broad S&P 500 is down 6.2% this year. Falling oil prices continued to hurt America's energy sector, which lost 7,000 jobs in January. Nearly 150,000 energy jobs have disappeared since September 2014. By contrast, the manufacturing sector added a solid 29,000 jobs in January after making little gains last year.



The key driver of the American economy is consumers going out and spending. That's why everyone is watching what happens with jobs and wages. For the past several years, hiring has been strong and fewer and fewer people have filed unemployment benefits. But that's starting to change. The four-week average of people filing for unemployment claims has increased since October, meaning more people are out of work. This trend usually foreshadows slower job growth. Still, a job gain of 151,000 is decent and unemployment is very low. For many economists, a 5% rate is considered full employment.

Some experts worry that if job growth continued at its strong pace in 2015, it could lead to inflation rising faster than expected, forcing interest rates to go up rapidly. Fast-climbing rates can cool down business and consumer spending—the engine of U.S. economic growth.

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MORTY'S MAILBAG

Q. I often see you mention the ups and downs of the stock and bond markets, but what does all this have to do with buying or refinancing a home?

A. When investors move dollars from Stocks to Bonds, Mortgage Backed Securities and other Bonds improve. Because home loan rates are directly tied to Mortgage Bonds, home loan rates can improve as well. January's near 1500 point market plunge illustrated this rather nicely, it pushed home loan rates to lows not seen since 2012.

Recipients of the newsletter are invited to Ask Morty any real estate or financing questions. The answer to the question will be answered either by phone or email and posted in the next issue for the benefit of all. Questions may be forwarded via mail phone or fax. Due to the high incidence of spam, if you email me a question it needs to be identified as a "real estate question" on the subject line of the email. (See front of issue for phone and fax numbers). Morty's email address is…. morty@mortgagestraightTalk.com

RATE SUMMARY

In the past month, rates decreased slightly.

*Conforming programs—1/8th better↓
*Jumbos—1/8th better↓
*Governments—nil change ↔

FOR CURRENT INTEREST RATES FOR THE 16 MOST POPULAR PROGRAMS GO TO: www.mortgagestraighttalk.com Then, click on the menu tab labeled "RATES". The rate sheets are updated every Friday.

MORTGAGE MIRTH

I DON'T TAKE NAPS.

I take horizontal life pauses.