

Compliments of

Alan Zukerkorn  
President

Hawaii Mortgage  
Company Inc.

PHONE:  
(808) 988-6622  
(888) 632-6622

alan@hawaiimortgage.net

### Strong Economic Data Pushes Mortgage Rates Higher

With just minor exceptions, all of the economic data released this week beat the consensus forecast, indicating that the economy is improving more quickly than expected. While current inflation levels remain low, faster economic growth generally leads to higher future inflation, which is negative for mortgage rates. As a result, mortgage rates ended the week higher.

Early in the week, stronger than expected manufacturing and housing data convinced economists to revise higher their forecasts for economic growth, and Friday's Employment data supported the improved economic outlook. Against a consensus forecast for a loss of -300K jobs, the economy lost -247K jobs in July, and the May and June data was revised to show fewer job losses as well. This was the 19th straight month of job declines, but it was the smallest level of losses since August 2008. The July Unemployment Rate fell to 9.4% from 9.5% in June, its first decline in 15 months. In addition, wages and the length of the average workweek increased. Overall, this report revealed unexpected improvement in nearly every area.

This week's housing market data also came in stronger than expected. June Pending Home Sales rose 4%, the fifth consecutive monthly increase. Pending Home Sales are a leading indicator for future housing market activity, meaning that Existing and New Home Sales reports may show improvement in coming months. According to the chief economist of the National Association of Realtors (NAR), affordable home prices, low mortgage rates, and a rush to take advantage of the \$8,000 first-time homebuyer tax credit have helped increase home sales.

### TB&W Shut Down By Feds – Lucky There Are Brokers

In a stunning event for the mortgage industry, the country's third largest originator of Government FHA and VA loans was raided by 50 federal agents on Monday with a search warrant. On Tuesday, HUD, Ginnie Mae, and Freddie Mac suspended their operating charters with Taylor, Bean, and Whittaker. Although the company's name is not very well known in Hawaii, they were active here. Unlike Countrywide, a publicly held company that was purchased by Bank of America, TB&W is a privately held corporation based in Ocala Florida. Their nationwide enterprise also included over 25 Billion in loans that were serviced by them.

The closure has once again sparked the debate between using a broker or going with a direct lender. TB&W was a wholesale lender to brokers and was also a purchaser of loans from correspondents, also known as direct lenders. While no consumer will ever know when the source of their lender's money will dry up, one very important point should be considered by anyone getting a mortgage – FIND OUT HOW MANY SOURCES YOUR BROKER OR BANKER HAS ACCESS TO. Consumers that were caught in the closure of TB&W before their loan could close, will be okay if they were using a reputable Broker with many lender options. When a consumer uses a Lender / Broker / Banker with only one source, the old adage of putting all of your eggs in one basket is not the way to protect yourself

Tough economic times and an unstable financial market are still a reality. Consumers must be educated and protect themselves in case of "the worst case" such as the closure of your lender while in the middle of a transaction. In the example of TB&W, hundreds of consumers are are stuck, still wondering 4 days later what to do next.

Hawaii Mortgage Company prides itself in its relationships with all of its Prime Lenders. Having broker agreements with all the big national lenders and all three major local banks, we have the ability to place your loan AND have back-up in case of the "worst case". We have been serving the borrowers of Hawaii for over a decade, and will be here tomorrow.

Events This Week:

Employment Fell

Inflation Low

Pending Sales Up

Manufacturing Rose

Events Next Week:

Tues 8/11

Productivity  
3-yr Auction

Wed 8/12

Fed Meeting  
10-yr Auction

Thur 8/13

Retail Sales  
30-yr Auction

Fri 8/14

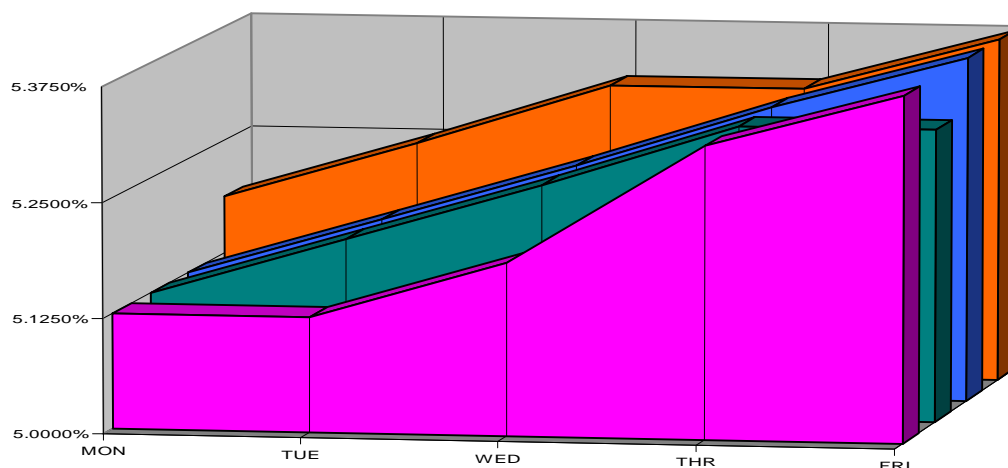
CPI  
Industrial Prod.

Also Notable:

- The Core PCE price index rose at a tame 1.5% annual rate
- The Treasury announced that next week's auctions will be for \$75 billion
- The European Central Bank (ECB) held rates steady, as expected
- The Fed purchased \$19 billion in agency MBS during the week ending 8/5

**DAILY RATES FROM HAWAII'S TOP LENDERS:**

Fannie Mae Base Rate (30-YR-FXD)



Average 30 yr fixed rate:	
Last week:	-0.10%
This week:	+0.35%

Stocks (weekly):		
Dow:	9,400	+200
NASDAQ:	2,000	+10

Above rates are the Monday-Friday daily base rates. Add-ons for low credit scores, high LTV, cash-out, or investment properties are then added to that rate. Borrowers can also "buy down" these rates by paying additional points. Each color on the graph represents a different lender

Week Ahead

Next week will be packed with major economic news. There will be a Fed meeting on Wednesday. No change in rates is expected, but the wording of the Fed's statement will be very highly anticipated. The Consumer Price Index (CPI), the most closely watched monthly inflation report, will come out on Friday. CPI looks at the price change for those finished goods which are sold to consumers. Retail Sales will be released on Thursday, and Retail Sales account for about 70% of economic activity. Another important indicator of economic activity, Industrial Production, will be released on Friday. In addition, there will be large Treasury auctions on Tuesday, Wednesday, and Thursday.

All material Copyright © Ressa No. 1, LTD and may not be reproduced without permission.

This email was sent by Alan Zukerkorn of Hawaii Mortgage Company Inc..  
To unsubscribe, reply to this email with the word UNSUBSCRIBE in the subject.