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Builder Confidence Soars Post-Election

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) **soared by 7 points** in December, reaching a level of 70, the highest reading since July 2005. An NAHB spokesman credited the increase to a "post-election bounce."

The Index is based on a monthly survey NAHB conducts among its new homebuilder members in which they are asked to provide three measures of their confidence in the homebuilding market; a gauge their perceptions of current single-family home sales and their expectations for sales over the next six months as "good," "fair" or "poor" and to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

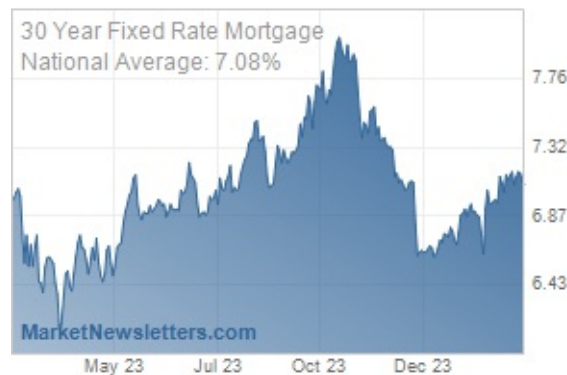
It is the responses to the current traffic question that was most notable this month. That component has **substantially lagged** the other two, most recently by 20 points, since well before the housing crisis. The December reading was 53, a 6-point increase from November, and the first time the index has crossed the 50 mark since October 2005. The component gauging current sales conditions increased 7 points to 76 while the index charting sales expectations, for the next six months jumped 9 points to 78.

"This notable rise in builder sentiment is **largely attributable to a post-election bounce**, as builders are hopeful that President-elect Trump will follow through on his pledge to cut burdensome regulations that are harming small businesses and housing affordability," said NAHB Chairman Ed Brady, a home builder and developer from Bloomington, Ill. "This is particularly important, given that a recent NAHB study shows that regulatory costs for home building have increased 29 percent in the past five years."

"Though this significant increase in builder confidence could be considered an outlier, the fact remains that the economic fundamentals **continue to look good** for housing," said NAHB Chief Economist Robert Dietz. "The rise in the HMI is consistent with recent gains for the stock market and consumer confidence. At the same time, builders remain sensitive to rising mortgage rates and continue to deal with shortages of lots and labor."

Regional results are reported as three-month moving averages. All four regions rose in December, the Northeast by 6 points to 51 and the Midwest gained 3 points to 61. The HMI for the South was 67, up 1 point, and the West

National Average Mortgage Rates



| | Rate | Change | Points |
|--------------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 7.08% | -0.02 | 0.00 |
| 15 Yr. Fixed | 6.57% | -0.03 | 0.00 |
| 30 Yr. FHA | 6.57% | -0.05 | 0.00 |
| 30 Yr. Jumbo | 7.38% | -0.04 | 0.00 |
| 5/1 ARM | 6.70% | -0.10 | 0.00 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.94% | -0.50 | 0.00 |
| 15 Yr. Fixed | 6.26% | -0.50 | 0.00 |
| Mortgage Bankers Assoc. | | | |
| 30 Yr. Fixed | 6.87% | +0.07 | 0.65 |
| 15 Yr. Fixed | 6.53% | +0.12 | 0.94 |
| 30 Yr. FHA | 6.68% | +0.11 | 0.89 |
| 30 Yr. Jumbo | 7.00% | +0.12 | 0.39 |
| 5/1 ARM | 6.30% | +0.16 | 0.60 |

Rates as of: 3/1

Recent Housing Data

| | | Value | Change |
|---------------------|--------|-------|--------|
| Mortgage Apps | Feb 14 | 205.1 | -2.33% |
| Building Permits | Dec | 1.5M | +1.91% |
| Housing Starts | Dec | 1.46M | -4.26% |
| New Home Sales | Jan | 661K | -0.45% |
| Pending Home Sales | Jan | 74.3 | -3.88% |
| Existing Home Sales | Jan | 4M | +5.82% |

registered a 2-point gain to 79.

| | Value | Change |
|--------------------|--------|---------|
| Builder Confidence | Jan 44 | +18.92% |

All Your Mortgage Needs, Professionally Delivered with a Personal Touch

Whether you're a first-time homebuyer hoping to navigate the process of buying a home so that it is a fun and anxiety-free process or a homeowner looking for refinance options that deliver more freedom and flexibility, I can help you analyze your current situation and find money saving options. With expertise in all areas of mortgage and financing, my hope is that once I become your mortgage partner, I'll stay your mortgage partner. With clients from A to Z, files never leave my hands or my desk. From start to finish, every step of the way, my goal is to keep the lines of communication open, provide complete and attentive service, and ensure the most seamless and satisfactory process possible.

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