



## Mike Baker

Head Interest Rate Shopper, The Rate Shop  
 Individual NMLS: 259076 Company NMLS: 2554765 State  
 23211 W 45th St Shawnee, KS 66226

Office: 913-213-3335  
 Mobile: 913-213-3335  
[mike@rateshopkc.com](mailto:mike@rateshopkc.com)  
[View My Website](#)

## Pending Home Sales Rise (Sort of) to 4-Month Highs

Pending home Sales eked out a 0.1 percent gain in October. The National Association of Realtors® said its Pending Home Sales Index (PHSI) barely managed a **second straight month of gains**, rising to 110.0 from a downwardly revised 109.9 in September (the previous reading was 110.0, which would have made today's reading "unchanged," officially). Even though NAR's chief economist Lawrence Yun called the increase "minuscule," it still pushed the index to its highest level since last July. The index was also 1.8 percent higher than in October 2015 when it stood at 108.1.

The PHSI is a forward-looking indicator based on **contracts** for home purchases. Those signed contracts are generally expected to become closed transactions within two months.

Yun said, "Most of the country last month saw at least a **small increase** in contract signings and more notably, activity in all four major regions is up from a year ago. Despite limited listings and steadfast price growth that's now carried into the fall, buyer demand has remained strong because of the consistently reliable job creation in a majority of metro areas."

Regarding the continuing limited housing supply, Yun explained that the unwelcome but expected **seasonal retreat** in new listings is arriving at a time when price growth remains around triple the pace of wages and properties continue to sell at a much faster pace than a year ago. As an indication of the imbalance between supply and demand, 40 percent of sales in October sold at or above list price, an increase from 33 percent a year earlier.

"Many of the successful shoppers in October likely **had to move fast** and outbid others for the few listings available in the affordable price range," explained Yun. "Those obtaining a mortgage last month were likely the last group of buyers to lock in a rate near historically low levels now that rates have marched to around 4 percent since the election."

With contract activity holding steady, Yun expects existing sales to close out 2016 at a pace of around **5.36 million**, surpassing 2015 sales of 5.25 million, and the highest since 6.48 million sales in 2006.

"Low supply has kept prices elevated all year and has put pressure on the budgets of buyers," added Yun. "With mortgage rates expected to rise into next year and put added strain on affordability, sales expansion will be

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.07%	<b>+0.02</b>	0.00
15 Yr. Fixed	6.45%	<b>0.00</b>	0.00
30 Yr. FHA	6.51%	<b>+0.02</b>	0.00
30 Yr. Jumbo	7.26%	<b>0.00</b>	0.00
5/1 ARM	7.02%	<b>-0.01</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.86%	<b>-0.01</b>	0.00
15 Yr. Fixed	6.16%	<b>+0.03</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.02%	<b>-0.05</b>	0.65
15 Yr. Fixed	6.60%	<b>-0.15</b>	0.55
30 Yr. FHA	6.87%	<b>0.00</b>	0.92
30 Yr. Jumbo	7.18%	<b>-0.03</b>	0.54
5/1 ARM	6.45%	<b>+0.08</b>	0.81

Rates as of: 6/28

## Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

# Housing News Update

contingent on more inventory coming onto the market and continued job gains."

	Value	Change
Builder Confidence	Mar 51	+6.25%

Pending sales in the **Northeast** nudged forward 0.4 percent to 96.9 in October, putting them 3.9 percent higher than a year ago. In the **Midwest** the PHSI rose 1.6 percent to 106.3, up 1.2 percent year-over-year.

Pending home sales in the **South** declined 1.3 percent to 120.1 but remain 0.8 percent higher than last October. The index in the **West** climbed 0.7 percent to 108.3, 2.5 percent above a year ago.

The Pending Home Sales Index is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. An index of 100 is equal to the average level of contract activity during 2001, which was the first year to be examined. By coincidence, the volume of existing-home sales in 2001 fell within the range of 5.0 to 5.5 million, which is considered normal for the current U.S. population.

## Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the ONLY objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are NOT mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do NOT have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

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