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Price Concerns Constrain Builder Confidence

Home builder confidence continues backing down from its post-crisis peak earlier this year, although the National Association of Realtors (NAHB) calls results of its July survey "solid." The NAHB/Wells Fargo Housing Market Index (HMI) dropped 2 points to 64, its **lowest reading since last November**. The June composite index was also revised down, from an original reading of 67. NAHB attributes the slippage to concerns over the costs of construction.

"Our members are telling us they are growing **increasingly concerned** over rising material prices, particularly lumber," said NAHB Chairman Granger MacDonald. "This is hurting housing affordability even as consumer interest in the new-home market remains strong."

"The HMI measure of current sales conditions has been at 70 or higher for eight straight months, indicating strong demand for new homes," said NAHB Chief Economist Robert Dietz. "However, builders will need to manage some increasing supply-side costs to keep home prices competitive."

National Average Mortgage Rates



	Rate	Change	Points
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Mortgage News Daily

30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

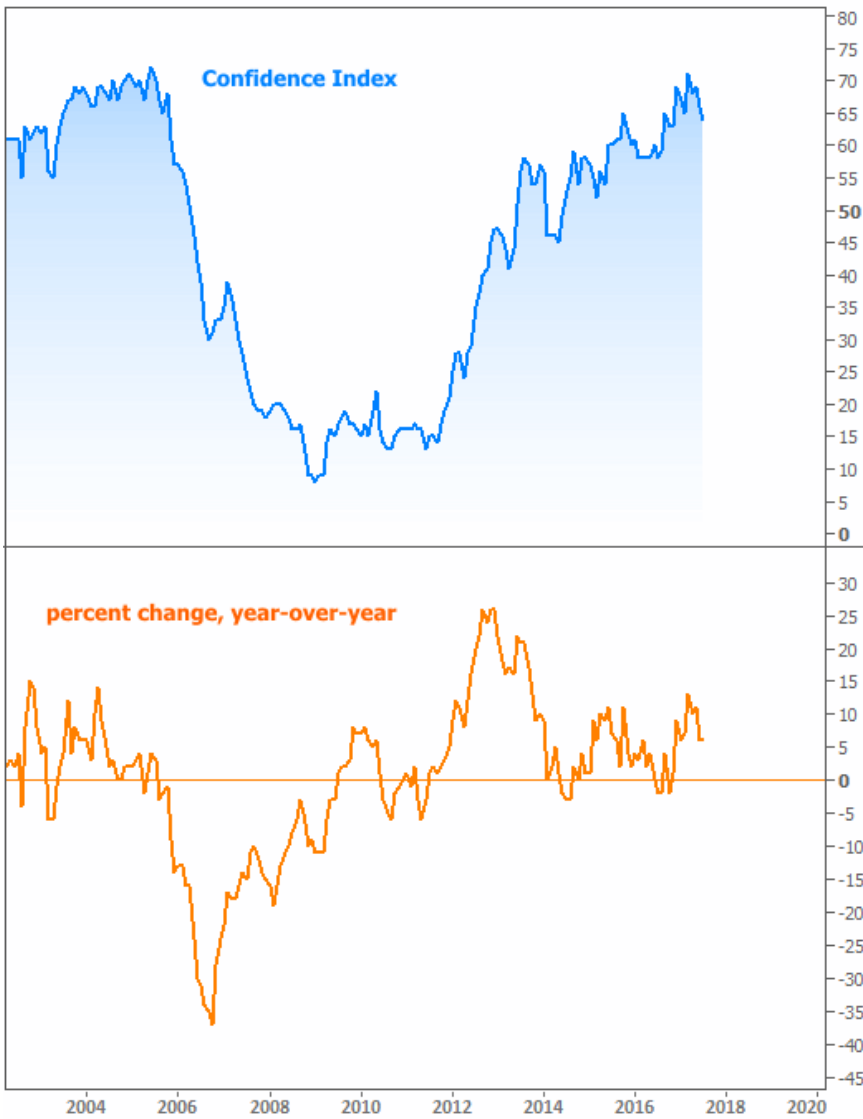
Rates as of: 6/28

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

Homebuilder Confidence



		Value	Change
Builder Confidence	Mar	51	+6.25%

Analysts had expected the index to increase to 68. The actual results were at the bottom end of the 64 to 69 range of estimates.

The HMI is constructed from responses to a survey NAHB has conducted for more than 30 years among its new-home builder members. They are asked to provide their perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." The survey also asks builders 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.

All three HMI components registered losses in July. The current sales condition component and the index charting sales expectations for the next six months each fell 2 points to 70 and 73 respectively. Meanwhile, the component measuring buyer traffic slipped one point to 48.

Indices for three of the four regions also lost ground. The three-month moving average in the **Northeast** rose 1 point to 47 while the **West** and **Midwest** each edged 1 point lower to 75 and 66, respectively. The **South** dropped 3 points to 67.

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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