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## Housing Market Has Plenty to Consider in 2016

Although mortgage rates managed to move lower in the immediate wake of the Fed rate hike, they've since moved back up to the highest levels since July. This **casts doubt** as to the direction of the first dose of mortgage rate momentum in 2016. Or worse yet, it removes some of the doubt that currently exists about rates calmly following the Fed Funds Rate higher.

Simply put, **mortgage rates had been winning** an ideological battle by holding steady to lower even though the Fed Funds Rate moved higher. Now we might wonder if they'll fall back in line with the long term trend that sees a loose but consistent connection between the two.

Fed Funds vs Mortgage Rates



Away from the minutia of day-to-day rate movements, the mortgage market has **bigger fish to fry**. Last week we discussed the precipitous impact from the not-so-precipitous TRID (TILA-RESPA Integrated Disclosures) implementation in October.

Naturally, October, itself, wasn't noticeably affected by TRID because most of the loans closing in October were **originated before** the rules went into effect. As I pointed out last week, November was a different story. Most notably, Existing Home Sales experienced their sharpest decline since the expiration of the homebuyer tax credit.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00

### Freddie Mac

30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00

Rates as of: 7/22

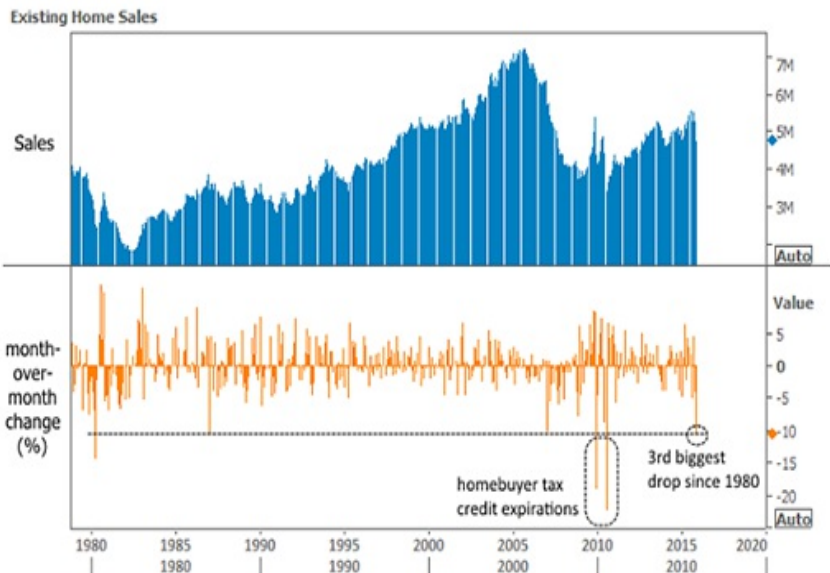
## Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.49	+0.11
MBS GNMA 5.5	99.91	+0.14
10 YR Treasury	4.2320	-0.0205
30 YR Treasury	4.4542	-0.0183

Pricing as of: 7/23 8:59AM EST

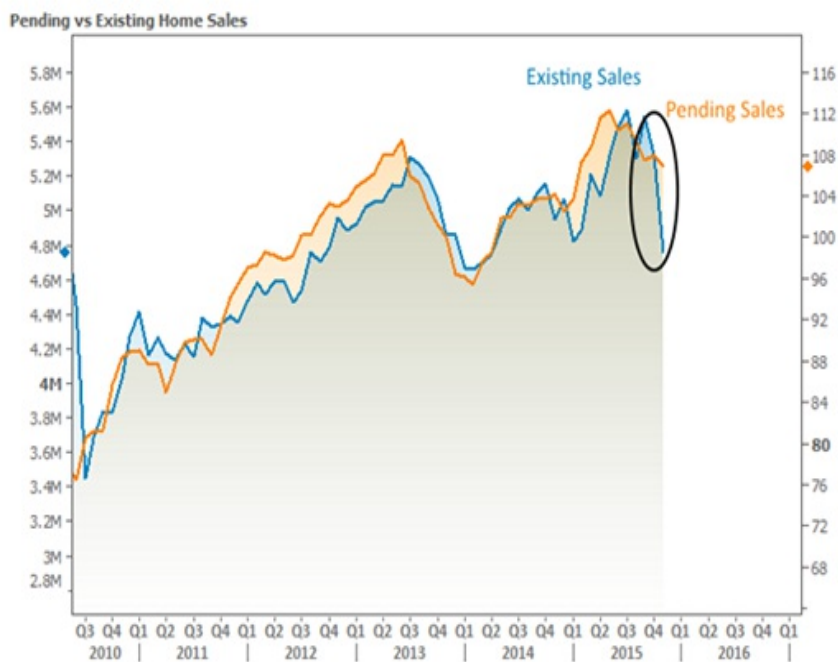
## Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%
Builder Confidence	Mar	51	+6.25%



There are more than a few lenders out there who are **scratching their heads** over the drop in Existing Home Sales. Either due to preparedness or luck, they haven't seen the sorts of delays that would justify that big of a change, and they may well wonder if there isn't something else behind it. So is there?

The short answer is a fairly conclusive "no." While we did see another downtick in [Pending Home Sales](#) this week, it wasn't the least bit alarming, and nothing nearly dramatic enough to suggest the [Existing Home Sales drop](#) was **indicative of some major shift** in the housing market.



It's not just home sales data telling this story. [Ellie Mae's origination insight report](#) showed application-to-closing time frames moved up to **49 days**, the longest since February 2013. The jump from October to November was an isolated event and the biggest month-over-month change in more than 2 years.

In other housing news, **prices** continue running **at or above expectations**, with the latest **Case Shiller numbers** coming in at a monthly gain of 0.8 percent vs a median forecast of 0.5 percent. The annual rate of appreciation was 5.5 vs 5.4 percent forecast.

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## Recent Economic Data

Date	Event	Actual	Forecast	Prior
<b>Tuesday, Dec 29</b>				
9:00AM	Oct CaseShiller 20 mm SA (%)	+0.8	0.5	0.6
9:00AM	Oct CaseShiller 20 mm nsa (%)	+0.1	0.2	0.2
9:00AM	Oct CaseShiller 20 yy (%)	+5.5	5.4	5.5
10:00AM	Dec Consumer confidence	96.5	93.8	90.4
<b>Wednesday, Dec 30</b>				
7:00AM	w/e Mortgage Market Index			450.0
7:00AM	w/e Mortgage Refinance Index			1764.0
7:00AM	w/e MBA Purchase Index			230.8
10:00AM	Nov Pending homes index	106.9		107.7
10:00AM	Nov Pending sales change mm (%)	-0.9	0.5	0.2
<b>Thursday, Dec 31</b>				
8:30AM	w/e Initial Jobless Claims (k)	287	270	267
8:30AM	w/e Continued jobless claims (ml)	2.198	2.201	2.195
8:30AM	w/e Jobless claims 4-wk avg (k)	277		272.50
9:45AM	Dec Chicago PMI	42.9	49.8	48.7
2:00PM	News Year's Eve			
<b>Friday, Jan 01</b>				
12:00AM	News Year's Day			
<b>Monday, Jan 04</b>				
10:00AM	Dec ISM Mfg Prices Paid	33.5	35.0	35.5
10:00AM	Nov Construction spending (%)	-0.4	0.6	1.0
10:00AM	Dec ISM Manufacturing PMI	48.2	49.0	48.6
<b>Tuesday, Jan 05</b>				
9:45AM	Dec ISM-New York index	716.6		710.6
<b>Wednesday, Jan 06</b>				
8:15AM	Dec ADP National Employment (k)	257.0	192	217
8:30AM	Nov International trade mm \$ (bl)	-42.37	-44.0	-43.9
10:00AM	Dec ISM N-Mfg PMI	55.3	56.0	55.9
10:00AM	Nov Factory ex-transp mm (%)	-0.3		0.2
10:00AM	Dec ISM N-Mfg Bus Act	58.7	58.4	58.2
<b>Friday, Jan 08</b>				

## Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
8:30AM	Dec Manufacturing payrolls (k)	+8	-1	-1
8:30AM	Dec Unemployment rate mm (%)	5.0	5.0	5.0
8:30AM	Dec Private Payrolls (k)	+275	195	197
8:30AM	Dec Non-farm payrolls (k)	+292	200	211

## Update: Buyer Broker Agreement

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its “Proposed Criteria for Evaluating Home Buyer Contract Forms” on Tuesday. The 15 criteria focus on the contracts’ form – whether the documents are readable and understandable – and content – whether they are fair to homebuyers.

- the document’s expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
- the right to terminate the contract
- the disclosure that compensation is negotiable
- the broker’s compensation clearly stated and that the buyer broker can’t receive additional compensation for facilitating a sale
- that any additional fees, such as for showing a home, will be deducted from the broker’s commission if there is a successful sale
- that the commission is due only if there is a successful closing
- that buyers have an obligation – for no longer than 60 days, CFA recommends – to pay a broker who earlier showed them a home they purchased after the contract ended
- seller concessions paid directly to buyers
- dual agency not pre-approved by the contract
- an explanation of how a broker treats different buyer clients interested in the same property
- that buyers should not be required to first go through mediation or arbitration if they have a complaint

Contact me for more information. 702-303-0243 or TPayne@loandepot.com

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