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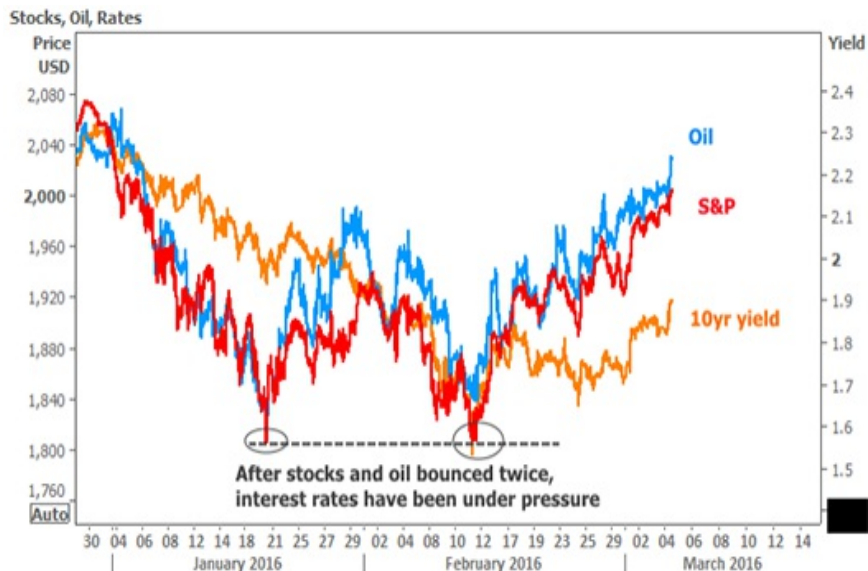
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## Could This Be The Big Bounce For Rates?

Until this week, **interest rates** had been grinding sideways in an **exceptionally narrow range**, just off the long term lows seen in early February. March's biggest news has been the unequivocal break of that range—unfortunately, to the upside.

These risks began to take shape when stocks and oil prices managed to bounce in February at roughly the same levels seen in January. Investors were cautious about the possibility that this was a proverbial **“dead cat bounce.”** In other words, there was not widespread belief that stocks and oil would make it any higher than they did in January before falling again.

Those **beliefs have been changing** over the course of this week, with Friday's strong jobs report only increasing the momentum toward higher stocks, oil prices, and rates. In the following chart, 10yr Treasury yields are standing in as a more timely proxy for mortgage rates:



Of course, things **could** always change right back, and if they do, rates could certainly catch a break. But **history is unkind** when it comes to examples of rates entering (and leaving) the range seen in February. The last 2 times, rates went on to rise at least half a point. The only other time was in 2012, when the Fed was still expanding its asset purchases.

## National Average Mortgage Rates



	Rate	Change	Points
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### Mortgage News Daily

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

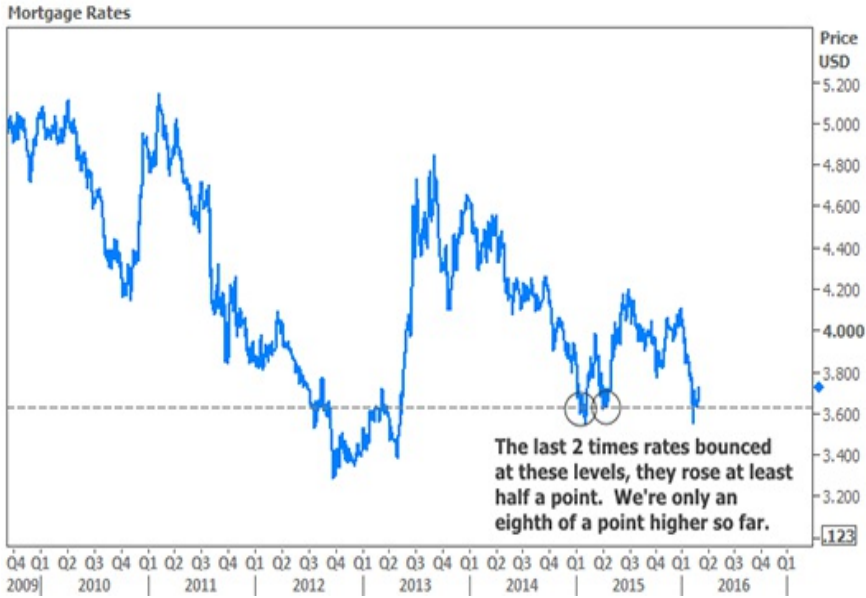
## Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.50	+0.11
MBS GNMA 5.5	99.92	+0.15
10 YR Treasury	4.2306	-0.0219
30 YR Treasury	4.4552	-0.0173

Pricing as of: 7/23 8:52AM 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%

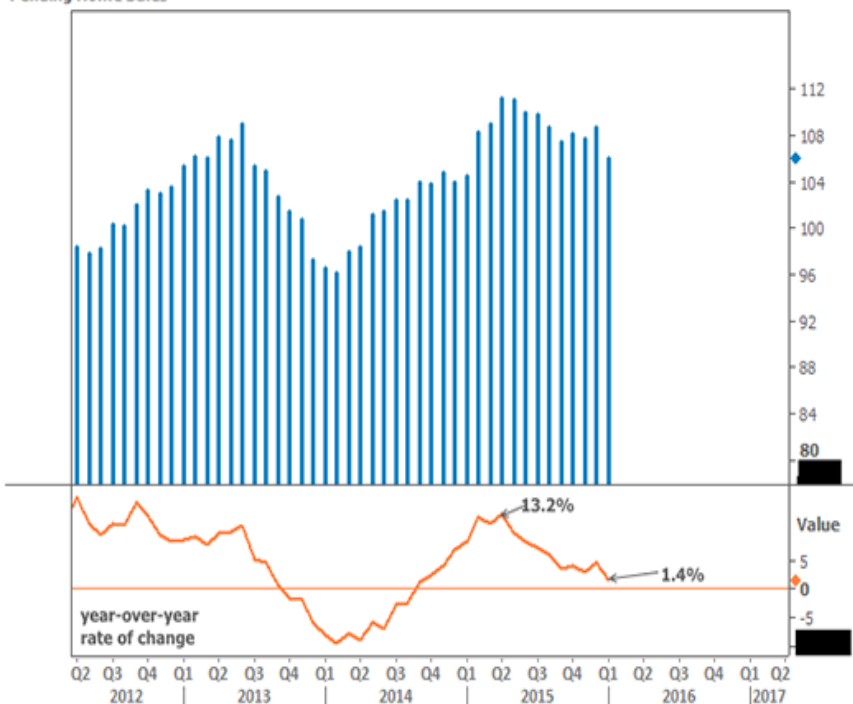


Of course, we've come to see that it does not necessarily require aggressive Fed policy to push interest rates lower. Indeed, there is still a long term scenario that could **eventually lead rates to new all-time lows**. If that ends up happening, it's all but **guaranteed** that we'll see periodic corrections along the way. These could last days, weeks, or months. Until we can rule out that we're on the threshold of one of those bigger corrections, it makes much more sense to be **defensive** as opposed to crossing our fingers and hoping for rates to come back down.

## Housing-Related Market Data

[Pending Home Sales](#) joined last week's downbeat housing market indicators, falling to its lowest annual pace in 17 months. It comes as little surprise that lenders have increasingly cited ebbing consumer demand when asked about the factors driving [decreased profit margin outlooks](#).

Pending Home Sales



Home prices are an exception to the shift in housing data, with most reports in agreement on strong gains. Corelogic noted [January's Home Price Index](#) rose to 6.9 percent, on the higher end of most estimates. [Black Knight's](#) most recent data covers through December and showed a milder 5.5 percent rate of appreciation.

In other housing data, [Multi-Family expenditures](#) hit a **record** in January, [mortgage applications](#) ebbed, and [distressed sales](#) now account for only 10 percent of all home sales.

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## Recent Economic Data

Date	Event	Actual	Forecast	Prior
<b>Monday, Feb 29</b>				
9:45AM	Feb Chicago PMI	47.6	53.0	55.6
10:00AM	Jan Pending homes index	106.0		106.8
<b>Tuesday, Mar 01</b>				
10:00AM	Jan Construction spending (%)	+1.5	0.4	0.1
10:00AM	Feb ISM Manufacturing PMI	49.5	48.5	48.2
<b>Wednesday, Mar 02</b>				
7:00AM	w/e Mortgage Market Index	496.5		521.5
7:00AM	w/e Mortgage Refinance Index	2104.5		2267.4
7:00AM	w/e MBA Purchase Index	216.7		217.9
8:15AM	Feb ADP National Employment (k)	214.0	190	205
9:45AM	Feb ISM-New York index	720.8		718.9
<b>Thursday, Mar 03</b>				

## Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
8:30AM	w/e Initial Jobless Claims (k)	278	275	272
8:30AM	w/e Continued jobless claims (ml)	2.257	2.262	2.253
10:00AM	Feb ISM N-Mfg PMI	53.4	53.2	53.5
<b>Friday, Mar 04</b>				
8:30AM	Feb Unemployment rate mm (%)	4.9	4.9	4.9
8:30AM	Feb Private Payrolls (k)	+230	185	158
8:30AM	Feb Non-farm payrolls (k)	+242	190	151
<b>Monday, Mar 07</b>				
3:00PM	Jan Consumer credit (bl)	+10.54	17.00	21.27
<b>Wednesday, Mar 09</b>				
7:00AM	w/e Mortgage Refinance Index	2055.9		2104.5
7:00AM	w/e MBA Purchase Index	225.7		216.7
<b>Friday, Mar 11</b>				
8:30AM	Feb Import prices mm (%)	-0.3	-0.6	-1.1
8:30AM	Feb Export prices mm (%)	-0.4	-0.5	-0.8
<b>Wednesday, Apr 13</b>				
1:00PM	10-yr Note Auction (bl)	20		
<b>Thursday, Apr 14</b>				
1:00PM	30-Yr Bond Auction (bl)	12		

## 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](mailto:TPayne@loandepot.com)

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**Tom Payne**

