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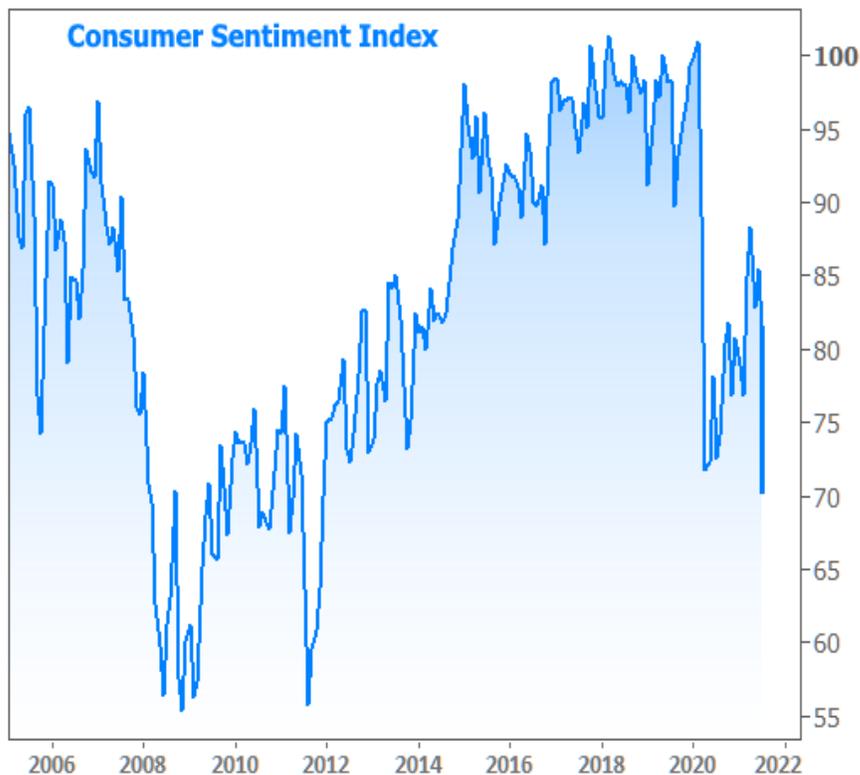
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Rates Recover After Bumpy Week; Realtors See Prices Moderating

Mortgage rates bounced at 6 month lows early last week and moved higher at a faster-than-normal pace through the middle of this week. They've been slow to recover, but Friday went a long way toward solidifying the short-term ceiling.

Economic data inspired the move on Friday with Consumer Sentiment falling to the **lowest levels since 2011**, just edging out the lows seen at the start of the pandemic.

The University of Michigan, which has conducted the survey for decades, called out the "stunning loss of confidence" as being **distorted** by consumers' emotional response to the resurgence of the pandemic, ultimately concluding "consumers will again voice more reasonable expectations" in the coming months.



In other words, they think the number is significantly **lower than warranted** by actual economic conditions, assuming the recent spike in cases attributed

National Average Mortgage Rates



	Rate	Change	Points
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	99.39	-0.01
MBS GNMA 5.5	99.78	+0.00
10 YR Treasury	4.2525	+0.0146
30 YR Treasury	4.4725	+0.0257

Pricing as of: 7/22 5:59PM EST

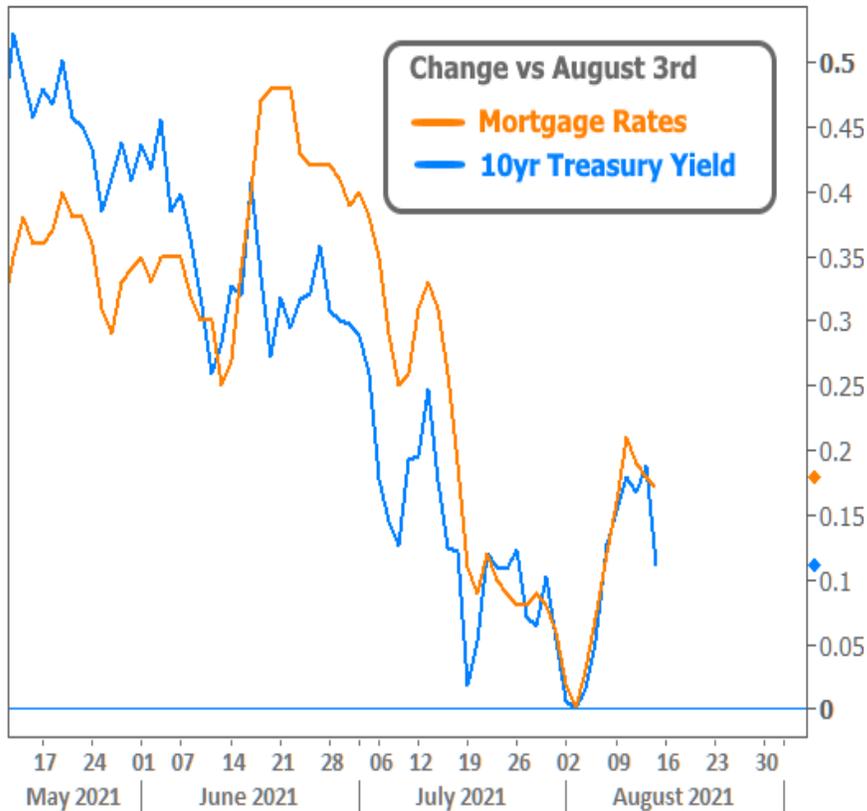
Recent Housing Data

		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%

to the delta variant gives way to better numbers in the coming weeks.

The bond market **wasn't** interested in that qualification. Bonds tend to improve (higher prices and lower yields/rates) when economic data is downbeat and Friday's sentiment data was no exception. 10yr Treasury yields dropped almost 0.08% to end the week at 1.283%.

The prices for the bonds that underlie mortgage rates moved higher as well, thus allowing mortgage lenders to offer slightly lower rates. But lenders aren't typically eager to make big changes on Friday afternoons. As such, mortgage rates have only officially recovered a **small portion** of the recent losses. Things could improve next week if the bond market stays near current levels.



If rates are able to remain near current levels, it will help the housing market avoid a sharper **deceleration** in home price gains. In an **update this week**, the National Association of Realtors said it's seeing evidence that home prices are finally starting to come off the boil. To be clear, they are calling for prices to keep moving higher--just at slower pace.

Even though lumber prices have plummeted recently, the National Association of Homebuilders said other materials remained high enough to nudge residential construction input prices to **another long-term high** last month.

In mortgage-specific news, Fannie Mae--one of the government-sponsored enterprises that buys or guarantees a majority of the mortgages in the US--made a move that will **help more renters qualify** for mortgages.

Fannie will now evaluate rental payment history and other recurring obligations that don't show up on normal credit reports. The process requires borrower consent and will scan bank statements for recurring payment consistency. Missed or inconsistent payments will **not** have a negative impact.

The week ahead brings several housing-related reports including builder confidence on Tuesday and New Residential Construction on Wednesday. July's Retail Sales Report (Tuesday) is the headliner in terms of traditional market movement potential, but traders may not be eager to accept a much higher number in light of the delta variant and the obvious impact on consumer attitudes.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Aug 10				
8:30AM	Q2 Labor Costs Preliminary (%)	1.0	1.1	1.7
8:30AM	Q2 Productivity Preliminary (%)	2.3	3.5	5.4
1:00PM	3-Yr Note Auction (bl)	58		
Wednesday, Aug 11				
7:00AM	w/e MBA Purchase Index	252.0		247.5
7:00AM	w/e MBA Refi Index	3684.3		3571.3
8:30AM	Jul Core CPI (Annual) (%)	4.3	4.3	4.5
8:30AM	Jul Consumer Price Index (CPI) (%)	0.5	0.5	0.9
Thursday, Aug 12				
8:30AM	Jul Core Producer Prices YY (%)	6.2	5.6	5.6
8:30AM	w/e Jobless Claims (k)	375	360	385
Friday, Aug 13				
8:30AM	Jul Import prices mm (%)	0.3	0.6	1.0
8:30AM	Jul Export prices mm (%)	1.3	0.8	1.2
10:00AM	Aug 5yr Inflation Outlook (%)	3.0		2.8
10:00AM	Aug 1yr Inflation Outlook (%)	4.6		4.7
10:00AM	Aug Consumer Sentiment	70.2	81.2	81.2
Monday, Aug 16				
8:30AM	Aug NY Fed Manufacturing	18.30	29.00	43.00
Tuesday, Aug 17				
8:30AM	Jul Retail Sales (%)	-1.1	-0.3	0.6
9:15AM	Jul Industrial Production (%)	0.9	0.5	0.4
10:00AM	Jun Business Inventories (%)	0.8	0.8	0.5
10:00AM	Aug NAHB housing market indx	75	80	80
Wednesday, Aug 18				
7:00AM	w/e MBA Purchase Index	249.9		252.0
7:00AM	w/e MBA Refi Index	3490.2		3684.3
8:30AM	Jul House starts mm: change (%)	-7.0		6.3
8:30AM	Jul Housing starts number mm (ml)	1.534	1.600	1.643
8:30AM	Jul Building permits: number (ml)	1.635	1.610	1.594

Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
8:30AM	Jul Build permits: change mm (%)	2.6		-5.3
Thursday, Aug 19				
8:30AM	Aug Philly Fed Business Index	19.4	23.0	21.9
10:00AM	Jul Leading index chg mm (%)	0.9	0.8	0.7
Tuesday, Oct 12				
1:00PM	10-yr Note Auction (bl)	38		
Wednesday, Oct 13				
1:00PM	30-Yr Bond Auction (bl)	24		

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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