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Builder Optimism Pulls Back From 'Unusually High' October

Well that didn't last long. After jumping to the highest level in a decade in October the Housing Market Index (HMI) a measure of builder confidence in the new home market, **dropped three points** this month. The National Association of Home Builders said the composite HMI it sponsors jointly with Wells Fargo, had a 62 reading compared to an upwardly revised 65 last month.

"Even with this month's drop, builder confidence has remained in the 60s for **six straight months** - a sign that the single-family housing market is making long-term headway," NAHB Chairman Tom Woods said. "However, our members continue to voice concerns about the availability of lots and labor."

"The November report is pullback from an **unusually high October**, and is more in line with the consistent, modest growth that we have seen throughout the year," said NAHB Chief Economist David Crowe. "A firming economy, continued job creation and affordable mortgage rates should keep housing on an upward trajectory as we approach 2016."

The HMI is derived from a monthly survey of its new home builder members that NAHB has conducted for three decades. Builders are asked to give their perception of both current single-family home sales and their expectation for such sales over the next six months, ranking them 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.

Contrary to the usual pattern, the index charting buyer traffic which **badly lags** the other two components rose one point to 48. The index measuring sales expectations in the next six months fell five points to 70, and the component gauging current sales conditions decreased three points to 67.

There is **wide disparity** in the three-month moving averages of the index across regions. Their indexes range from 50 in the Northeast, up three points since last month, to 73 in the West showed a four point gain. The Midwest and South held steady at 60 and 65, respectively.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

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%

Update: Buyer Broker Agreement

	Value	Change
Builder Confidence	Mar 51	+6.25%

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

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