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Construction Spending up Big Year-Over-Year

Both overall construction spending and spending for residential purposes in October was little changed from September according to data released by the Census Bureau on Tuesday. Spending on both publicly and privately funded construction however was **significantly higher than in October 2014**.

Construction spending overall was at a seasonally adjusted annual rate of \$1,107.4 billion during the month, a 1.0 percent increase over the September estimate of \$1,096 billion and **13.0 percent higher** than a year earlier when spending was \$979.6 billion.

On a non-seasonally adjusted basis construction spending in October totaled \$101.1 billion and for all of 2015 through the end of October \$888.1 billion in construction had been put in place. One year earlier the total year-to-date spending was \$802.3 billion and thus a year-over-year increase of 10.7 percent.

Private sector spending increased by 0.8 percent from September to an annual rate of \$802.4 billion and was 15.9 percent higher than in October 2014. On a non-seasonally adjusted basis spending totaled \$72.5 billion and spending for the year-to-date was \$640.6 billion, a 12.4 percent gain over the same period in 2014.

Residential spending by the private sector which accounts for virtually all residential spending was at a seasonally adjusted rate of \$399.0 billion compared to \$395.0 billion in September, a 1.0 percent increase. On an annual basis residential spending was **up 16.6 percent**. The annual gain was accounted for primarily by construction in the multi-family sector which was at an annual rate of \$58.4 billion, a 1.4 percent increase for the month and 27.9 percent higher than in October 2014. Single family new home construction was at a rate of \$226.2 billion, up 1.6 percent and 11.4 percent for the two periods.

On a **non-adjusted** basis there was \$36.8 billion spent on residential construction during the month of October; \$20.6 billion on single-family and \$5.0 billion on multi-family construction. Through October there was \$283.4 billion spent on private residential construction and spending on new single family homes was up 13.6 percent while multi-family construction rose by 25.5 percent.

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
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: 7/22

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%

Publicly funded construction rose by 1.4 percent for the month and 6.1 percent for the year to a seasonally adjusted rate of \$305.0 billion. Residential spending, was down by 0.1 percent from September but has increased by 28.1 percent over the last 12 months to \$6.5 billion. Publicly funded residential spending is running 30 percent above 2014 spending on a year-to-date basis.

	Value	Change
Builder Confidence	51	+6.25%

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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