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Pending Home Sales Much Lower Than Expected

And we have a trifecta! All three of the home sales indicators for December have now come in positive, although the latest, pending sales, did so leaving claw marks on the scales. The National Association of Realtors® (NAR) said its Pending Home Sales Index (PHSI) eked out a **0.1 percent advance** over November. The median forecast called for a 0.8 percent increase. Existing home sales and new home sales, both reported within the last week, had month-over-month increases in the double digits.

The PHSI, a forward looking indicator based on contract signings, registered 06.8 for the month, 4.2 percent higher than a year ago. The index has increased year-over-year for **16 straight months**. At the same time, NAR revised its original index for November down from 106.9 to 106.7.

The December gain, tiny as it was, was only possible because the Northeast region experienced a bit of a contract signing **boomlet**, increasing 6.1 percent to 97.8. The index for the region is now 15.3 percent higher than the previous December. The region's gain offset losses in the other three regions.

The **Midwest** saw a decline of 1.1 percent to 103.6, remaining up 3.6 percent year over year. Pending home sales in the **South** declined 0.5 percent to an index of 119.3 but are 1.0 percent higher than in December 2014. The index in the **West** decreased 2.1 percent in December to 97.5, maintaining a 3.4 percent annual edge.

Laurence Yun, NAR chief economist, says contract activity closed out the year on stable footing but **lost some momentum**, except for in the Northeast. "Warmer than average weather and more favorable inventory conditions compared to other parts of the country encouraged more households in the Northeast to make the decision to buy last month," he said. "Overall, while sustained job creation is spurring more activity compared to a year ago, the ability to find available homes in affordable price ranges is difficult for buyers in many job creating areas. With homebuilding still grossly inadequate, steady price appreciation and tight supply conditions aren't going away any time soon."

According to Yun, although healthy labor market conditions will persuade more households to buy, other factors could serve to curtain overall demand in the next few months. He cited the large post-New Year losses in the stock market and the slowing of manufacturing activity in some local areas, **especially** those reliant on energy production. These could create enough

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%

Housing News Update

economic uncertainty or even a financial inability for some to buy a home.

Value Change

Builder Confidence Mar 51 +6.25%

"The silver lining from the market turmoil in recent weeks is the fact that mortgage rates have slightly declined," says Yun. "Buyers looking to close on a home before the spring buying season begins may be rewarded with a mortgage rate at or below 4 percent."

NAR forecasts that existing-homes sales this year will be around 5.34 million, an increase of 1.5 percent from 2015. The national median existing-home price for all of this year is expected to increase between 4 and 5 percent. In 2015, existing-home sales increased 6.5 percent and prices rose 6.8 percent.

Rents - which have far outpaced wages in recent years - are expected to slightly slow to 3.3 percent growth in 2016 from 3.6 percent a year ago. Multifamily housing starts are expected to reach 420,000 units this year, the highest level since 1987.

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

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