



Tom Payne

Senior Loan Consultant, loanDepot
 NMLS# 1017004 #174457 Licensed in all 50 States
 2835 St. Rose Parkway, Suite 120 Henderson, NV 89052

Office: 702-303-0243
 Mobile: 702-303-0243
tompaynemortgage@gmail.com
[View My Website](#)

Construction Spending Rises Less Than Expected

Construction spending scrambled **back into positive territory** by a tiny bit in December, gaining 0.1 percent from November's level to an estimated seasonally adjusted annual rate of \$1,116.6 billion. The gain came even as the November estimate was revised down even further from a 0.4 percent loss to a negative 0.6 percent at \$1,116.0 billion. The December figure was still well above the spending pace in December 2014 of \$1,031.6 billion, an increase of 8.2 percent.

The December numbers, released Monday by the U.S. Census Bureau, were **significantly lower** than analysts had predicted, a range, according to *Econoday* and *Bloomberg* of 0.3 percent to 1.3 percent with a consensus of 0.6 percent.

On an **unadjusted** basis there was an estimated \$86,903 billion spent during the month compared to \$93,377 billion in November and \$79,535 billion in December 2014. Spending on construction for the entire year is estimated to be up 10.5 percent from 2014.

Spending on **private construction** was at a seasonally adjusted annual rate of \$824.0 billion, down 0.6 percent from the revised November pace of \$828.8 billion but 9.9 percent higher than a year earlier. On non-adjusted basis overall privately funded construction rose 12.8 percent for the year to date through December compared to the same period in 2014.

Private spending on **residential** construction was significantly healthier than construction overall. December expenditures were estimated at a seasonally adjusted rate of \$429,606 compared to \$425,785, an increase of 0.9 percent and 8.1 percent higher than the previous December. Single family construction rose a percentage point from November at \$231,316 billion, an annual increase of 8.7 percent. Multi-family fared even better with a month-over-month gain of 2.7 percent to \$52,806 billion, a 12.0 percent increase year-over-year.

Expenditures on privately funded residential construction were estimated at \$31,624 on a non-seasonally adjusted basis and year to date was up 12.6 percent from the same period in 2014. Single-family construction rose 12.9 percent year-to-date and multifamily was 22.2 percent higher.

While the numbers are still very small, publicly-funded residential construction did rise in 2014, finishing the year at a total of \$6,428 billion, an

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%

	Value	Change
Builder Confidence	Mar 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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Tom Payne 