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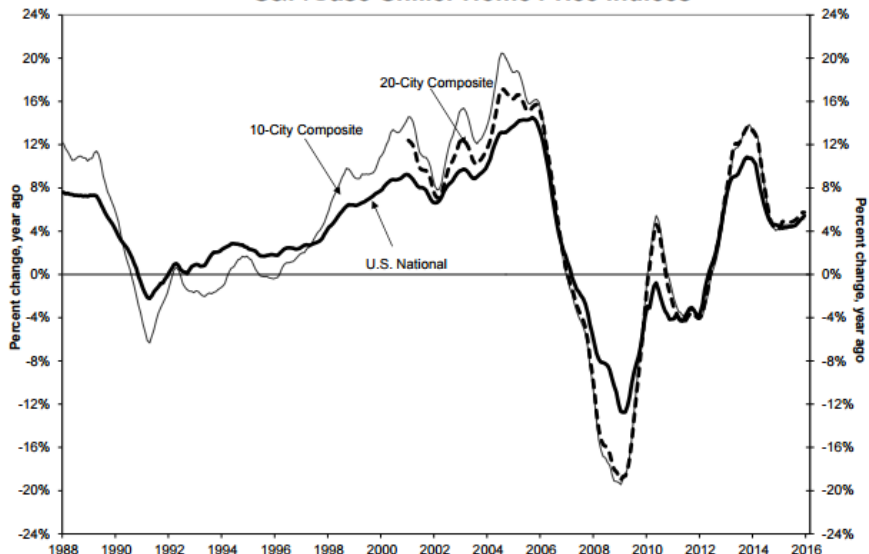
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Home Prices up but Gains Inconsistently

Home price gains were somewhat mixed in December with some of the S&P Case-Shiller posting larger increases than in November and others negative or unchanged. The U.S. National Home Price Index, covering all nine U.S. census divisions increased 5.4 percent in December compared to a year earlier where the increase in November was 5.2 percent. On a non-seasonally adjusted monthly basis the National Index was up 0.1 percent month-over-month and 0.8 percent when seasonally adjusted.

The 10-City Composite Index posted a slightly lower year-over-year increase than it had in November, **up 5.1 percent** compared to 5.2 percent. The 20-City Composite was unchanged from the increase in November of 5.7 percent. On a monthly basis the 10-City Composite was down 0.1 percent before seasonal adjustment and up 0.7 percent after adjustment. The 20-City was unchanged from November before adjustment but rose 0.8 percent when adjusted. **Ten of 20 cities** reported increases in December before seasonal adjustment; after seasonal adjustment, all 19 cities increased for the month.

S&P/Case-Shiller Home Price Indices



Source: S&P Dow Jones Indices & CoreLogic

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%

Portland, Oregon, San Francisco and Denver continued their pattern of **double digit annual increases** with Portland gaining 11.4 percent, San Francisco 10.3 percent and Denver 10.2 percent. Thirteen cities reported larger gains in December than November; Detroit's increase was the biggest at 7.1 percent, 1.2 percentage points more than its November gain. Phoenix extended its streak of annual increases to a full year with a 6.3 percent year-over-year change.

Builder Confidence Mar 51 +6.25%

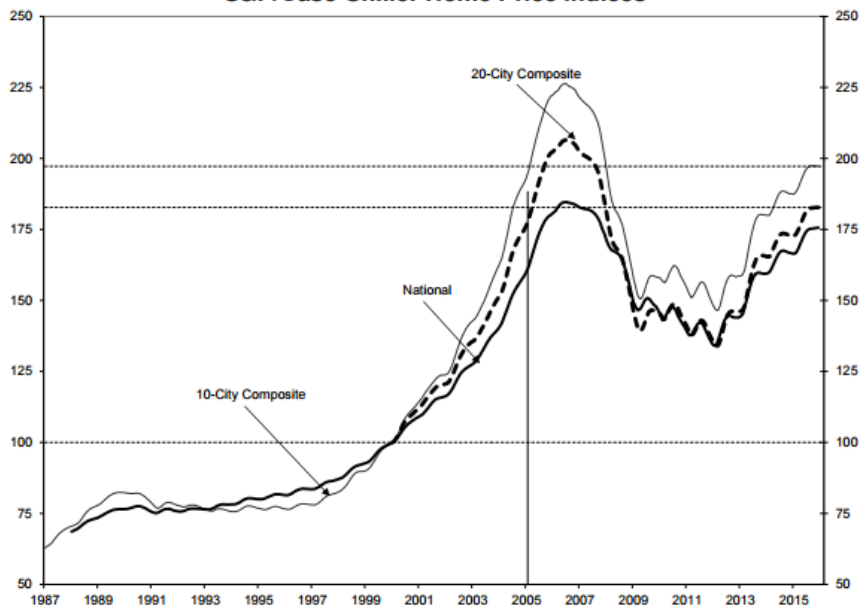
Bloomberg reported that the 20-City seasonally adjusted index came in exactly where analysts had predicted, up 0.8 percent. They were looking for a slightly higher non-seasonally adjusted number at 0.2 percent and a much higher year-over-year number of 5.9 percent.

"While home prices continue to rise, the **pace is slowing a bit**," says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "Seasonally adjusted, Miami had lower prices this month than last and 10 other cities saw smaller increases than last month. Year-over-year, seven cities saw the rate of price increases wane. Even with some moderation, home prices in all but one city are rising faster than the 2.2% year-over-year increase in the CPI core rate of inflation.

"Sparked by the stock market's turmoil since the beginning of the year, some are concerned that the current economic expansion is **aging quite rapidly**. The recovery is six years old, but recoveries do not typically die of old age. Housing construction, like much of the economy, got off to a slow start in 2009-2010 and is only now beginning to show some serious strength. Continued increases in prices of existing homes, as shown in the S&P/Case-Shiller Home Price Indices, should encourage further activity in new construction. Total housing starts have stayed above an annual rate of one million starts per year since last March and single family home have been higher than 700,000 units at annual rates since June. Housing investment continues its positive contribution to GDP growth."

As of December the two composite indices are **back to their winter 2007 levels** and are down 11-13 percent from the peaks they established in the summer of 2006. Since prices bottomed out in March 2012 the 10-City Composite has recovered by 34.7 percent and the 20-City by 36.3 percent.

S&P/Case-Shiller Home Price Indices



The S&P/Case-Shiller Home Price Indices are constructed to accurately track the price path of typical single-family home pairs for thousands of individual houses from the available universe of arms-length sales data. The S&P/Case-Shiller National U.S. Home Price Index tracks the value of single-family housing within the United States. The indices have a base value of 100 in January 2000; thus, for example, a current index value of 150 translates to a 50 percent appreciation rate since January 2000 for a typical home located within the subject market.

The 10-City Composite currently has an index level of 197.21 and the 20-City a value of 182.75. The National Index is at 175.65. Detroit has the lowest index value at 103.77 and Los Angeles has the highest at 240.54.

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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