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Distressed Sales Slow to One in Ten

Only slightly more than 10 percent of all home sales in December were distressed properties. CoreLogic said on Wednesday that sales of lender owned real estate (REO) accounted for **6.9 percent of sales** and short sales for 3.4 percent. The combined total of 10.3 percent was down 2.8 percentage points from December 2014 and was 1.5 percentage points below those sales in November.

At the peak in January 2009 distressed sales totaled **32.4 percent of all sales**, with REO sales alone taking a 27.9 percent share. The REO share in December 2015 was the lowest for any December since 2006.

The distressed sales share decreased year-over-year in **all but eight states**. Maryland had the largest share of such sales at 20.2 percent followed by Connecticut (19.2 percent), Florida (18.5 percent), Michigan (18.2 percent) and Illinois (17.6 percent). The share of distressed sales has fallen in Nevada by 5.1 percentage points from the previous year, the largest decline of any state. California had the largest improvement of any state from its peak distressed sales share, falling 59.5 percentage points from its January 2009 peak of 67.4 percent. While some states stand out as having high distressed sales shares, only North Dakota and the District of Columbia are within one percentage point of their pre-crisis levels.

Of the 25 largest Core Based Statistical Areas (CBSAs) based on mortgage loan count, **Orlando** had the largest share of distressed sales at 20.4 percent, followed by **Baltimore** (20.3 percent), **Tampa-St. Petersburg-Clearwater**, (20.2 percent), **Chicago** (20.1 percent) and **Las Vegas** (14.5 percent).

CoreLogic says there will always be some level of distress in the housing market, and by comparison, the pre-crisis share of distressed sales was traditionally about 2 percent. If the current year-over-year decrease in the distressed sales share continues, it will reach that "normal" 2-percent mark in mid-2018.

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%

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

Contact me for more information. 702-303-0243 or TPayne@loandepot.com

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