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## Dismal Early Spring Housing Numbers

There probably isn't a lot of backslapping going on in the housing world this morning. March residential construction data released by the U.S. Census Bureau and the Department of Housing and Urban Development was disappointing to say the least, with permits and housing starts falling from February levels and both estimates **falling way short** of analysts' predictions. That March is the beginning of construction season in most of the country and that the downturn was almost universal across regions only makes it worse. The less economically critical completions data did paint a more encouraging picture for current housing inventories.

Permits were issued in March at a seasonally adjusted annual rate of 1,086,000. This is **7.7 percent lower** than the February estimate and the fourth consecutive month of declines. Permitting was 4.6 percent higher than in March 2015. The February rate, originally estimated at 1,167,000 units was revised up to 1,177,000.

Analysts surveyed by Econoday had been expecting the permit number to be in the range of 1.175 million to 1.231 million. Bloomberg said that after the big upswing for starts in February (an increase of 5.2 percent) and the 3.1 percent downswing for permits forecasters were calling for a big reversal in March, with starts down 0.9 percent and permits gaining 2.8 percent. "A gain for permits, especially one centered in single-family homes," Bloomberg said, "could lift the outlook for what has been an underperforming housing sector."

Permits for **single family** construction did come in better than permits as a whole, but were still a loss, issued at a rate of 727,000, a 1.2 percent decline from February. They were up 13.2 percent from a year earlier. The February single-family permitting estimate was revised up from 731,000 to 736,000. Permits for construction in buildings with five or more units dropped 20.6 percent from February to 324,000 and were down 12.4 percent year-over-year.

On a **non-seasonally adjusted** basis there were 98,500 permits issued in March compared to 84,500 in February. Single-family permits numbered 67,700 compared to 53,000 the previous month.

Housing starts were at a seasonally adjusted rate of 1,089,000, a drop of 8.8 percent from February but 14.2 percent higher than the 954,000 starts the previous March. The February estimate of 1,178,000 was revised higher, to 1,194,000. Analysts had expected starts in the range of 1.120 to 1.195 million

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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

with a consensus at 1.167 million.

	Value	Change
Builder Confidence	Mar 51	+6.25%

Single-family **starts** were estimated at a rate of 764,000, a 9.2 percent decline but much above (22.6 percent) starts in March of last year. The February estimate was revised up from to 841,000 from 822,000. Multi-family starts declined by 8.5 percent to 312,000 units.

On a non-adjusted basis, construction began on 88,700 units of housing during the month compared to 82,700 units in February. Single family starts rose from 57,800 to 63,000 units.

There was an **improvement in housing completions** during March with units coming on line at a seasonally adjusted annual rate of 1,061,000, a 3.5 percent increase from February and 31.6 percent more than in the previous March. Completions in February were revised upward slightly from 1,016,000 units to 1,025,000.

Of completed units an estimated 734,000 were single family houses, a 0.3 decline from 736,000 in February but 23.2 percent more than in March 2015. There were 316,000 multi-family units completed, increases of 17.9 percent and 58.8 percent from the two earlier periods.

On a non-adjusted basis there were 77,800 units completed during the month, 55,500 of which were single family compared to 71,500 and 51,600 a month earlier.

At the end of the reporting period there were **990,000 units** of housing under construction, 428,000 single family units. The backlog of permits for which construction had not yet commenced was estimated at 154,700 on a non-seasonally adjusted basis.

Permits were issued in the Northeast region at a rate that was 17.9 percent lower than in February and 21.7 percent below a year earlier. Housing starts however soared, up 61.3 percent for the month and 21.0 for the year and completions were also up significantly; 20.5 percent and 64.9 percent from the two previous periods.

The **Midwest** saw permits decline 3.1 percent from February but they were 24.2 percent higher than in February 2015. Housing starts fell 25.4 percent for the month but rose 5.6 percent on an annual basis. Completions gained 18.9 percent from February and 68.3 percent year-over-year.

Permits fell 3.2 percent in the **South** on a month-over-month basis while rising 11.3 percent annually. Starts were also down, a drop of 8.4 percent for the month but with an 8.6 percent gain from a year earlier. Completions were 6.7 percent higher than in February and up 26.3 percent on an annual basis.

In the **West** there was a decline in permitting of 15.4 percent for the month and 6.1 percent year-over-year. Housing starts also fell, down 15.7 percent in March but starts were 30.8 percent ahead of last year. This was the only region in which completions were down - off by 16.0 percent for the month. They remained 15.3 percent higher than a year earlier.

## 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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