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Builder Confidence Unchanged - Again

The index that measures builder confidence in the new home market was **unchanged** in May for the **fourth straight month** the National Association of Home Builders (NAHB) said on Monday. The NAHB/Wells Fargo Housing Market Index (HMI) remained at 58 and two of its three components were also the same as in April. Analysts surveyed by Econoday had expected a 1-point bump in the number.

The HMI is derived from a survey conducted by NAHB among its new home builder members. They are asked to gauge their perceptions of current new home sales and their expectations for sales over the upcoming six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor. NAHB has conducted the survey for over 30 years.

The HMI components measuring **sales expectations** in the next six months increased three points to 65, while the component charting current sales conditions and the index gauging buyer traffic both held steady at 63 and 44, respectively. The index and each of its components dropped into the mid-teens during the housing crisis but the primary index hit a recent peak of 65 in October before falling to its present level.

"Builder confidence has held steady at 58 for four straight months, which indicates that the single-family housing sector remains in positive territory," said NAHB Chairman Ed Brady. "However, builders are facing an increasing number of regulations and lot supply constraints."

"The fact that **future sales expectations** rose slightly this month shows that builders are confident that the market will continue to strengthen," said NAHB Chief Economist Robert Dietz. "Job creation, low mortgage interest rates and pent-up demand will also spur growth in the single-family housing sector moving forward."

While the three-month moving average for the **West** was unchanged from April it remains the strongest of the regions with an index of 67. The **South** and **Midwest** both registered one-point gains to 59 and 58, respectively, while the **Northeast** fell three points to 41.

National Average Mortgage Rates



	Rate	Change	Points
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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

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