



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 Falls at Fastest Pace in 5 Years

Construction spending continued to disappoint in April, but unlike in the preceding three months, residential construction also declined. The Census Bureau said that construction was put in place during the month at a seasonally adjusted annual rate of \$1.13 trillion, **down 1.8 percent** from the upwardly revised (from \$1.14 trillion) March rate of \$1.155 trillion--the biggest drop since the -4.1 percent reading in early 2011. The April number was an increase of 4.5 percent from the April 2015 estimate of \$1.09 trillion.

Analysts polled by Econoday were expecting construction expenditures to rise 0.6 percent. The actual number was **well below even the lowest predictions** which ranged from gains of 0.1 percent to 0.9 percent.

On a non-seasonally adjusted basis, spending in April was \$91.57 billion. **Year-to-date** spending through the end of April totals \$334.74 billion, 8.7 percent more than was spent through that date in 2015.

Private construction spending in April was at a seasonally adjusted annual rate of \$843.1 billion, a 1.5 percent negative change from March. The original March pace reported at \$846.2 billion was revised to \$855.91 billion. Private construction spending through April 2016 totals \$254.96 billion, up 9.6 percent from the same period last year.

Private sector residential spending fell 1.5 percent from March while still running 8.0 percent ahead of April 2015. On a seasonally adjusted basis the outlay was \$439.69 billion compared to \$446.28 billion in March. The change was all due to the volatile multi-family sector. Spending on single-family construction was unchanged month over month at \$237.49 billion while multifamily construction spending fell 3.1 percent to \$60.04 billion. Single-family construction is still running 12.9 percent ahead of April 2015 while multi-family spending is 21.4 percent higher.

Publicly funded constructions projects were put in place at a seasonally adjusted annual rate of \$290.79 billion, down 2.8 percent from March but 1.2 percent higher than the previous April. Residential spending in the public sector was at a negligible annual rate of \$6.03 billion, down 2.8 percent month-over-month and 7.4 percent year-over-year.

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

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

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Tom Payne 