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## Builder Data Shows Slight Drop in June New Home Sales

New home sales are predicted to have dipped by a fraction in June in a report Thursday from the Mortgage Bankers Association (MBA). Based on information provided by the mortgage subsidiaries of new home builders, the group sees **sales down 0.2 percent**. The change does not include any adjustment for typical seasonal patterns.

MBA said that 67.7 percent of mortgage applications received by lenders were for **conventional** loans and 18.2 percent were for FHA-backed products. VA loans and RHS/USDA loans had respective shares of 13.4 percent and 0.7 percent. The average loan size for new home purchase decreased from \$328,032 in May to \$326,175 in June.

"Thus far in 2016, average **loan sizes** for new homes have been higher than for the same period in 2015, but that gap has recently been declining," said Lynn Fisher, MBA's Vice President of Research and Economics. "The three-month moving average loan size was \$326,480 in June relative to a series high of \$329,119 in February and just over 2 percent higher than June a year ago. On a year over year basis, our June estimate of 530,000 new home sales was up 7 percent."

The MBA estimates new single-family home sales were running at a seasonally adjusted annual rate of 530,000 units in June 2016, based on data from its Builder Application Survey (BAS.) This is an **increase of 8.6 percent** from the seasonally adjusted May pace of 488,000 units. On an unadjusted basis, the MBA estimates that there were 47,000 new home sales in June 2016, unchanged from 47,000 new home sales reported in May.

In addition to information from the survey, MBA bases its estimates on assumptions regarding market coverage and other factors. Official new home sales estimates are conducted by the Census Bureau on a monthly basis. In that data, new home sales are recorded at contract signing, which is typically coincident with the mortgage application. In previous months the MBA estimates have not held up well against Census Bureau numbers but MBA's April projection was identical to the official report which had new home sales increasing by 6.0 percent.

## 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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
<b>Mortgage Bankers Assoc.</b>			
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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