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## Foreclosure Starts Buck Generally Positive Mortgage Trends

Foreclosure starts rose in June for the **second month in a row** but Black Knight Financial Services, in its "first look" at the month's mortgage performance data, says the increase did not keep starts in the second quarter of 2016 from being at the lowest level in over 16 years. There were 69,300 foreclosures initiated during the month, an 11.59 percent increase over the previous month. This was a decrease of 11.27 percent year-over-year.

The number of mortgages that were 30 or more days past due but not in foreclosure also blipped up slightly, an increase that Black Knight called **seasonal**. There were 2.18 million such loans, up 25,000 month-over-month, a rate of 4.31 of all active mortgages, 1.33 percent higher than in May. Year-over-year the number of delinquencies was down by 237,000 and the rate decreased by 10.03 percent.

**Seriously delinquent** loans, those 90 or more days past due but not in foreclosure, continued to trend down, dropping 27,000 from May to 692,000 loans. There were 161,000 fewer seriously delinquent loans than a year earlier.

Completed foreclosures, expressed as a percentage of loans more than 90 days past due, rose by 13.54 percent to a rate of 2.31 percent. This is an increase of 20.65 percent year-over-year.

The foreclosure **inventory**, properties in process of foreclosure, also shrank by 16,000 units in a month and was 231,000 units smaller than in June 2015. There were 558,000 properties in the foreclosure inventory at the end of the reporting period.

At the end of June there were 2.74 mortgage loans in some stage of delinquency or foreclosure, down 9,000 from May and a reduction of **nearly a half million** over the last 12 months. Non-current rates were up from six months earlier in three states, Wyoming, North Dakota, and Alaska, as those energy producing areas began to feel the impact of problems in the oil and gas markets.

The highest levels of non-current loans continue to be found in **Mississippi, Louisiana, and New Jersey**. The rates in those states are 11.19 percent, 9.18 percent, and 8.81 percent respectively. Alabama and Maine rounded out the top five.

## 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%

Black Knight also noted that prepayment speeds (SMM) which are historically a **good indicator of refinance activity**, rose to a 12 month high of 1.44 percent. This was an increase from May of 10.30 percent, mirroring an overall rise in refinance activity corresponding to historically low interest rates.

The company will release more detailed June performance data in its monthly Mortgage Monitor. That report is scheduled to be released on August 1.

## 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

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

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