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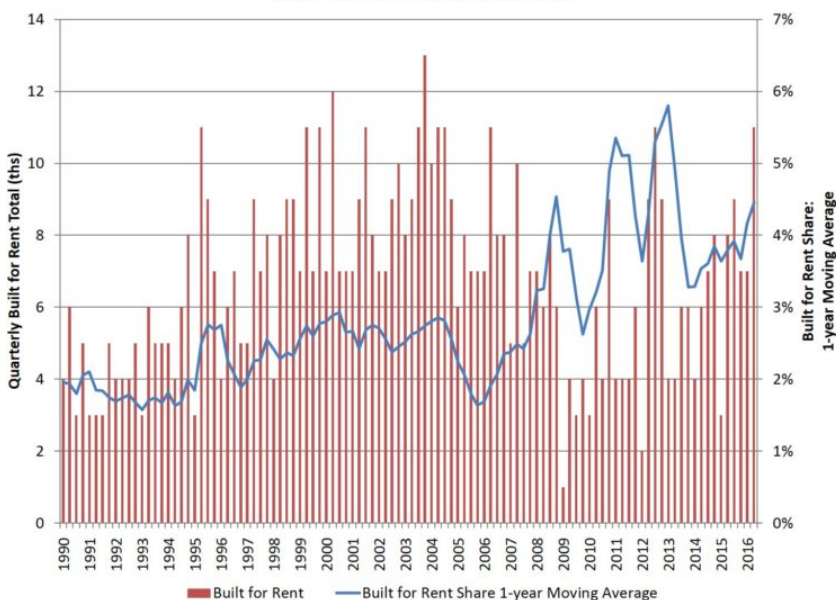
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More and More Homes Being Built to Rent

While the numbers remain small, the National Association of Home Builders (NAHB) notes there is a slowly increasing trend of single-family homes being built specifically as rentals. Robert Dietz, chief economist and senior vice president for NAHB says that, while the small numbers mean care must be taken when identifying trends, there were solid gains in the **built-for-rent market** over the last year.

The Census Bureau's *Quarterly Starts and Completions by Purpose and Design* as analyzed by NAHB puts the one-year moving average market share of this construction at **4.5 percent of total housing starts** as of the second quarter of 2016. This is higher than the historic share of 2.8 percent but down from 5.8 percent at the beginning of 2013.

Single-Family Starts Built-for-Rent



The percentages translate to 34,000 housing starts in this category for the four quarters ending with the first quarter of 2016 compared to 26,000 for the four prior quarters. This class of construction **does not include** homes that are sold to another party to be rented, only those home specifically built and held for that purpose.

National Average Mortgage Rates



	Rate	Change	Points
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%

As an example of this trend, one major homebuilder, Lennar, has completed a single-family rental community in Sparks, Nevada and says it may build one or two more.

Builder Confidence

Mar

51

+6.25%

At the same time, there has also been a trend toward purchasing newly constructed homes on the part of **institutional investors**. Starwood-Waypoint purchased 16,000 single-family properties in the rush that followed the housing crash but only 200 were new construction. Recently the REIT's CEO Doug Brien told CNBC that builders are "the next frontier for institutional builders." He says builders are even starting to offer institutional buyers bulk discounts. Lennar says it is also moving in this directions, buying up the first or the last 10 percent of single family developments and turning them into rentals.

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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