



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](#)

Pending Home Sales Second Highest in 10 Years

Despite some predictions that pending home sales would fall in July, they actually rose modestly to reach their **second highest level** in over a decade. The National Association of Realtors® reported that its Pending Home Sales Index (PHSI) was up 1.3 percent to 111.3 from a downwardly revised (from 111.0) 109.9 in June and was up 1.4 percent compared to July 2015.

The index had reached its highest level since February 2006 this past April when it hit 115.0. The July index was second only to that number. NAR pronounced the increase in purchase contracts as **broad-based**; only the Midwest failed to improve on its June numbers.

Analysts surveyed by Econoday had projected the index could be in the range of a 1.8 percent decline to a 1.4 percent gain. The consensus was a positive move of 0.6 percent.

NAR's index is a **forward-looking** indicator based on contract signings for the purchase of homes. Those transactions are generally expected to close within two months.

Lawrence Yun, NAR chief economist, says a **sizable jump in the West** lifted pending home sales higher in July. "Amidst tight inventory conditions that have lingered the entire summer, contract activity last month was able to pick up at least modestly in a majority of areas," he said. "More home shoppers having success is good news for the housing market heading into the fall, but buyers still have few choices and little time before deciding to make an offer on a home available for sale. There's little doubt there'd be more sales activity right now if there were more affordable listings on the market."

Adds Yun, "The index in the West last month was the **highest in over three years**, largely because of stronger labor market conditions. If homebuilding increases in the region to tame price growth and alleviate the ongoing affordability concerns, the healthy rate of job gains should support more sales."

As Yun noted, the PHSI in the West surged 7.3 percent in July to 108.7, and is now 6.2 percent above a year ago. The index in the Northeast rose 0.8 percent to 96.8, putting it 1.1 percent higher than a year ago. It also rose 0.8 percent in the South to 123.9, up 0.4 percent year-over-year. The Midwest was an outlier, falling 2.9 percent to 105.8, leaving it down 1.1 percent from a year earlier.

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%

Yun noted there has been a **downward trend in the size and cost of new homes** over the last year and says this could be an early indication that builders are starting to focus more on properties for buyers in the middle and lower price tiers rather than on the larger and more expensive homes they have been building.

	Value	Change
Builder Confidence	51	+6.25%

"Realtors® in several high-cost areas have been saying for **quite a while** that there is robust demand for single-family starter homes and townhomes at an affordable price point for young buyers," adds Yun. "The homeownership rate won't move up from its over 50-year low without a meaningful boost from first-time buyers, whose participation has yet to noticeably increase so far this year despite mortgage rates near all-time lows."

NAR forecasts that existing-home sales will finish the year at around 5.38 million units, a 2.8 percent increase from 2015 and the highest annual pace since 6.48 million homes sold in 2006. After accelerating to 6.8 percent a year ago, national median existing-home price growth is forecast to slightly moderate to around 4 percent.

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

We are a direct nationwide lender.
EQUAL HOUSING LENDER

Tom Payne

