



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](#)

August New Home Sales Retrench but Still Solid

After a **spectacular** run for new home sales in July, it was anticipated that August activity would be considerably more modest. While sales did retrench from the post-crash highs reached the previous month (which improved even further when revised), the August numbers still came in above analysts' estimates

The Census Bureau and the Department of Housing and Urban Development estimates that August sales of newly constructed single-family homes were at a **seasonally adjusted annual rate of 609,000**, a 7.6 percent drop from July when the rate was 659,000 units, a number originally reported at 654,000. The August sales rate was 20.6 percent higher than that of a year earlier, 505,000.

Analysts polled by Econoday had expected sales to be within a range of 575,000 to 630,000. The consensus was 598,000.

On an **unadjusted** basis, sales during the month totaled 50,000 units compared to 57,000 in July. In August 2015 there were 41,000 units sold. Units going under contract in August were on the market for a median of 3.2 months.

The **median** sales price of a home sold during the month was **\$284,000 compared to \$300,200** a year earlier. The most recent **average** price was **\$353,600, up from \$348,800** in August 2015.

There were an estimated 239,000 units (unadjusted) available for sale as the end of the reporting period, a **4.8-month supply** at the current absorption rate. In August 2015 the inventory was deemed sufficient for 5.2 months. Of those units currently available, construction is complete on 56,000, 138,000 are in process, and work has not begun on 45,000 units.

Sales in the **Northeast** region dropped by 34.3 percent from July and were 25.8 percent lower than a year earlier. In the **Midwest** sales, while down 2.4 percent month-over-month, were 39.7 percent higher than the previous August. Sales were also lower for the month in the **South**, by 12.3 percent, but remained 15.9 percent above sales in the same month in 2015. New home sales in the **West** maintained their momentum, rising 8.0 percent in August and gaining 35.0 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 