



Tom Payne

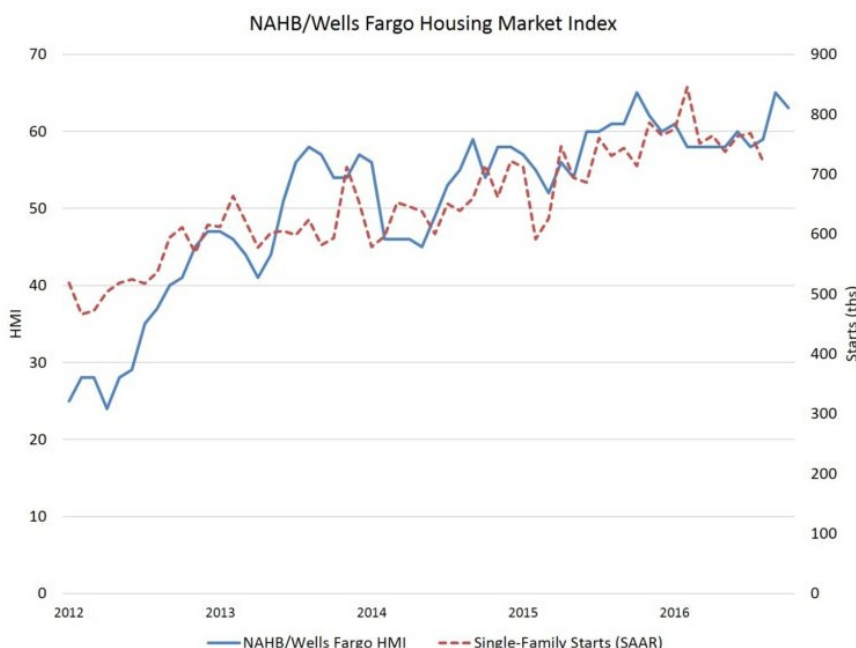
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Housing Market Index Drops to 2nd Highest Level of 2016

The Housing Market Index (HMI), a measure of home builder confidence in the new home market, gave back a bit of its September surge this month. The National Association of Home Builders (NAHB)/Wells Fargo index dropped 3 points from September to 63, exactly the consensus prediction of analysts surveyed by Econoday.

The HMI had gained an unexpected 6 points in September, **rising to 65** after orbiting in a narrow range of 58 to 61 for 10 months. The September index tied with October 2015 for the highest index value since the housing bubble in the mid-2000s.



The HMI composite index contains three components each gauging home builder responses to a survey that NAHB has been conducting for 30 years. Builders are asked to give their perceptions of current single-family home sales and their expectation for the sales over the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each

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%

Housing News Update

component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

		Value	Change
Builder Confidence	Mar	51	+6.25%

"Even with this month's drop, builder confidence stands at its **second-highest level in 2016**, a sign that the housing recovery continues to make solid progress," said NAHB Chairman Ed Brady. "However, builders in many markets continue to express concerns about shortages of lots and labor."

Two of the three HMI components posted losses in October. The component gauging current sales conditions dropped two points to 69 and the index charting buyer traffic, which consistently and significantly lags the other two measures, fell one point to 46. Meanwhile, the index measuring sales expectations in the next six months rose one point to 72.

"The October reading represents a **mild pullback** from a jump in September, and indicates that the housing market continues to make slow and steady gains," said NAHB Chief Economist Robert Dietz. "Moreover, mortgage rates remain low and the HMI index measuring future sales expectations has been over 70 for the past two months. These factors will sustain continued growth in the single-family market in the months ahead."

Looking at the three-month moving averages for regional HMI scores, the **West** increased two points to 75 while the **Northeast, Midwest** and **South** each posted one-point gains to 43, 56 and 65, respectively.

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

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