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Pending Sales Rise, Signal Impressive Demand

Pending home sales **bounced back** in September after falling by 2.5 percent in August the National Association of Realtors® (NAR) said on Thursday. NAR's Pending Home Sales Index (PHSI), a measure based on contracts signed for existing home purchases, rose 1.5 percent in September to 110.0 from 108.4 (revised from 108.5) in August.

NAR's Chief Economist Lawrence Yun said a **robust increase in the West** and a healthy bump in the South more than compensated for declines in the other two regions. With last month's gain, the index is now 2.4 percent higher than last September (107.4) and has now risen year-over-year for 22 of the last 25 months.

Analysts polled by Econoday had estimated pending sales would come in on the positive side with a range of 0.5 to 2.5 percent. The consensus was a 1.0 percent increase.

"Buyer demand is holding up **impressively** well this fall," Yun said, "with Realtors® reporting much stronger foot traffic compared to a year ago. Although depressed inventory levels are keeping home prices elevated in most of the country, steady job gains and growing evidence that wages are finally starting to tick up are encouraging more households to consider buying a home."

Referring back to last week's report on existing home sales in September, Yun said there are **many positive indications** that the housing market's overall health continues to improve. "In addition to sales matching their third highest pace (5.47 million) since February 2007 (5.79 million), distressed sales - foreclosures and short sales - fell to their lowest share since NAR began tracking them in October 2008 (4 percent). Furthermore, sales to first-time buyers reached 34 percent, which matched the highest share since July 2012 and was up convincingly from September 2015 (29 percent)."

However, he continued, the **painfully low levels of available homes** for sale in most of the country continues to be a major predicament. "It's leading to home prices outpacing wages, properties selling a lot quicker than a year ago and the home search for many prospective buyers being highly competitive and drawn out because of a shortage of listings at affordable prices."

The PHSI in the **Northeast** fell 1.6 percent to 96.5 in September, but is still 7.7 percent above a year ago. In the **Midwest** the index declined modestly (0.2

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%

Housing News Update

percent) to 104.6, and is now 1.0 percent lower than in September 2015.

	Value	Change
Builder Confidence	Mar 51	+6.25%

Pending home sales in the **South** rose 1.9 percent to an index of 122.1 and are now 1.7 percent higher than a year earlier. The index in the **West** jumped 4.7 percent in September to 107.3, and is now 4.0 percent above a year ago.

The PHSI is a leading indicator of existing home sales. A sale is listed as pending when the contract has been signed. The sale is typically finalized within one or two months. The index is based on a large national sample of about 20 percent of transactions for existing home sales, and is benchmarked at 100, the average level of contract activity in 2001, the first year to be examined.

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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