



Tom Payne

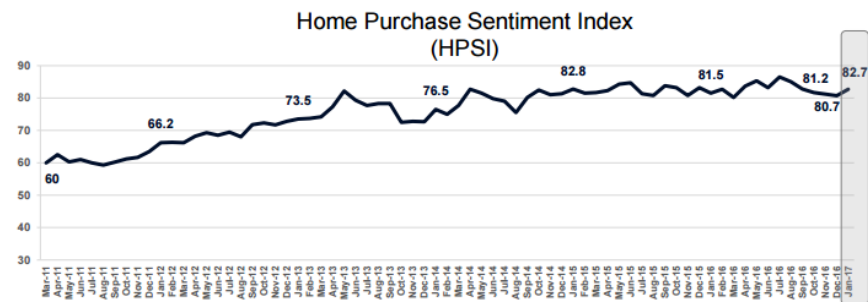
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Home Purchase Sentiment Brightened in New Year

Fannie Mae's Home Purchase Sentiment Index (HPSI) reversed a five-month long decline in January, posting a **2-percentage point increase**. The Index, which summarizes consumer responses to six questions from Fannie Mae's monthly National Housing Survey, was at 82.7 following the January gain, 1.2 percentage points higher than in the January 2016.

Four of the six components in the survey rose in January. The net share of Americans who believe that home prices will go up in the next 12 months increased by 7 percentage points to a net of 42 percent. While not a component of the HPSI, the percentage increase in home prices expected by survey respondents rose from 2.1 percent in December to 3.2 percent.



The net share of consumers reporting **significantly higher household income** in the past 12 months rose by 5 percentage points in January and there was an increase of 1 percentage point to 69 percent in the net responses from consumers about their confidence in not losing their jobs. Those believing it is a good time to sell a house rose on net by 2 points but those who see it as a good time to buy declined 3 points making for a 29 percent three-way tie for the survey low with May and September 2016. The net share of those who believe mortgage rates will go down remained unchanged at a negative 55%.

"Three months after the presidential election, measures of **consumer optimism** regarding personal financial prospects and the economy are at or near the highest levels we've seen in the nearly seven-year history of the National Housing Survey," said Doug Duncan, senior vice president and chief economist at Fannie Mae. "However, any significant acceleration in housing activity will depend on whether consumers' favorable expectations are

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%

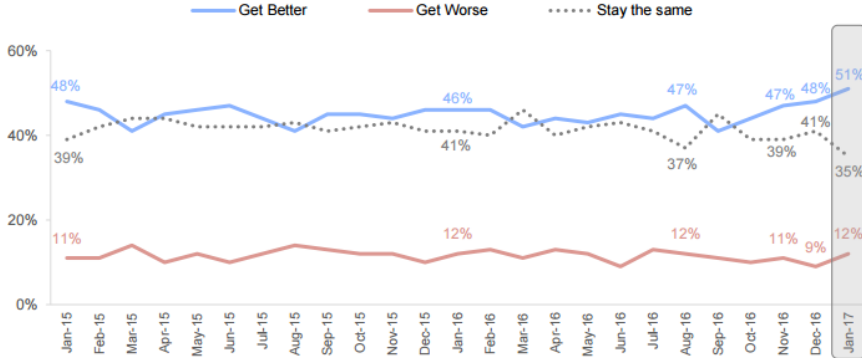
Housing News Update

realized in the form of income gains sufficient to offset constrained housing affordability. If consumers' anticipation of further increases in home prices and mortgage rates materialize over the next 12 months, then we may see housing affordability tighten even more."

	Value	Change
Builder Confidence	51	+6.25%

Among notable changes to non-component survey questions, those who said they would buy a home the next time they moved declined from **68 percent of respondents** in December to 65 percent while those who thought they would have difficulty getting a mortgage rose 5 percentage points to 46 percent. There were significant changes in consumers answers about their expectations for their own personal financial situation over the next 12 months as shown in the graphic below.

Respondents who expect their personal financial situation to... over the next 12 months



The Home Purchase Sentiment Index (HPSI) distills information about consumers' home purchase sentiment from the NHS into a single number that reflects current views and forward-looking expectations of housing market conditions. The NHS is conducted monthly by telephone among 1,000 consumers, both homeowners and renters. Respondents are asked more than 100 questions used to track attitudinal shifts, six of which are used to construct the HPSI. The January 2016 National Housing Survey was conducted between January 1 and January 21, 2017.

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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