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Strong Q4 Fuels More Price Peaks -NAR

Prices in more than half of major metropolitan markets with available data are now **at or above their previous price peaks** after what the National Association of Realtors® (NAR) calls the best quarterly sales pace of the year. Existing home sales in the fourth quarter of 2016 brought housing inventories to record lows and helped to push single family prices higher. NAR reports that the median price of a single family home increased year-over-year in 89 percent of the 178 metropolitan markets it tracks. Only 20 metro areas, 11 percent, had median prices below those of a year earlier.

The number of rising markets exceeded those in the third quarter by 2 percentage points and the number of metro areas with double-digit price gains increased from 31 or 14 percent to 17 percent. Of the 150 markets which NAR has tracked since before the housing crisis, 78 (or **52 percent**) now have a median sales price at or above their previous all-time highs.

Lawrence Yun, NAR chief economist, says home-price gains didn't let up throughout 2016. "Buyer interest stayed elevated in most areas thanks to mortgage rates under 4 percent for most of the year and the creation of 1.7 million new jobs edging the job market closer to full employment," he said. "At the same time, the inability for supply to catch up with this demand drove prices higher and continued to put a tight affordability squeeze on those trying to reach the market."

"Depressed new and existing inventory conditions led to several of the largest metro areas seeing near or above double-digit appreciation, which has pushed home values to record highs in a slight majority of markets. The exception for the most part is in the Northeast, where price growth is flatter because of healthier supply conditions."

NAR says there was a **5.7 percent annual increase** in the national median existing single-family home price, rising from \$222,300 in the fourth quarter of 2015 to \$235,000. The year-over-year gain in the third quarter was 5.4 percent.

The existing home **inventory of 1.65 million homes** for sale at the end of the year was 6.3 percent below the inventory of 1.76 million homes a year earlier and the lowest supply since NAR began tracking it in 1999. At the present rate of sales, that is estimated to be a 3.9-month supply. A year earlier there was a 4.6-month supply.

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%

Given the current shortage of homes for sale and the potential for rising interest rates, NAR President William E. Brown is advising homebuyers to get a jump on the spring market. "There are fewer listings on the market, but also a little less competition than what's expected this spring. Buyers may find just the home they're looking for at a good price and without the possibility of having to outbid others."

Builder Confidence	Mar	51	+6.25%
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Prices for condo and cooperatives, reported for 61 metro areas, increased 6.1 percent in the fourth quarter compared to a year earlier, from **\$209,300 to \$222,000**. Median condo prices were higher in 93 percent of the markets covered by NAR.

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

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