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New Home Sales Up Less Than Expected; Prices up 7.5% Annually

Sales of newly constructed homes, had a strong start in 2016 but **flattened out toward the end of the year** and ended with a dismal December. Now 2017 has also started on a positive note. The Census Bureau and the Department of Housing and Urban Development reported sales were up in January by 3.7 percent from the previous month to a seasonally adjusted annual rate of 555,000 units. Sales in December, originally estimated at 536,000 units were revised down to 535,000. The January sales were 5.5 percent higher than sales a year earlier of 526,000. On a non-seasonally adjusted basis there were 41,000 homes sold during the month compared to 38,000 in December.

New Home Sales



Analysts had however **expected a much stronger recovery** from the 10.4 percent nosedive sales took in December. Econoday reported those they polled were looking for sales in a range between 538,000 and 600,000 units with a consensus of 576,000, a 7.5 percent gain.

At the end of January there were an estimated 261,000 homes available for sale (a non-adjusted figure.) This is a **larger inventory** than existed during any

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

month in 2016 and represents a **6.4-month supply** at the current rate of sales.

Sales in the Northeast region were up 15.8 percent from December and were 22.2 percent higher than a year earlier. The Midwest saw sales rise by 14.8 percent month-over-month and 4.5 percent compared to January 2016. Sales in the South were up 4.3 percent from December, but fell below the year-ago pace by 1.0 percent. New home sales in the west were down 4.4 percent for the month but remained 16.2 percent higher on an annual basis.

The Median price of a new home sold during the month was \$312,900 compared to 291,100 the previous January, an impressive **7.5 percent increase**. The average sale price declined from \$365,600 to \$360,900 over the 12-month period.

Homes sold during January had a median time on the market of **3.2 months**, down from 3.3 months both in December and in January 2016.

	Value	Change
Builder Confidence	Mar 51	+6.25%

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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