



Tom Payne

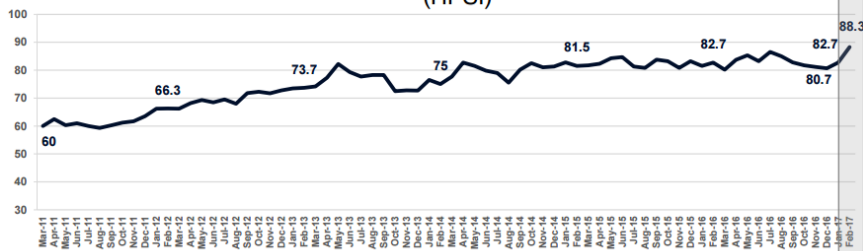
Senior Loan Consultant, loanDepot
 NMLS# 1017004 #174457 Licensed in all 50 States
 2835 St. Rose Parkway, Suite 120 Henderson, NV 89052

Office: 702-303-0243
 Mobile: 702-303-0243
tompaynemortgage@gmail.com
[View My Website](#)

Confidence Surges in National Housing Survey

The February installment of the National Housing Survey (NHS) might have broken a record for breaking records. Fannie Mae says its Home Purchase Sentiment Index (HPSI), based on six components of the survey, **increased by 5.6 percentage points** from both January's level and that of February 2016 to 88.3, an all-time high. Five of the six components were higher than in January and three also set survey records.

Home Purchase Sentiment Index (HPSI)



Doug Duncan, Fannie Mae's senior vice president and chief economist said, "The latest post-election surge in optimism puts the HPSI at its **highest level since its starting point in 2011**. Millennials showed especially strong increases in job confidence and income gains, a necessary precursor for increased housing demand from first-time homebuyers. Preliminary research results from our team find that millennials are accelerating the rate at which they move out of their parents' homes and form new households. However, continued slow supply growth implies continued strong price appreciation and affordability constraints facing millennials and first-time buyers in many markets."

The HPSI condenses information from the NHS into a single number which Fannie Mae says reflects **consumers' current views and forward-looking expectations** about housing market conditions. The six questions used to construct the HPSI ask whether consumers think that it is a good or bad time to buy or sell a house, what direction they expect home prices and mortgage interest rates to move, how concerned they are about losing their jobs, and whether their incomes are higher than they were a year earlier.

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

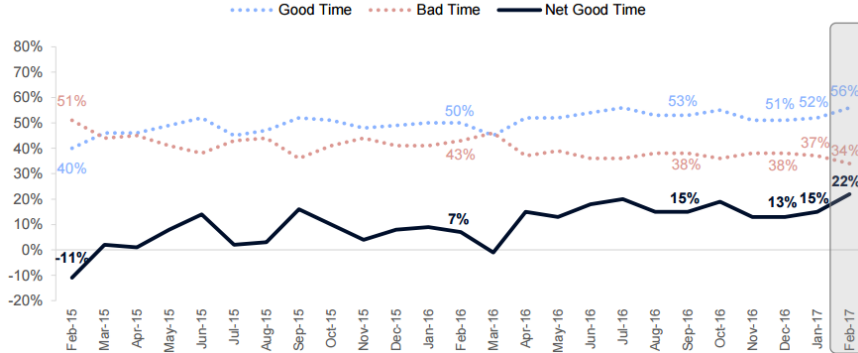
| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Jul 10 | 206.1 | -0.19% |
| Building Permits | Mar | 1.46M | -3.95% |
| Housing Starts | Mar | 1.32M | -13.15% |
| New Home Sales | Mar | 693K | +4.68% |
| Pending Home Sales | Feb | 75.6 | +1.75% |
| Existing Home Sales | Feb | 3.97M | -0.75% |

Housing News Update

Value Change

The share of survey respondents who view this as a **good time to buy** a home, one of the components, rebounded by 11 percentage points from January's all-time survey low to a net of 40 percent, while the net share of those who think it is a good time to sell was 22 percent, up 7 percentage points to a new survey high.

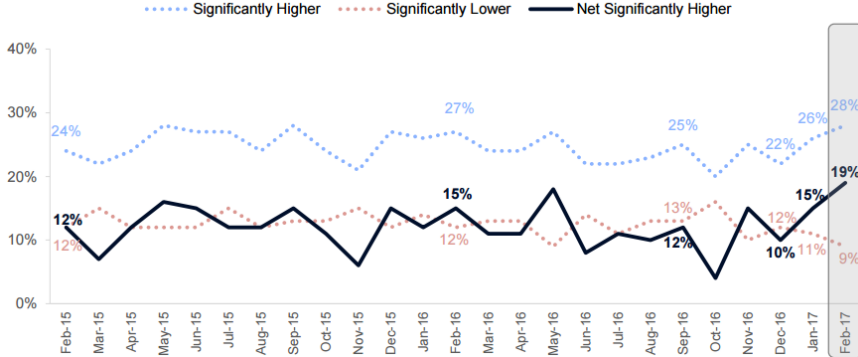
Respondents who say it is a... to sell



The net percentage of those who expect **home prices to increase** rose 3 points to 45 percent while the amount of increase expected, which is not an index component, stayed level at 3.2 percent after jumping in January from a 2.1 percent expected gain the previous month. The net share of those who think mortgages rates will go down over the next 12 months remained unchanged at -55 percent for the third consecutive month.

Moving on to questions about **personal finances**, on net, the share of respondents reporting that their household income is significantly higher than it was 12 months ago increased 4 percentage points to 19 percent. Consumers also demonstrated greater confidence about not losing their jobs, with the net share rising 9 percentage points to 78 percent. Both of those HPSI components established new survey highs.

Respondents who say their household income is... than it was 12 months ago



Some **notable responses** to other non-HPSI questions included an increase in respondents who expect rents to rise over the next 12 months, which moved from 54 to 56 percent, although expectations about the magnitude of those rent hikes fell one-half point to 3.8 percent. Sixty-six percent of respondents indicated they intend to buy the next time they move, up 2 percentage points, and there was increasing confidence on the part of consumers in their ability to obtain a mortgage. Responses from those who thought they would have an easy time getting financing rose 6 points to 56 percent.

The NHS is conducted monthly among 1,000 consumers, both home owners and renters. They are asked over 100 questions to assess their attitudes toward owning and renting a home, price changes, homeownership distress, and personal financed. The February survey was conducted between February 1, 2017 and February 21,

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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