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Home Builder Group Voices Support for Mortgage Deduction

June is National Homeownership Month and the National Association of Home Builders (NAHB) says that owning a home is as much a part of the American Dream as ever. The Association commissioned a large-scale survey of 11,300 registered voter earlier this year and found that **70 percent** feel owning a home is important.

"Americans continue to place a **high priority** on homeownership and work hard to achieve this goal for their families," said NAHB Chairman Granger MacDonald. "Our members are committed to providing high-quality homes that meet the diverse needs of Americans across the country."

In a press release, NAHB said the homeownership rate is at a **record low**, stalled at around 64 percent. A key component in achieving homeownership for more Americans, regardless of income, is the mortgage interest deduction (MID), which been a part of American housing policy since the inception of the tax code more than 100 years ago. The deduction primarily benefits middle-class taxpayers, according to data from the Congressional Joint Committee on Taxation. NAHB says it supports this tax incentive, as well as provisions that encourage development of affordable housing.

Elimination of the **interest rate deduction** is nearly always a subject for discussion when there are serious attempts to reform the tax code. The deduction is available for both a primary residence and a property (real or not) claimed as a second home. It is capped at interest on mortgages (on one or both properties) of \$1 million and/or a \$100,000 home equity loans.

In addition to promoting the MID, NAHB **spoke out against regulations on all levels** of government that affect home building. "We have long fought for sensible reforms to burdensome regulations that needlessly increase the cost of homes for low- and middle-income families," said MacDonald, noting NAHB research that shows government regulations add about 24 percent to the cost of housing. We must support the dream of homeownership and not create barriers through unnecessary federal regulations or tax code changes," MacDonald said.

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%

Update: Buyer Broker Agreement

	Value	Change
Builder Confidence	Mar 51	+6.25%

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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