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New Home Sales Rebound; Prices Crush Previous Record

The report on May new home sales, released this morning, paints a **much brighter picture** than last month's release of April data. In that report, the U.S. Census Bureau and the Department of Housing and Urban Development said new home sales had dropped 11.4 percent from their March level, to a seasonally adjusted annual rate of 569,000 units. Today that rate was revised up to 593,000.

May sales improved on that report. They were **up by 2.9 percent** from April to a seasonally adjusted estimate of 610,000, cracking the 600,000 mark for only the fourth time since the housing crisis began. Sales are now 8.9 percent higher than in May 2016 when the estimate was 560,000. On a non-seasonally adjusted basis, sales in May were 1,000 units higher than in April, at 58,000.

May's annual rate of sales was at the high end of expectations. Analysts polled by Econoday had been looking for results in the range of 575,000 to 615,000 units. The consensus was 590,000.

The median sales price in May was **\$345,800** and the average was \$406,400. A year earlier the respective prices were \$296,000 and \$350,000. This crushes the previous record of \$332,700 and also represents a record increase in the year-over-year change (+16.8% vs May 2016's median price of \$296,000).

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

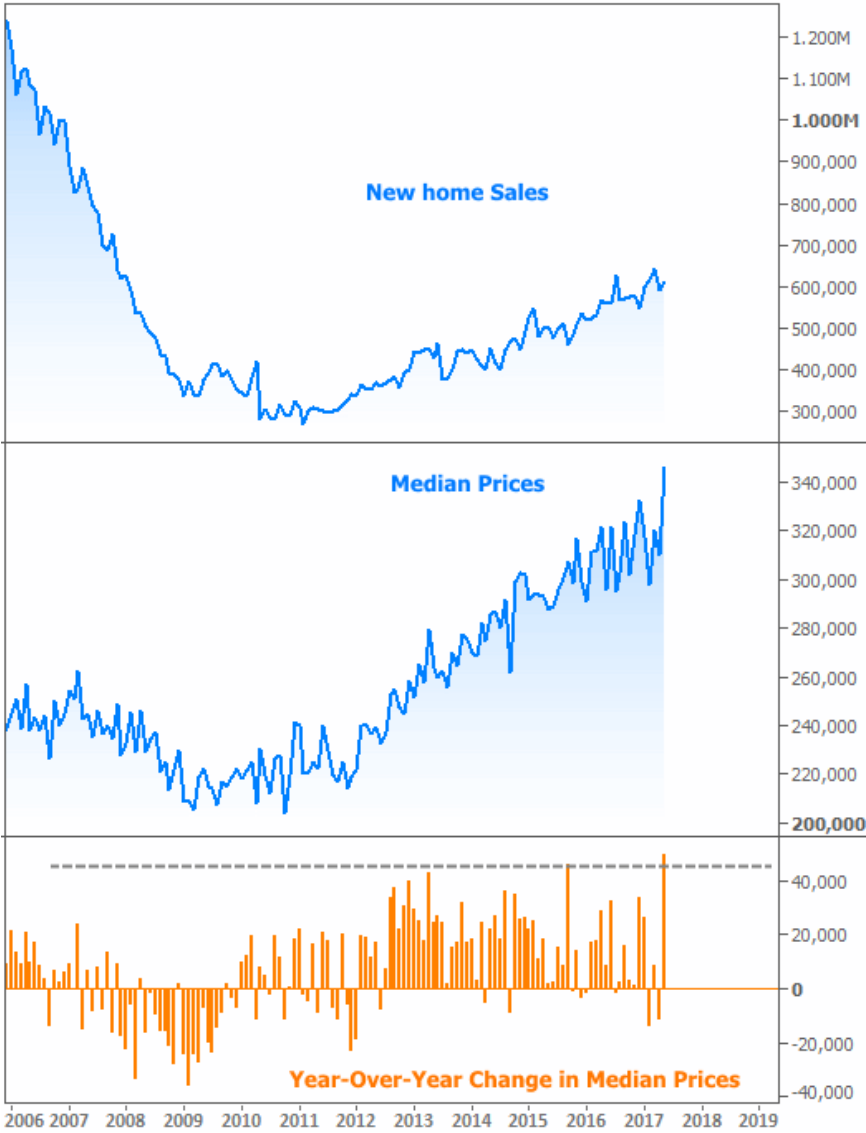
Rates as of: 7/22

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

New Home Sales



		Value	Change
Builder Confidence	Mar	51	+6.25%

New home sales in the **Northeast** were down 10.8 percent from April and unchanged from the previous May. The **Midwest** also had substantial declines, 25.7 percent month-over-month and 23.6 percent on an annual basis.

The other two regions offset those losses, with sales up 6.2 percent from the previous month in the **South** which also posted a year-over-year gain of 15.0 percent. The **West** had 13.3 percent more activity than in April, 14.1 percent more year-over-year.

At the end of May there were an estimated 265,000 new homes available for sale (unadjusted), 60,000 of which are ready for occupancy. The total is an increase of 6,000 from the previous month. This is estimated to be a 5.3-month supply at the current sales pace, unchanged from April. The median time that homes have been on the market is 3.1 months, down from 3.7 months in April.

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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