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Foreclosure Inventory Finally Breaks 10-Year Low

It is hard to believe that it has taken **more than a decade**, but Black Knight Financial Services says the foreclosure inventory, after a 12,000-property decline in July, has **finally** fallen below 400,000. The last time the number of homes in some process of foreclosure was lower was in February 2007. The July decrease is part of a 150,000-home reduction in the inventory in the last 12 months, a **-28 percent change**.

Other measures of housing distress continue to fall as well. The national **foreclosure rate** is also the lowest it has been in more than 12 years at 0.78 percent of all active mortgages, and the 53,300 foreclosure starts filed in July were the second fewest in a given month since 2005.

Black Knight, in its "first look" at July mortgage performance data, did note a **slight uptick** in early-stage mortgage **delinquencies** during the month, the rate for loans 30 or more days past due but not in foreclosure rose from 2.8 percent in June to 3.9 percent, a change the company calls "seasonal." The delinquency rate has fallen by 13.5 percent since July 2016. Later stage delinquencies remained flat, and the total 90+ day delinquent inventory is down 140,000 from last year. Two oil patch states, Alaska and North Dakota, were the only ones to have seen total non-current inventories (everything 30 or more days past due or in foreclosure) grow over the past six months.

New York, the state with the highest foreclosure inventory at 58,000 units, is also one that has historically had one of the longest mortgage timelines, accompanied by enormous foreclosure backlogs. That it also has the highest foreclosure rate at 2.4 percent may be an indication that the courts are finally resolving some of these very old cases.

Nationally the number of properties that are non-current, that is 30 or more days past due or in foreclosure, totals **2.384 million**. This is down by 42,000 from the previous month and 452,000 year-over-year. The highest rate of non-current loans is in Mississippi at 10.45 percent, followed by Louisiana (8.77 percent) and Alabama (7.23 percent).

Following monthly gains in May and June, **prepayment activity fell** by nearly 10% in July. The rate, an indicator of refinancing activity, is down nearly 20 percent year-over-year.

Black Knight will provide a more in-depth review of this data in its monthly Mortgage Monitor report which will be published by September 11.

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%

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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