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Builder Confidence Nears Post Crash High

Builder confidence increased for the second consecutive month after taking a hit in September from the late summer hurricanes. The National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) increased 2 points in November, hitting 70, the highest score since March. It was also the second highest reading for the index which measures NAHB's new home builder members confidence in the new home market since July 2005.

"November's builder confidence reading is close to a **post-recession high** - a strong indicator that the housing market continues to grow steadily," said NAHB Chairman Granger MacDonald. "However, our members still face supply-side constraints, such as lot and labor shortages and ongoing building material price increases."

NAHB's monthly survey, which it has conducted for 30 years, asks builders to provide their perception of both current single-family home sales and their expectation for those sales over the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

Two out of the three HMI components registered 2-point gains in November. The component gauging current sales conditions rose to 77 and the index measuring buyer traffic increased to 50. The forward-looking component, charting expectations for the next six months, eased back 1 point to 77.

Regional HMI scores are presented as three-month moving averages. The **Northeast** jumped 5 points to 54 and the **South** rose 1 point to 69. Both the **West** and **Midwest** remained unchanged at 77 and 63, respectively.

NAHB Chief Economist Robert Dietz commented, "Demand for housing is increasing at a consistent pace, driven by job and economic growth, rising homeownership rates and limited housing inventory. With these economic fundamentals in place, we should see continued upward movement of the single-family housing market as we close out 2017."

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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