



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](#)

New Home Sales Steamroll Over Expectations

It wasn't supposed to happen after the banner month for new home sales in September, but sales of those homes **rose significantly again** in October, jumping 6.2 percent to a seasonally adjusted annual rate of 685,000 units. The seasonally adjusted results for September were the highest in 10 years, and the percentage gain over August, 18.9 percent, was the largest in nearly three decades. The back-to-back increases more than compensate for a somewhat lackluster summer, and put sales 18.7 percent above the 577,000-unit rate in October 2016. The original estimate for September of 667,000 was revised down to 645,000, but remained the highest thus far in 2017.

Prior to the release of the joint report from the U.S. Census Bureau and the Department of Housing and Urban Development, *Econoday* said, "A big step back in October wouldn't be a surprise, and given the strength of September, wouldn't necessarily dim what is an increasingly positive outlook for the housing sector." Analysts polled by the website had expected sales at an annual rate of 620,000. The results were well outside of the range of their estimates, 600,000 to 650,000 units.

On a non-adjusted basis there were 55,000 newly constructed homes sold during the month. Sales in September were estimated at 50,000.

The median price of a home sold in October was \$312,800 compared to \$302,800 a year earlier. The average sale price was \$400,200, up from \$352,200.

At the end of the reporting period there were an estimated 282,000 new homes available for sale. Production however is **not keeping up with demand**; those units represent a 4.9-month supply at the current rate of absorption, down from 5.2 months in September. Homes were on the market a median of 3.2 months after completion.

Sales in the **Northeast** rose 30.2 percent from September and were 64.7 percent higher than the previous October. The **Midwest** saw an increase of 17.9 percent for the month and 16.2 percent year-over-year.

The **South** posted a 1.3 percent gain month-over-month and sales were 14.0 percent higher on an annual basis. In the **West** sales were up 6.4 percent and 20.1 percent from the two earlier periods.

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

Contact me for more information. 702-303-0243 or TPayne@loandepot.com

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Tom Payne 