



Kevin Litwicki - NMLS # 289959
Sr. Mortgage Advisor, Stampfli Mortgage LLC
NMLS # 1598803
303 S. Main Street Verona, WI 53593

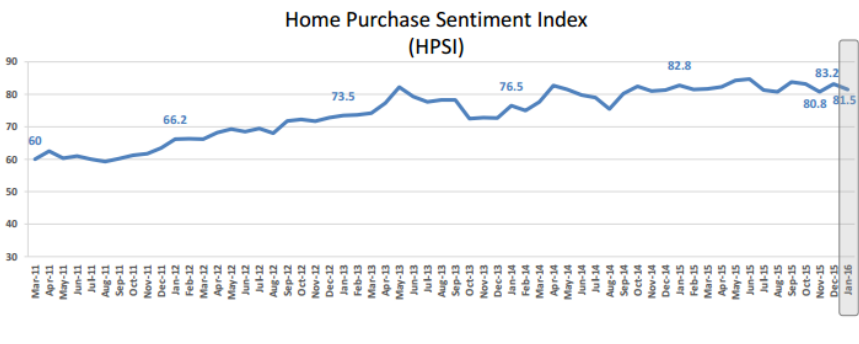
Office: 608-572-7522
Fax: 888-988-0013
kevin@stampflimortgage.com
[View My Website](#)

Housing Attitudes Take Turn For The Worse

Affordability is becoming an issue based on more than just rising interest rates and rising home prices according to the latest Home Purchase Sentiment Index (HPSI) from Fannie Mae. That index **dipped by 1.7 points** from December to January, resulting in a reading of 81.5. Those results, the company said, reflected in part housing affordability constraints based on wages.

The HPSI distills answers to six critical questions from the monthly National Housing Survey into a single number. The survey is conducted by Fannie Mae among a sample of 1,000 consumers, both homeowners and renters and is intended to gather their current views and forward-looking expectations of housing market conditions and address topics that are related to their home purchase decisions. The questions used to construct the index are those questions consumers as to whether they think that it is a **good or bad time to buy or to sell** a house, what direction they expect home prices and mortgage interest rates to move, how concerned they are about losing their jobs, and whether their incomes are higher than they were a year earlier.

It was that last issue that caused some **affordability concerns** in the January results. The share of consumers who reported that their income was significantly higher than it was 12 months ago fell 3 percentage points after climbing 9 percentage points on net in December. There was also a 4 point decline in the number of respondents who said it was a good time to buy a house. That continued a net downward trend in that response throughout 2015. It now stands at 61 percent, a survey low with a net between positive and negative answers of 31 points.



National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

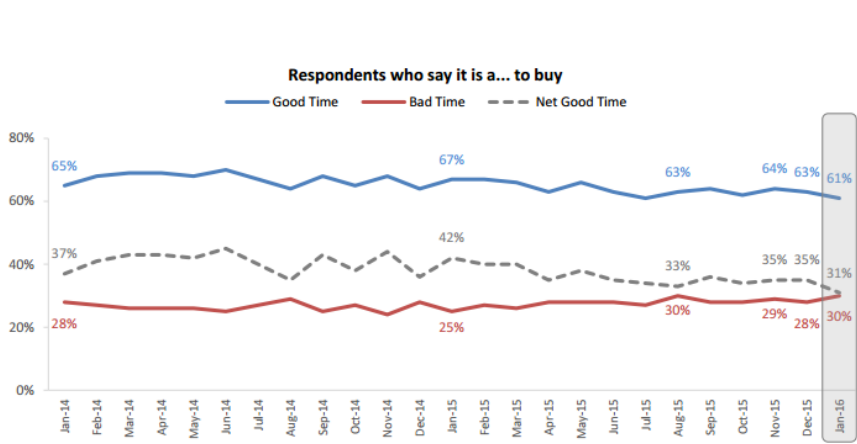
Rates as of: 5/17

Recent Housing Data

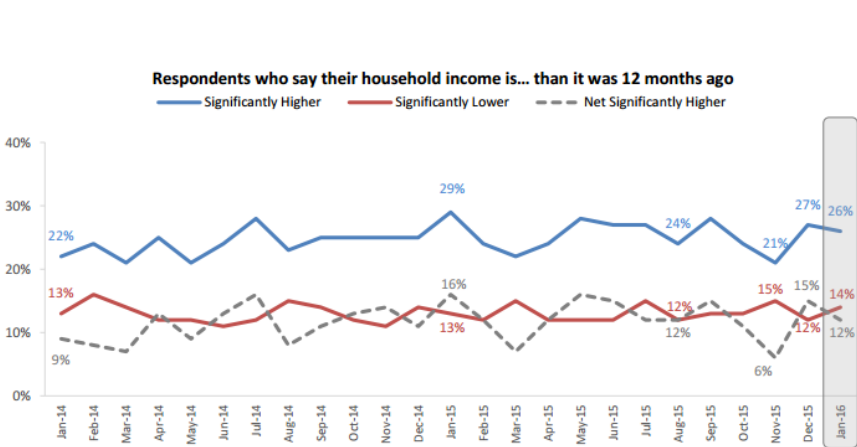
		Value	Change
Mortgage Apps	May 15	198.1	+0.51%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

"Housing affordability is being **constrained** because the pace of growth in real income has not kept up with gains in real home prices as demand has grown faster than supply," said Doug Duncan, senior vice president and chief economist at Fannie Mae. "On the bright side, consumers have been increasingly positive about their ability to get a mortgage, suggesting that credit tightness is not the main issue limiting housing market activity today, a feeling that we also see conveyed by lenders in our Mortgage Lender Sentiment Survey®. We expect further progress in the HPSI to be limited until income growth picks up or supply, particularly in lower-priced homes, expands more rapidly."

While four of the six HPSI components decreased in January, Good Time to Sell rose by 1 point to a net of 9 percent and **Mortgage Rate net expectations** stayed the same at negative 52 percent. The latter number is derived from a total of 57 percent who expect rates to rise while only 5 percent expect them to fall. Fewer respondents on net said house prices will continue to rise, down 3 points to 37 percent. Overall, the HPSI is down 1.3 points since this time last year.



An **all-time survey high** was maintained as 85% of respondents say they are not concerned about losing their job however the net positive responses to this question fell 1 percentage point to 71%. The net share of respondents who say their household income is significantly higher than it was 12 months ago fell 3 percentage points to 12%.



The National Housing Survey asks its rotating panel of respondents over 100 questions, comparing survey answers with those over the history of the survey which began in June 2010. The phone survey seeks to track attitudinal shifts. The January 2016 National Housing Survey was conducted between January 1, 2016 and January 25, 2016. Most of the data collection occurred during the first two weeks of this period.

All Your Mortgage Needs, Professionally Delivered with a Personal Touch

Whether you're a first-time homebuyer hoping to navigate the process of buying a home so that it is a fun and anxiety-free process or a homeowner looking for refinance options that deliver more freedom and flexibility, I can help you analyze your current situation and find money saving options. With expertise in all areas of mortgage and financing, my hope is that once I become your mortgage partner, I'll stay your mortgage partner. With clients from A to Z, files never leave my hands or my desk. From start to finish, every step of the way, my goal is to keep the lines of communication open, provide complete and attentive service, and ensure the most seamless and satisfactory process possible.

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