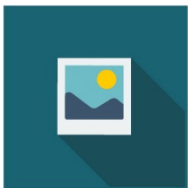
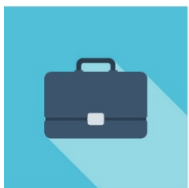
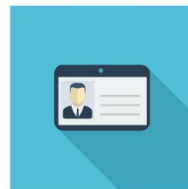
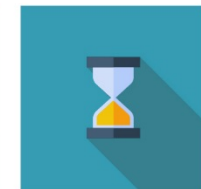
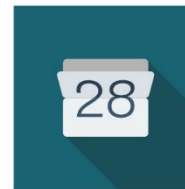
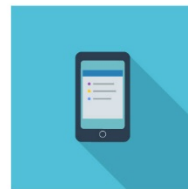
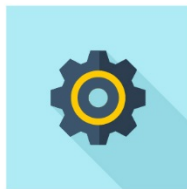
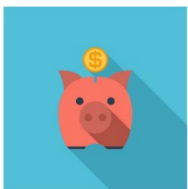
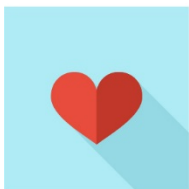
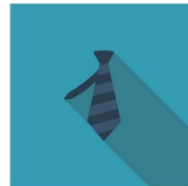
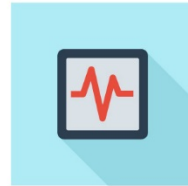
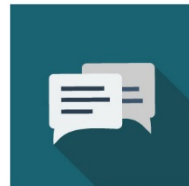
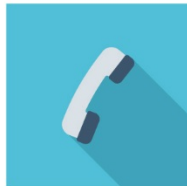
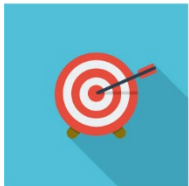
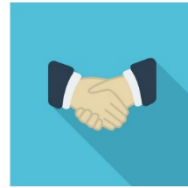
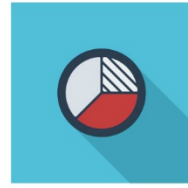
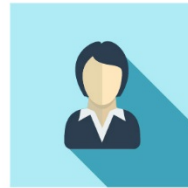
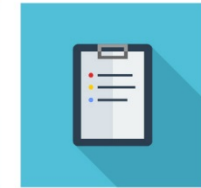
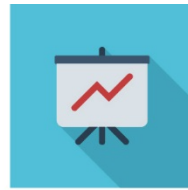
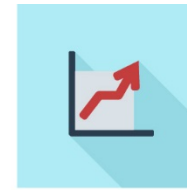
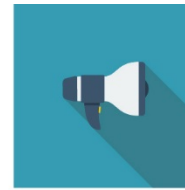
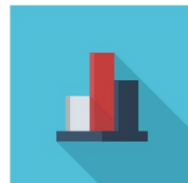
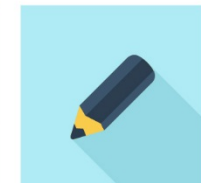
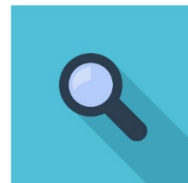
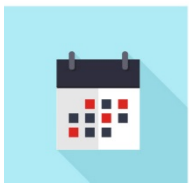


KEEPING CURRENT MATTERS

WWW.KEEPINGCURRENTMATTERS.COM



JULY 2015



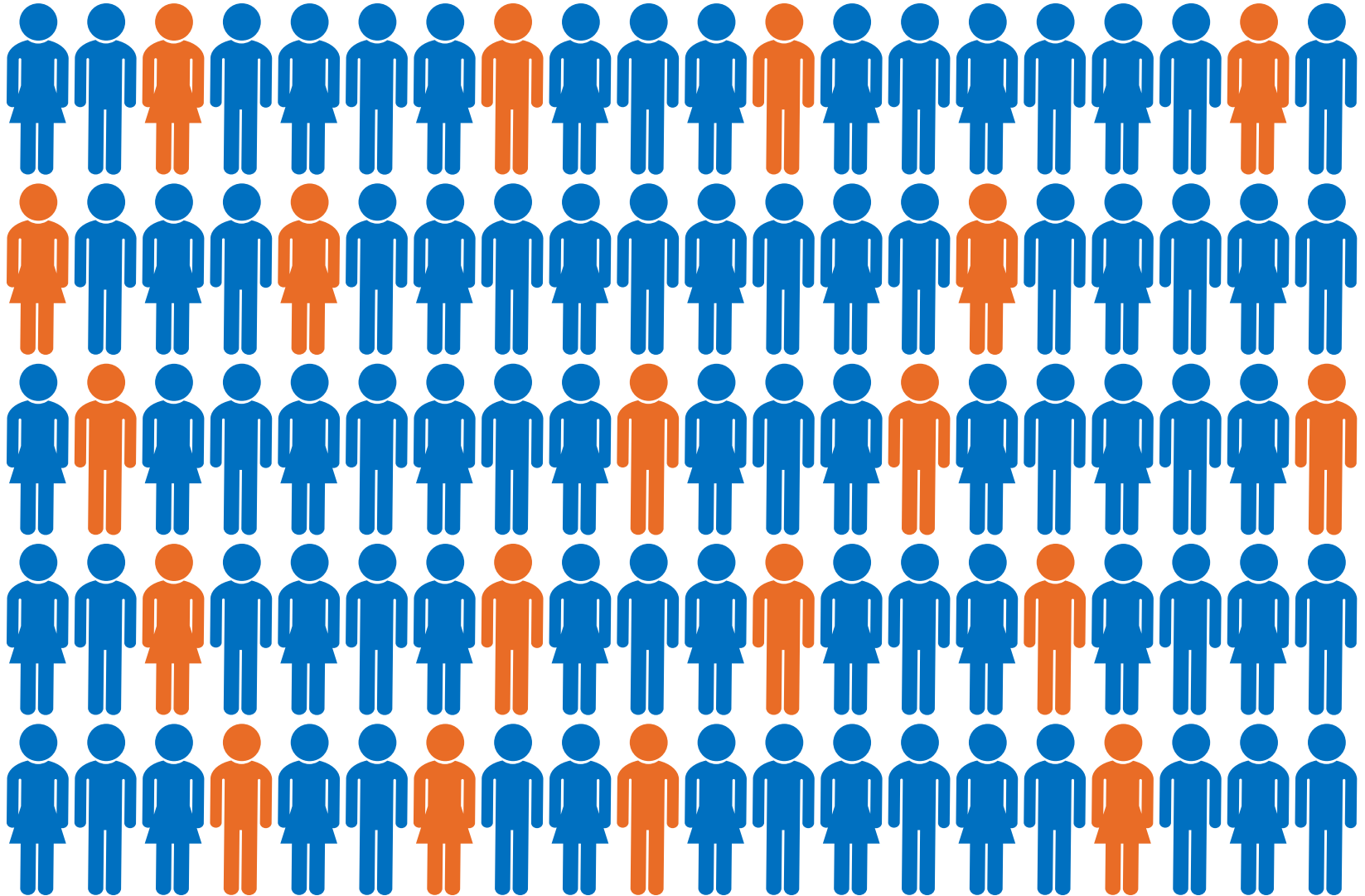
Homeownership is...

An Achievement to be Proud of 55%

A Good Way to Acquire Equity 42%

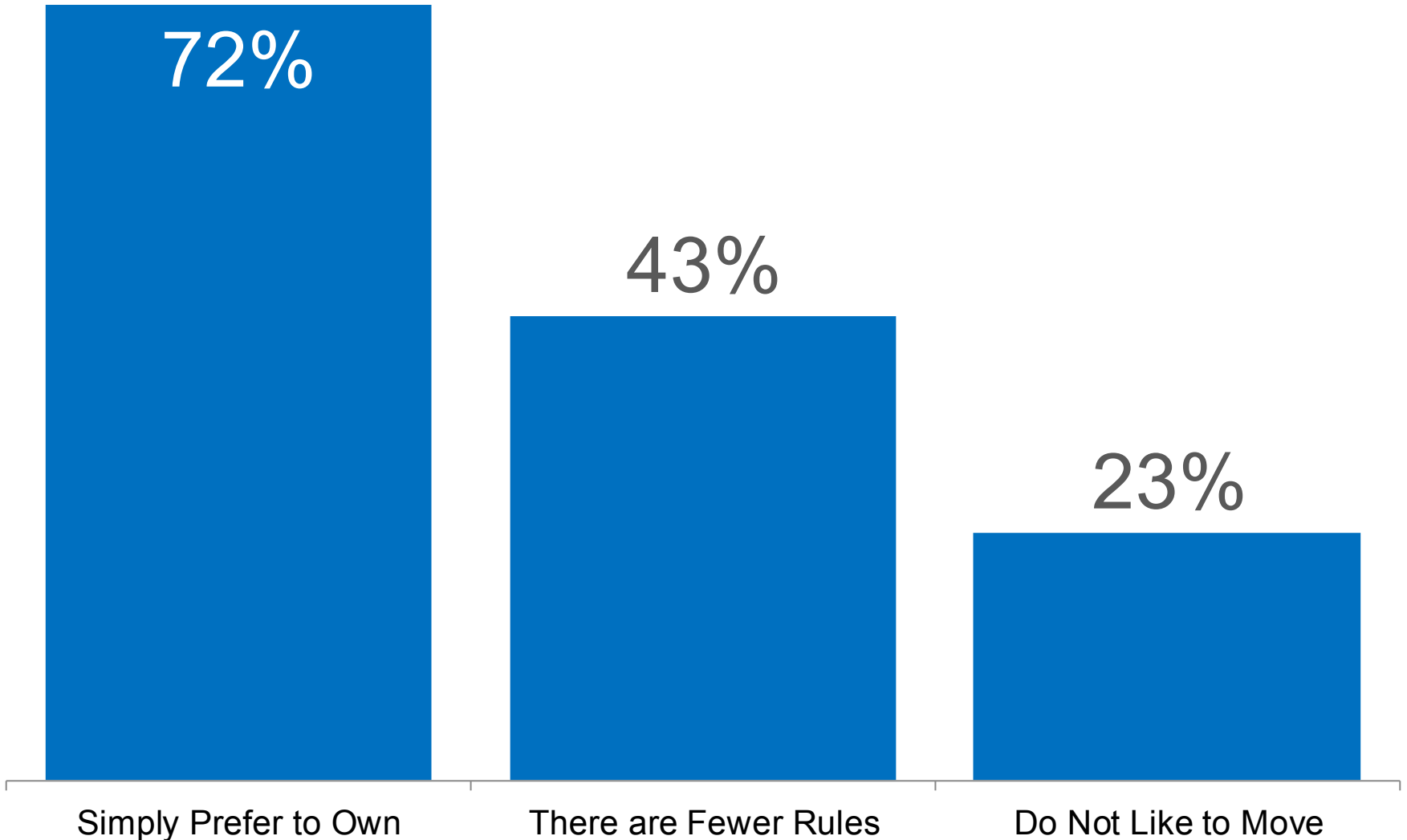
A Dream Come True 32%

81% of renters indicate that they would prefer to own their home if they could afford to do so.



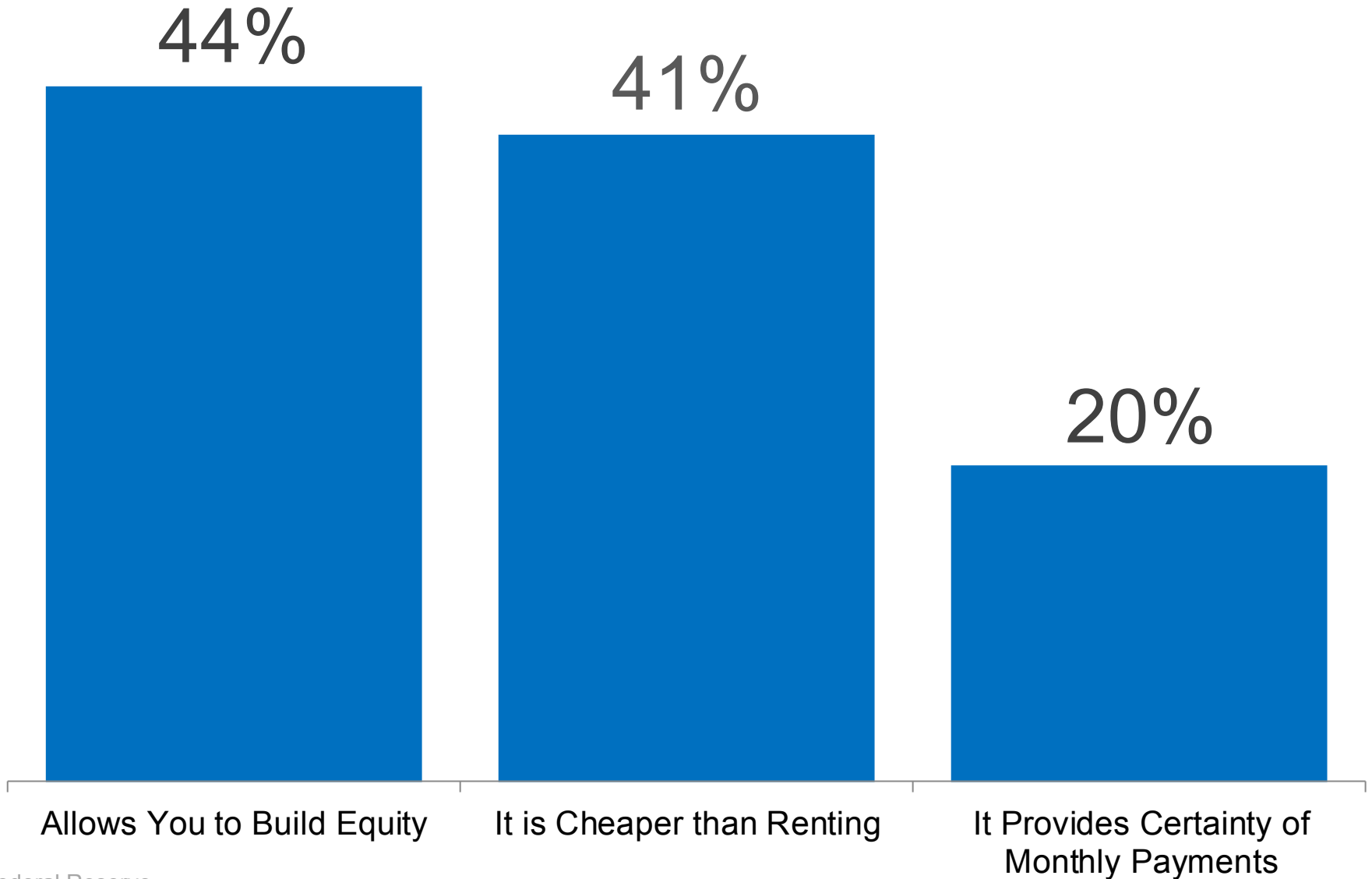
Federal Reserve Survey of Economic Well Being

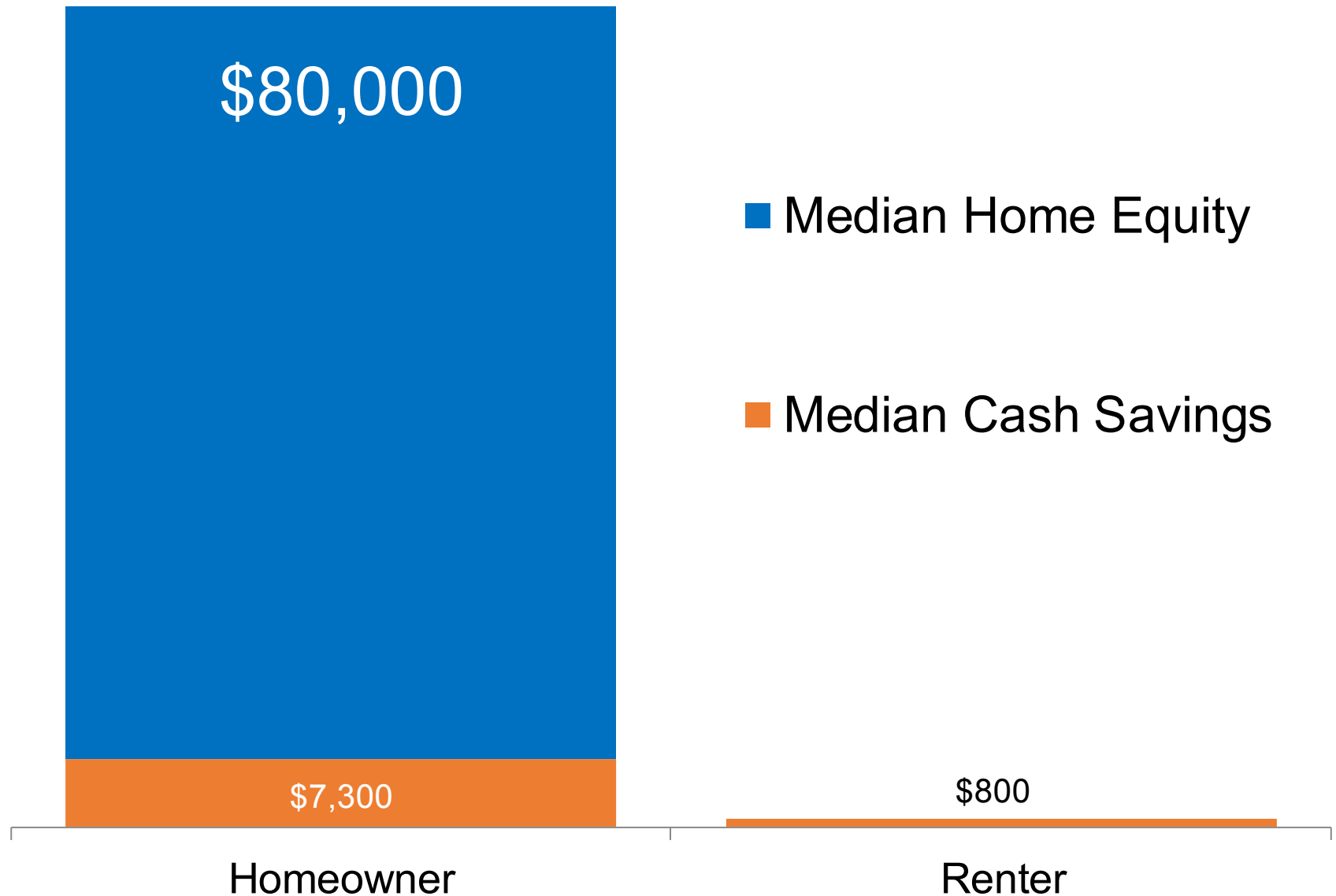
Non- Financial Reasons to Own



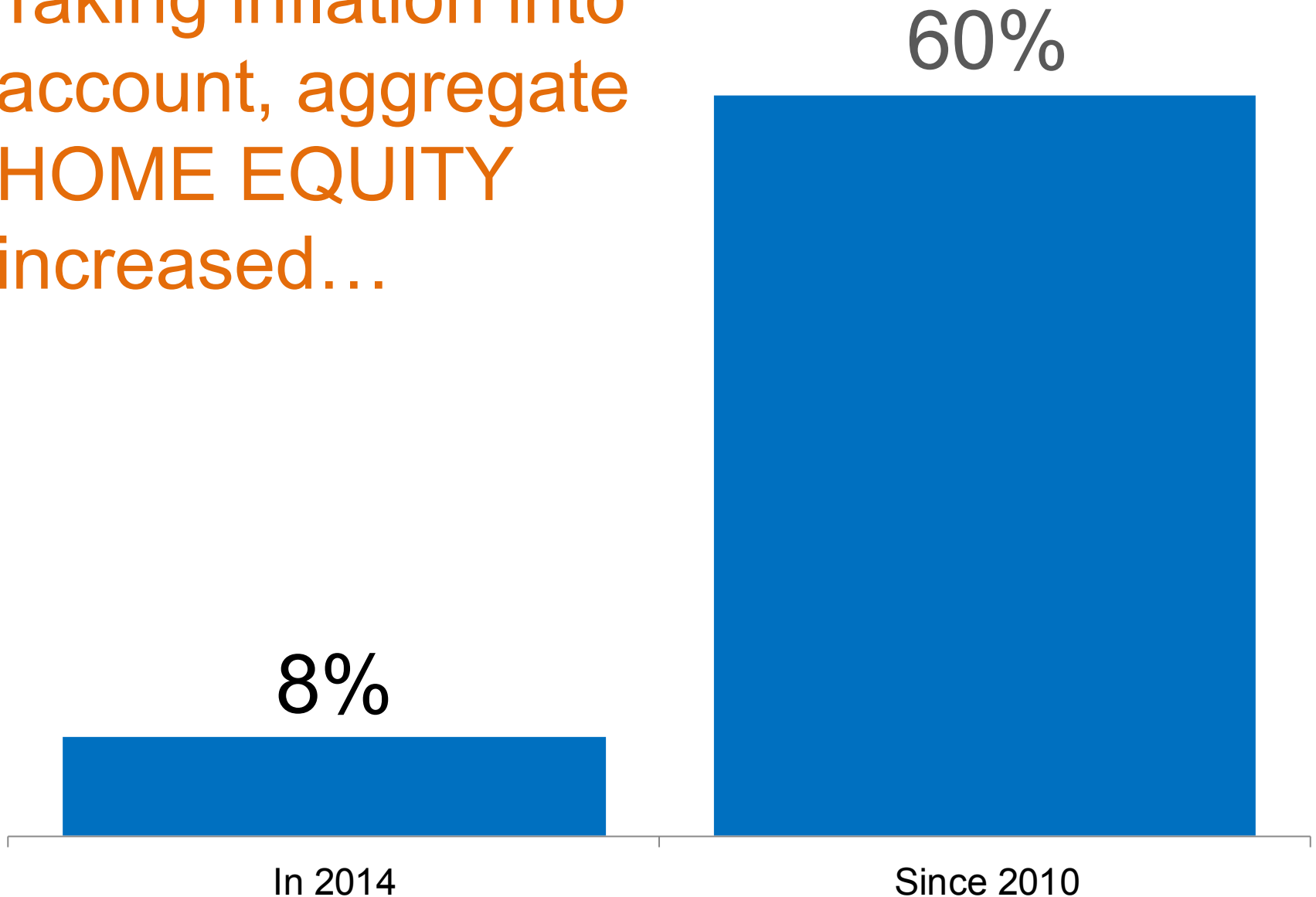
Federal Reserve Survey of Economic Well Being

Financial Reasons to Own





Taking inflation into
account, aggregate
HOME EQUITY
increased...

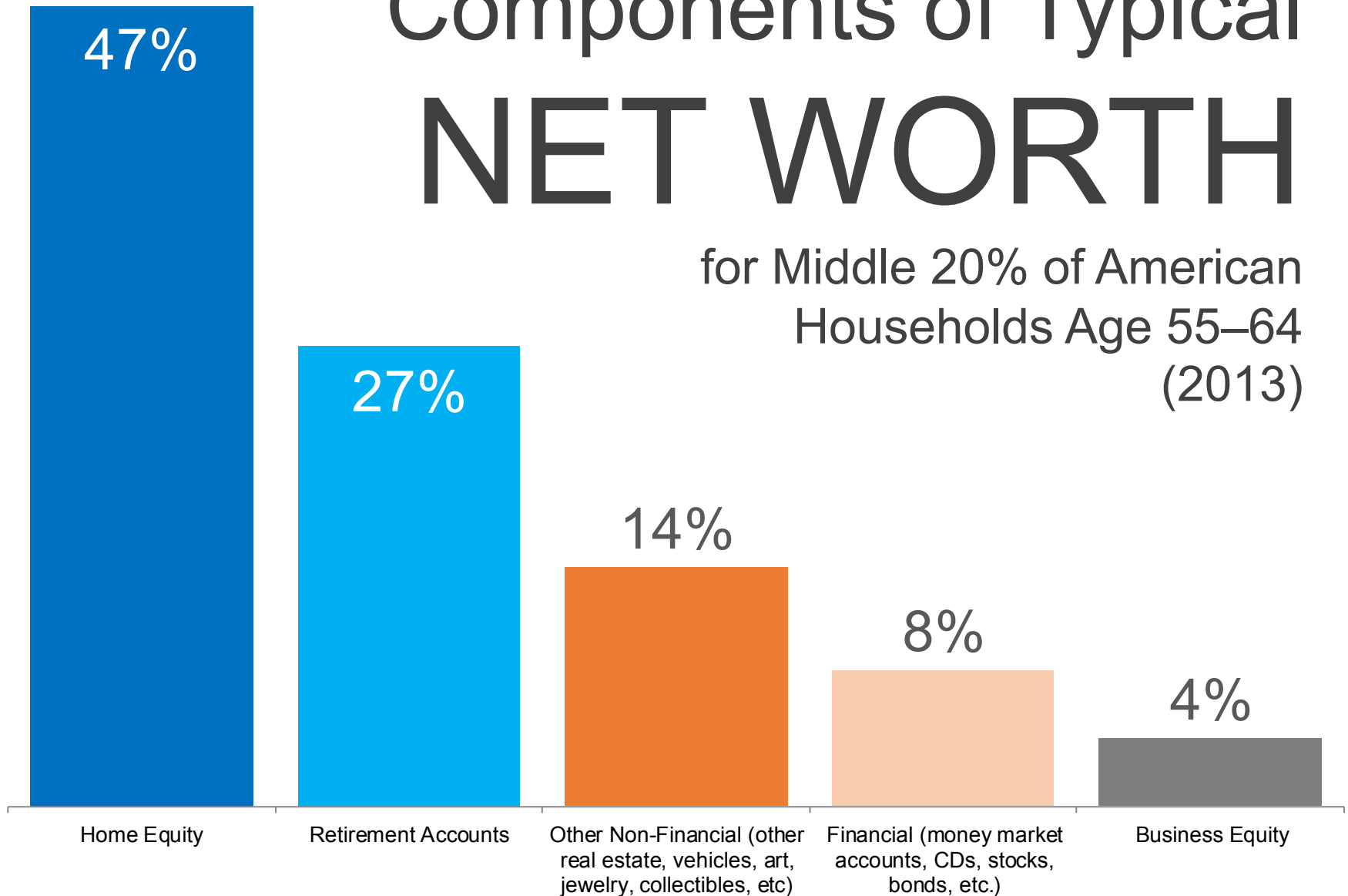


Middle-class
households near
retirement age
have about as much wealth
in their homes as they do in
their retirement accounts.



Components of Typical NET WORTH

for Middle 20% of American
Households Age 55–64
(2013)



50%

Why renters do not
own their home...

31%

Cannot Afford the Down Payment

Cannot Qualify for a Mortgage

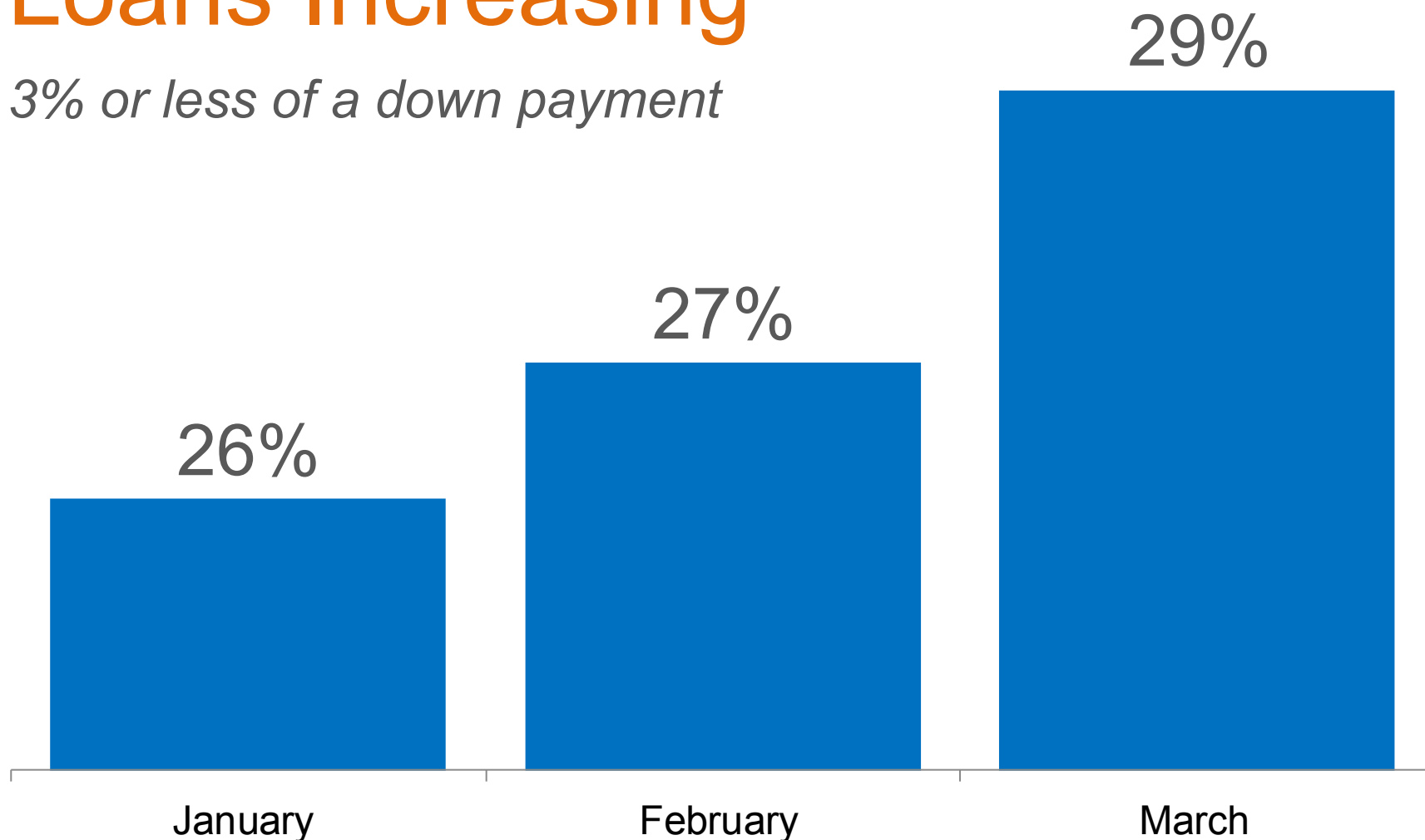
Two-thirds of those surveyed believe they need a very good credit score to buy a home, with 45 percent thinking a “good credit score” is over 780.



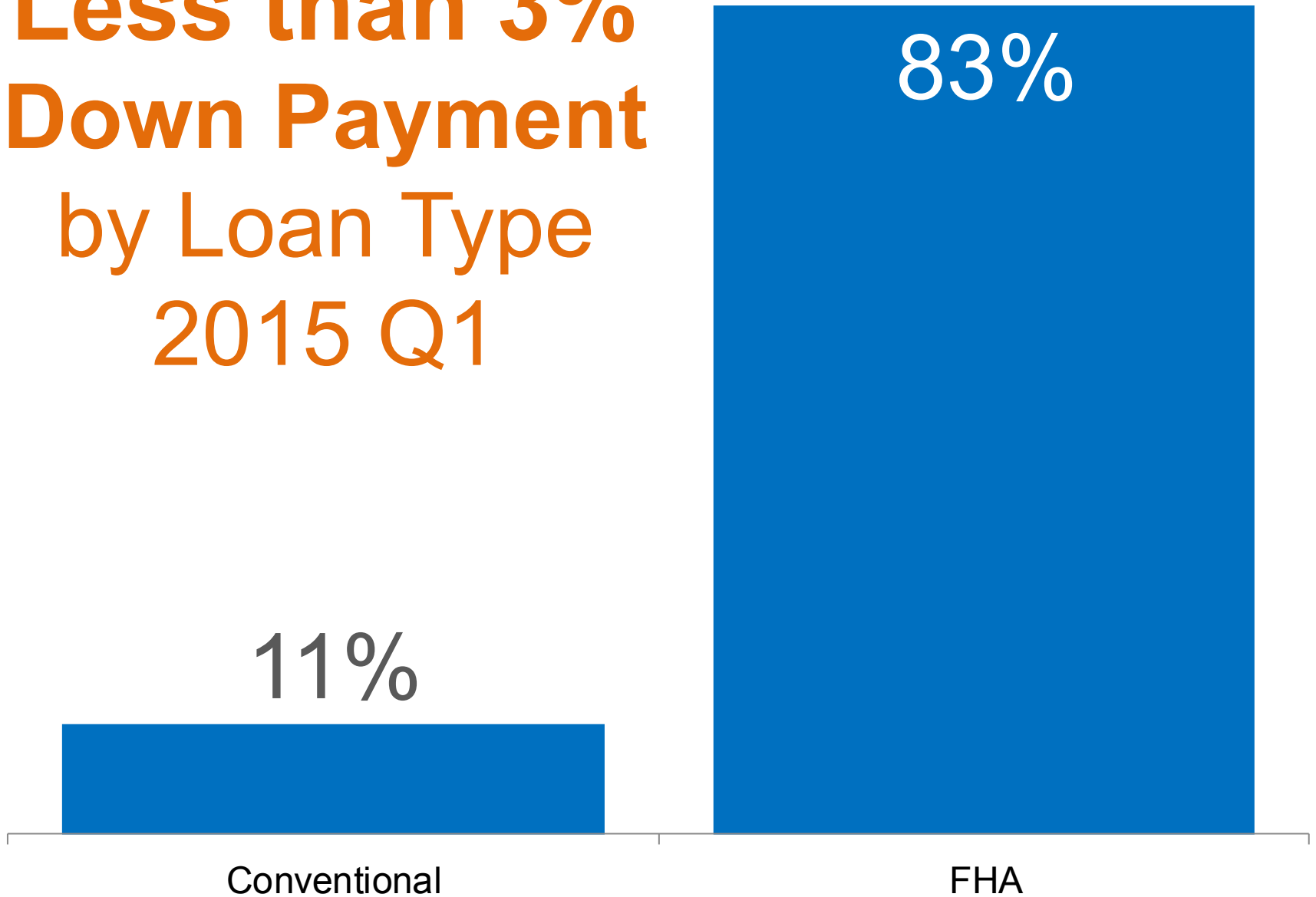
Consumers also overestimate the down payment funds needed to qualify for a home loan, with 36 percent thinking a 20 percent down payment is always required.

Share of Low Down Payment Loans Increasing

3% or less of a down payment



Less than 3% Down Payment by Loan Type 2015 Q1



Average FICO Score on Approved Loans

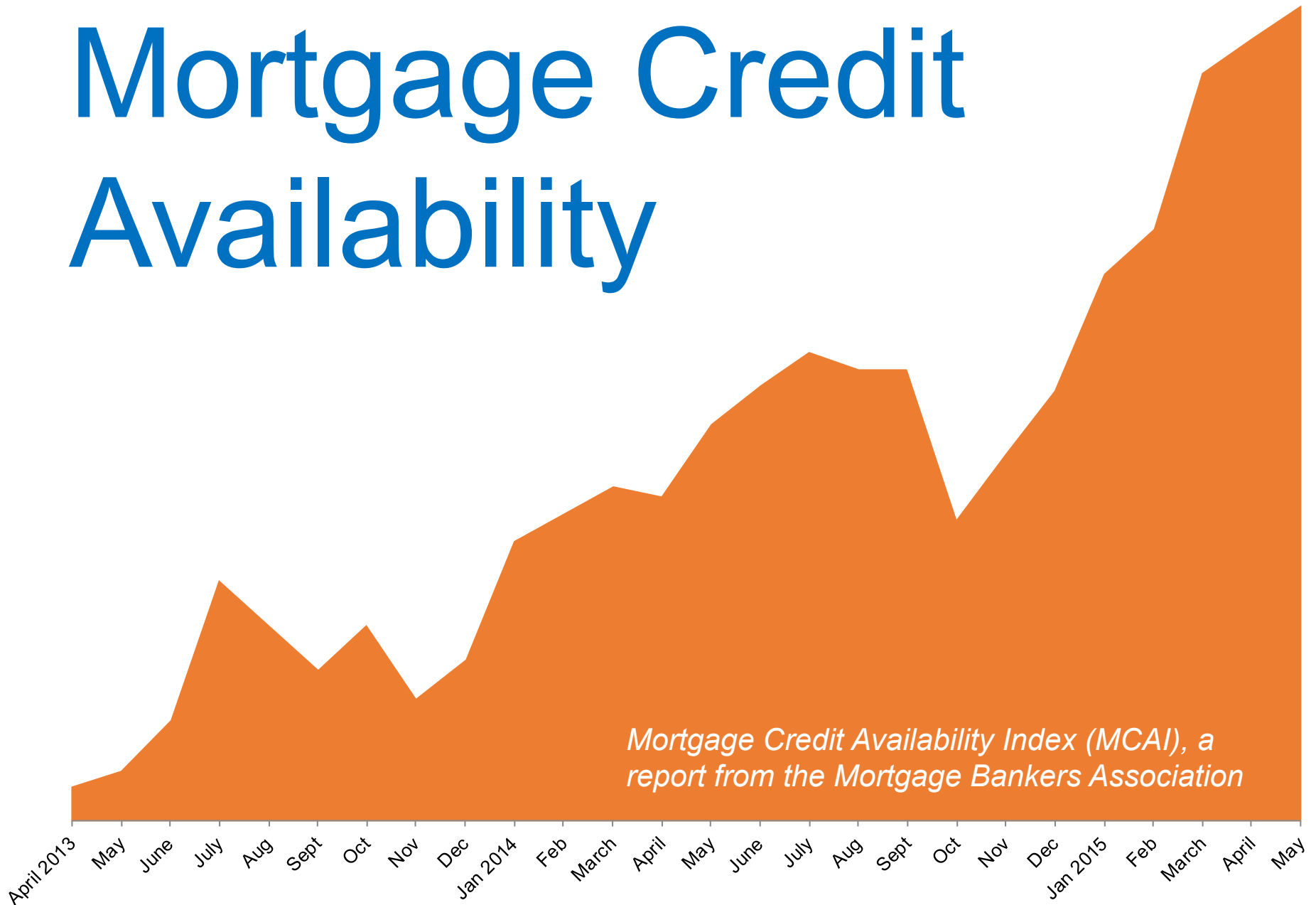
688

FHA

757

Conventional

Mortgage Credit Availability



Year-Over-Year Increase in

Mortgage Production

54.9%

Number of First Mortgages

79.9%

\$ Value of First Mortgages

36% of renters in the 168 large metros with 2014 price data could afford a 30-year fixed-rate mortgage on a median-priced home in their areas, assuming a 5 percent down payment.



Among the key 25–34 year-old age group, the share was somewhat higher at 42%.

Joint Center for Housing Studies, Harvard University

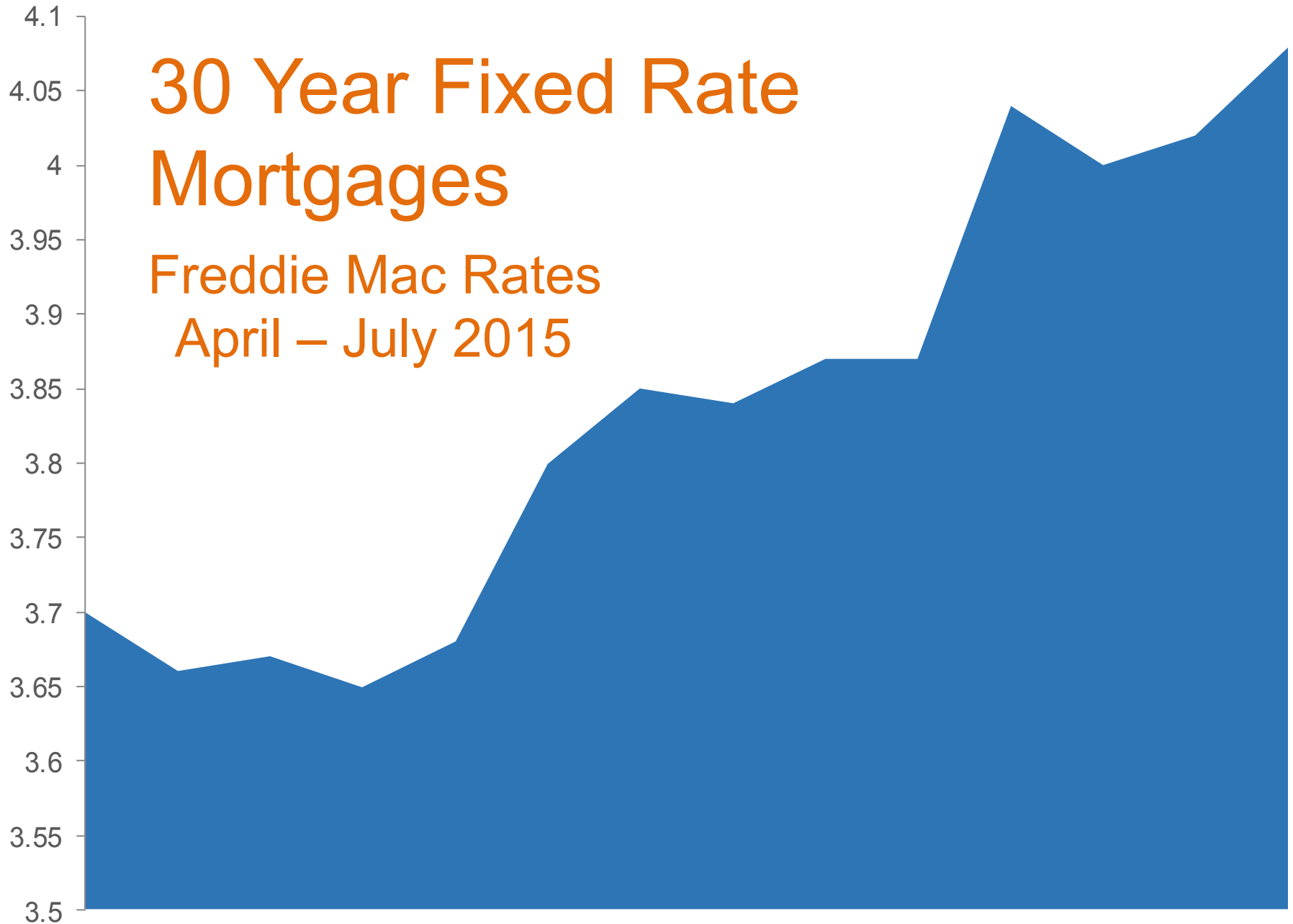
“This suggests that
perceived



financial and credit barriers
to homeownership are a crucial
driver of why some individuals
are renting rather than owning,
despite the stated preference of
many renters for homeownership.

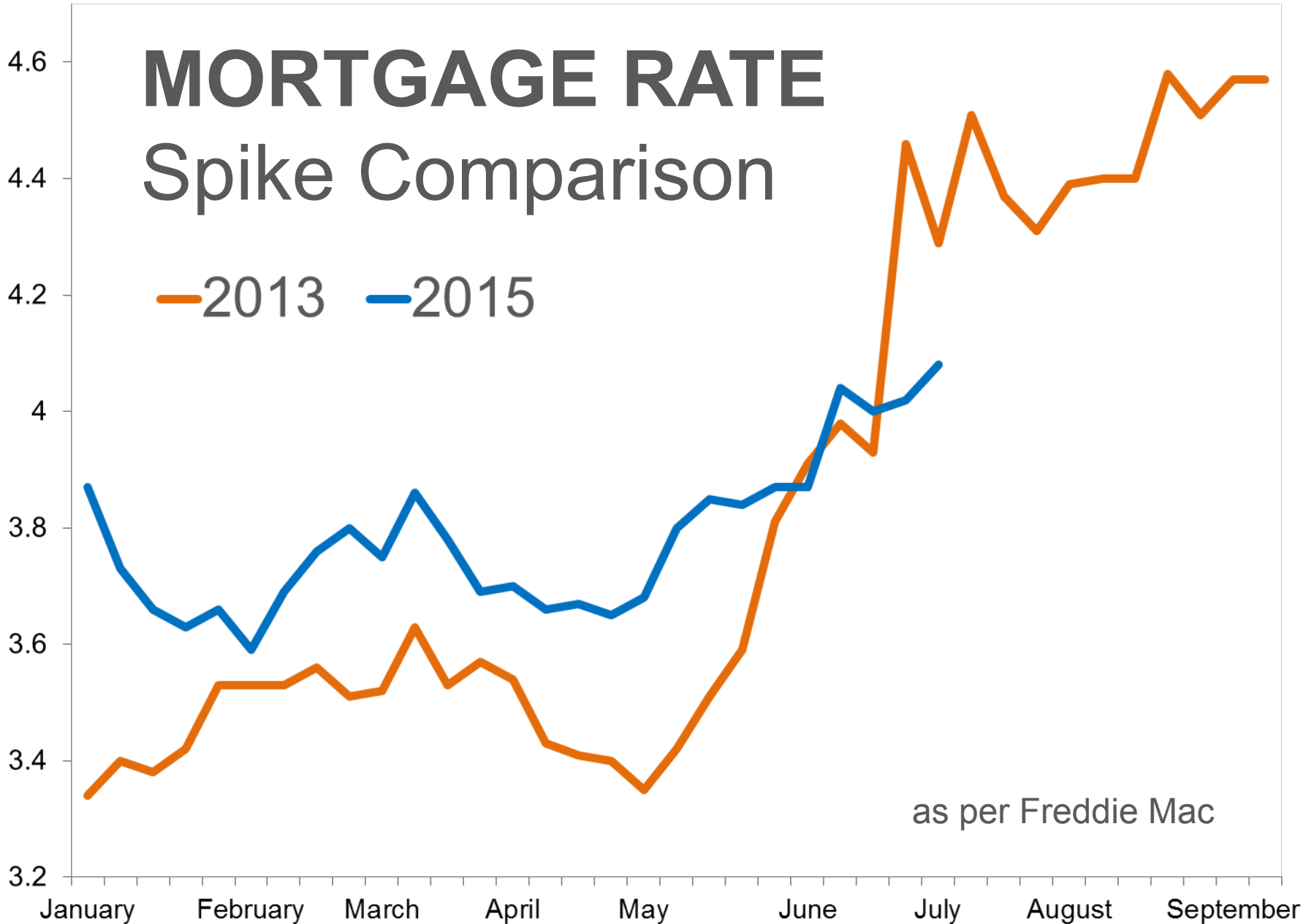
30 Year Fixed Rate Mortgages

Freddie Mac Rates
April – July 2015



MORTGAGE RATE Spike Comparison

— 2013 — 2015



as per Freddie Mac

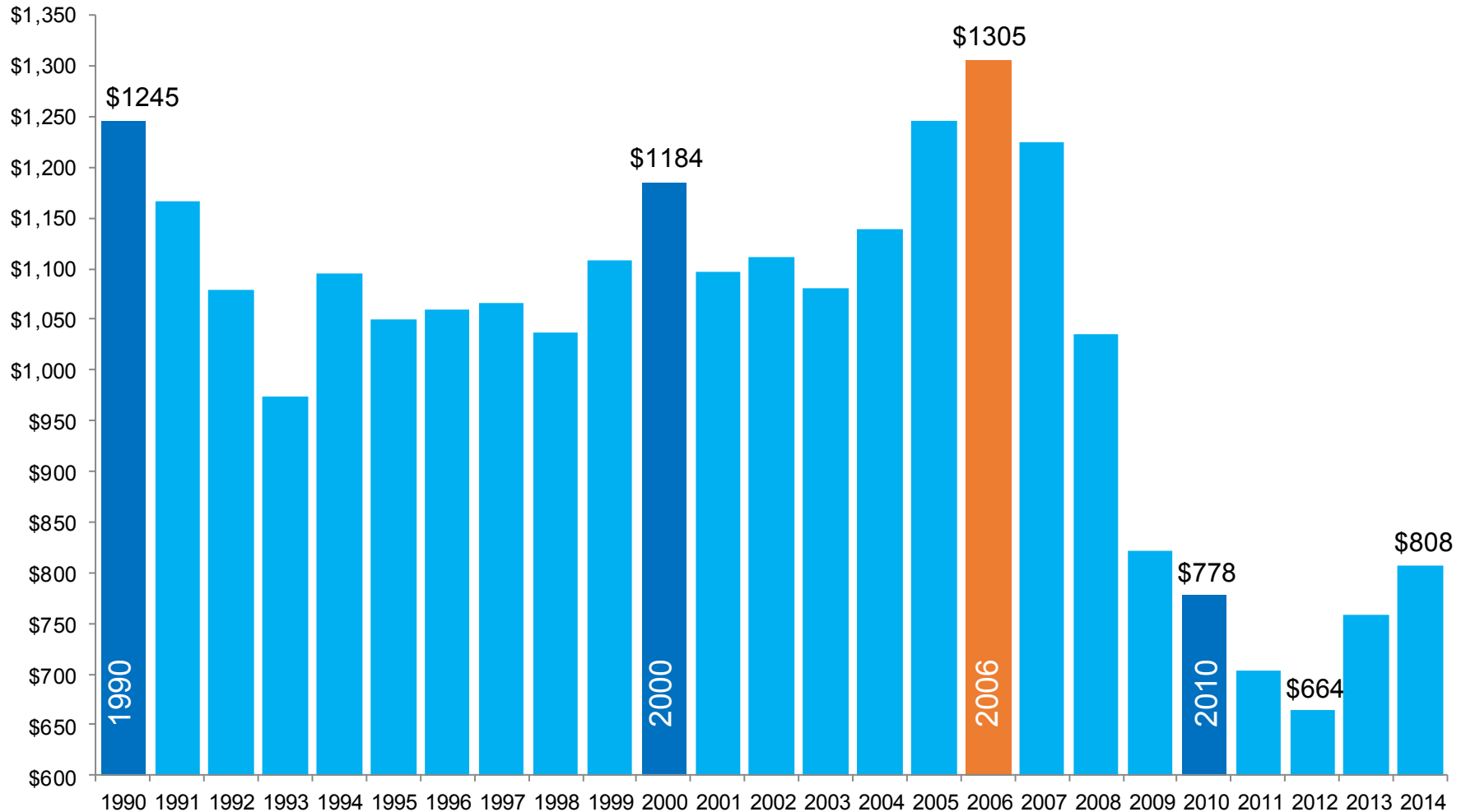
Mortgage Rate Projections



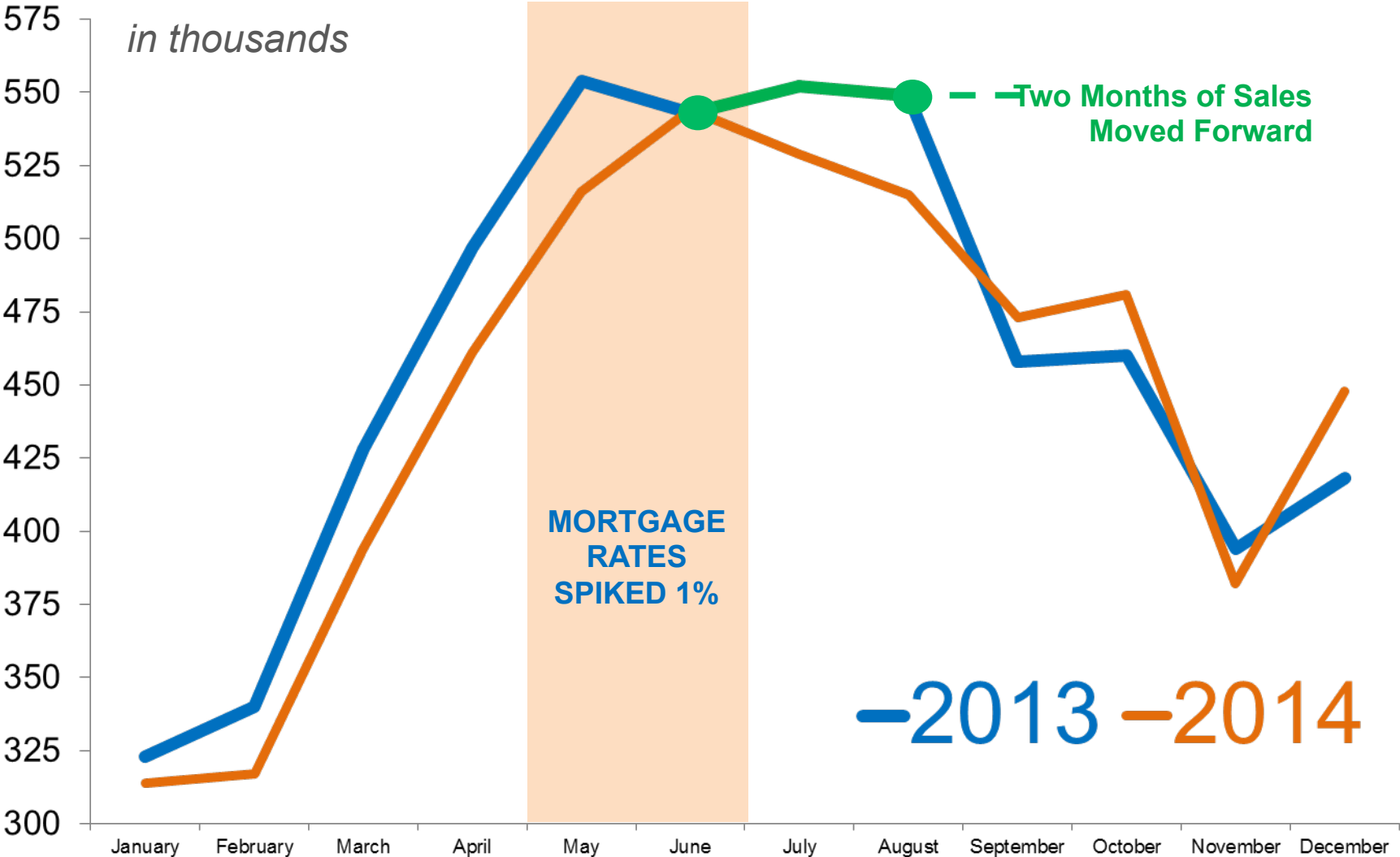
Quarter	Fannie Mae	Freddie Mac	MBA	NAR	Average of all Four
2015 4Q	4.0	4.3	4.5	4.3	4.28
2016 1Q	4.1	4.5	4.7	4.5	4.45
2016 2Q	4.1	4.7	4.9	4.8	4.63
2016 3Q	4.2	5	5.1	N/A	4.77

Monthly Mortgage Payment

on Median Priced Home in the U.S. 1990–2014

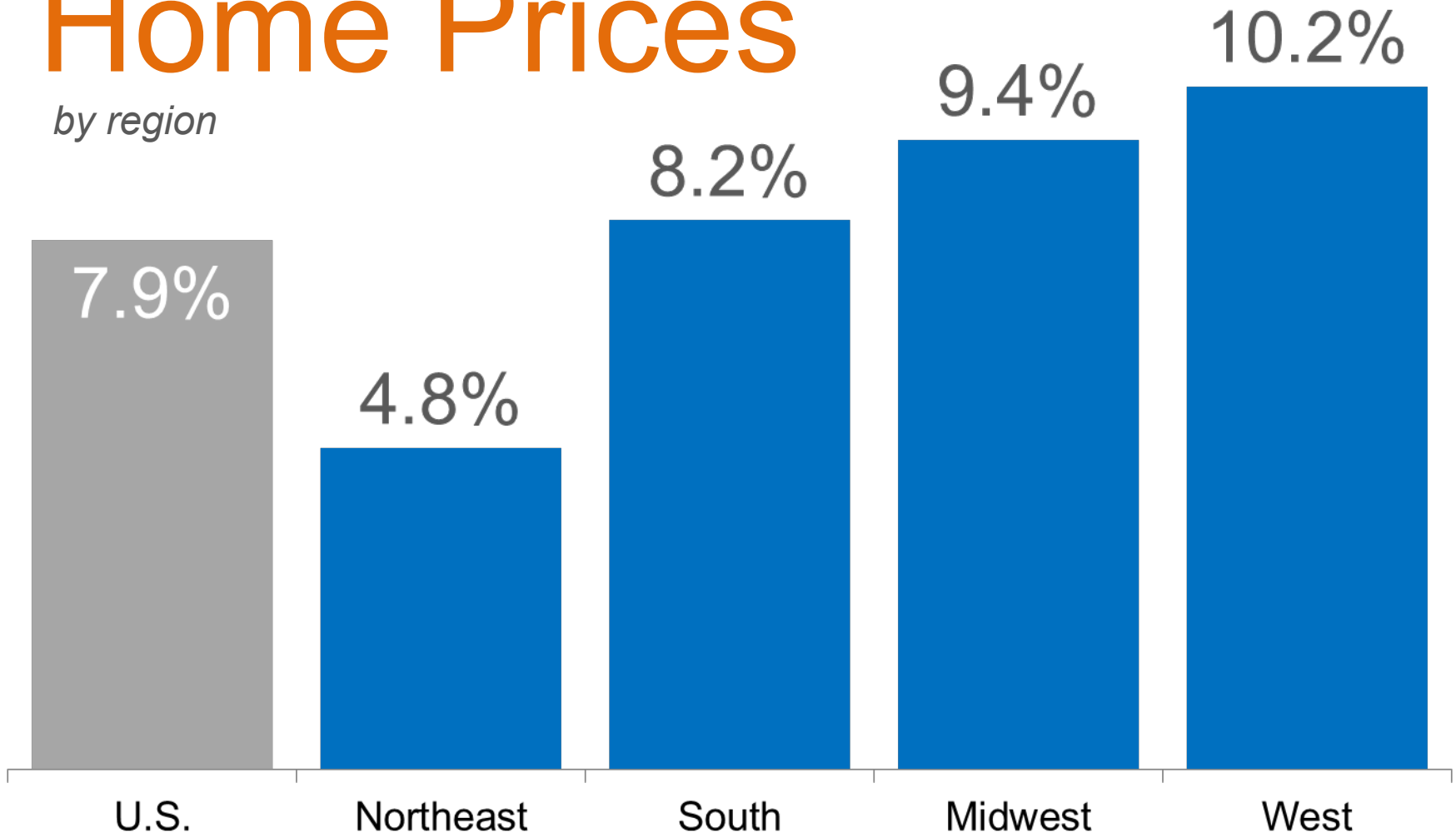


Total Home Sales – Impact of Mortgage Rate Spike

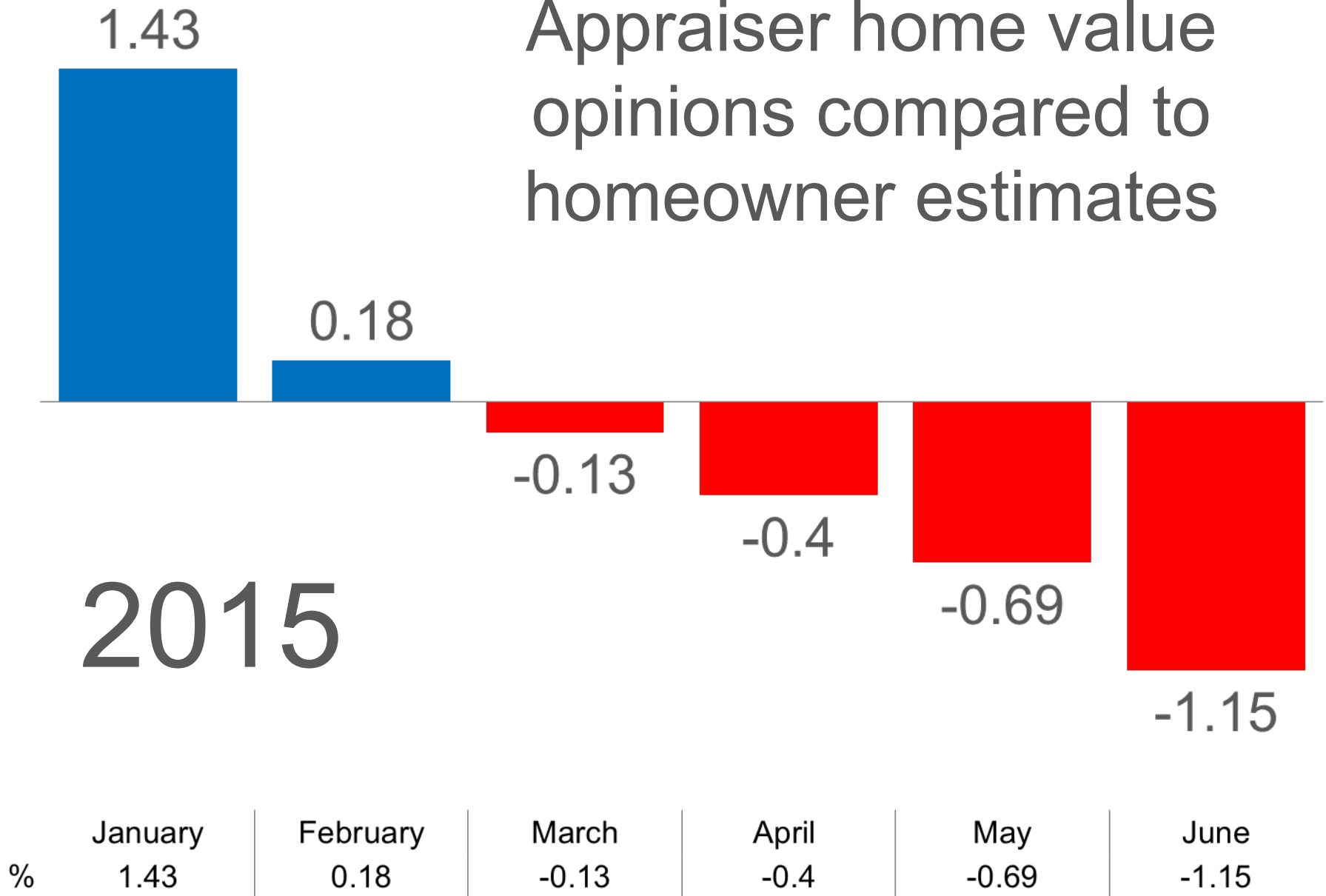


EXISTING Home Prices

by region



Appraiser home value opinions compared to homeowner estimates



**Is another
HOUSING
BUBBLE
about to take place?**



A price bubble is a rise in price based on the expectation that the price will rise.

Sooner or later something happens to erode confidence in continued price increases, at which point the bubble bursts and prices drop.

What makes it a price bubble is that the cause of the price increase is an expectation that the price will increase, which sooner or later must reverse itself.



Jack M. Guttentag, Professor of Finance Emeritus at the Wharton School of the University of Pennsylvania

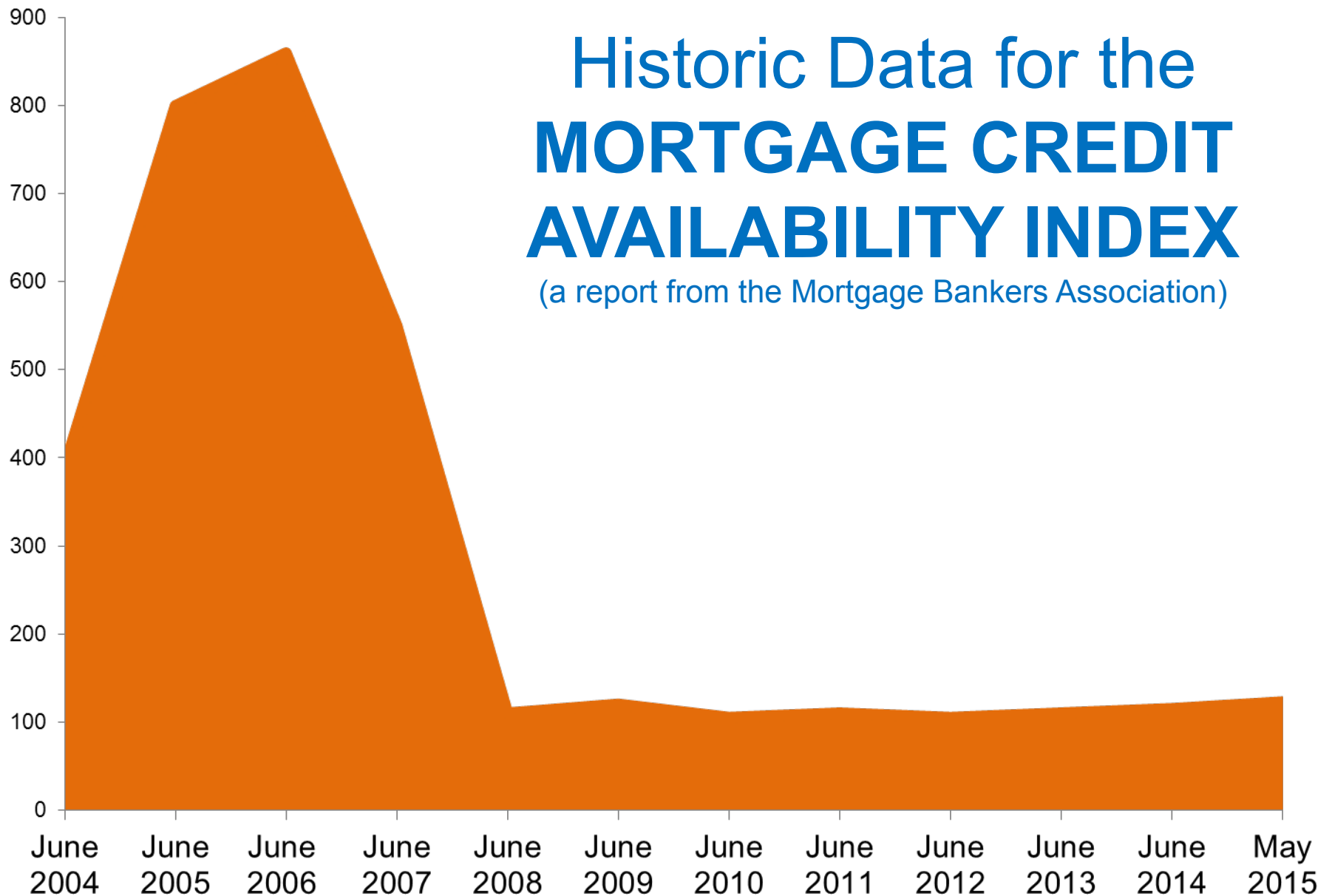
My view is that we are a long way from another house price bubble. Home buyers, investors, lenders and regulators now understand that a nationwide decline in house prices is possible -- because we recently lived through one.



Jack M. Guttentag, Professor of Finance Emeritus at the Wharton School of the University of Pennsylvania

Historic Data for the **MORTGAGE CREDIT AVAILABILITY INDEX**

(a report from the Mortgage Bankers Association)



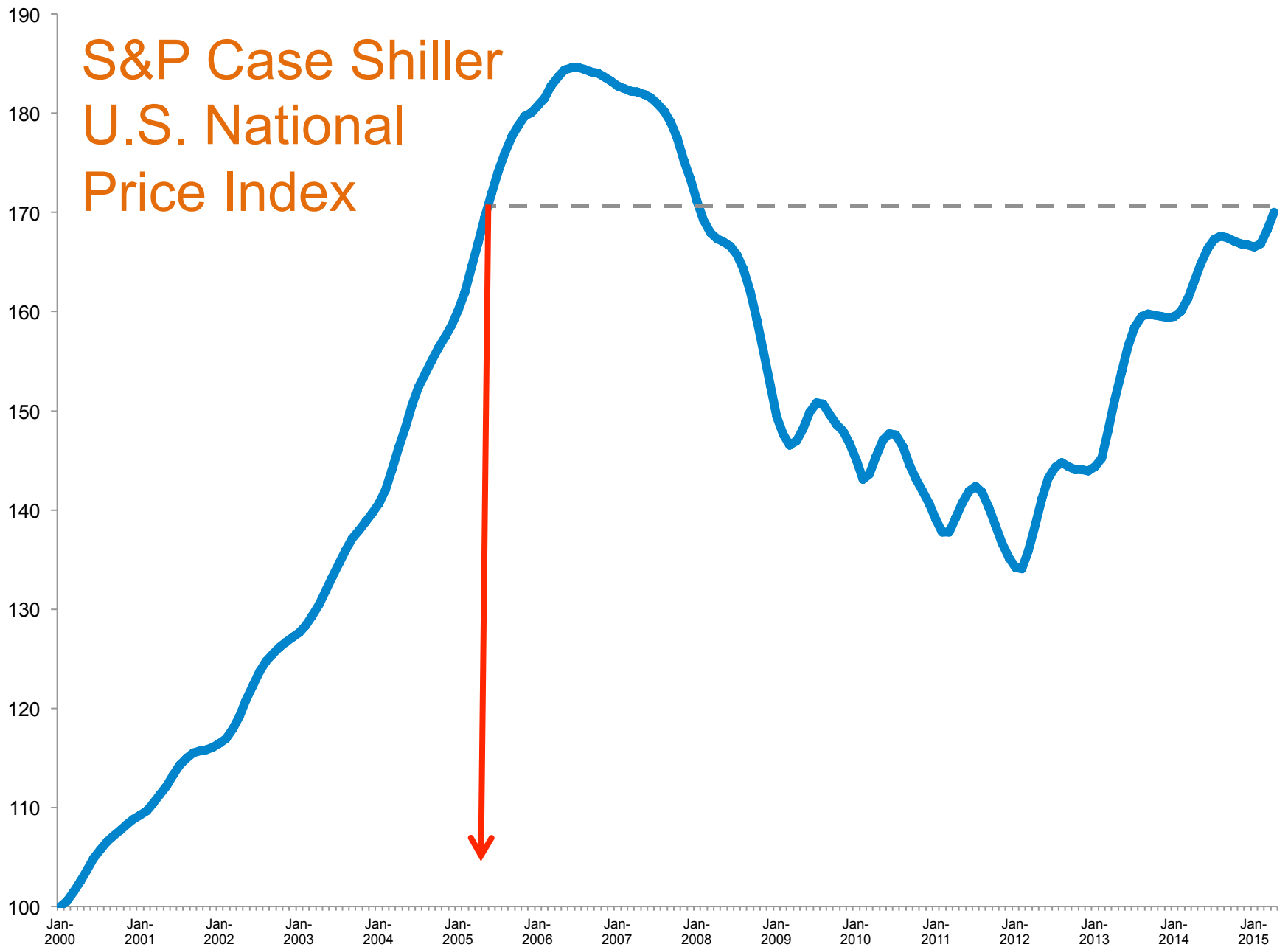
U.S. home prices are back at '05 levels but if you adjust for inflation, they're at '03 levels...



Predictions of a new national home price bubble look unfounded for now, according to data.

Nick Timiraos of the WSJ

S&P Case Shiller U.S. National Price Index



I don't really see
it as a bubble.

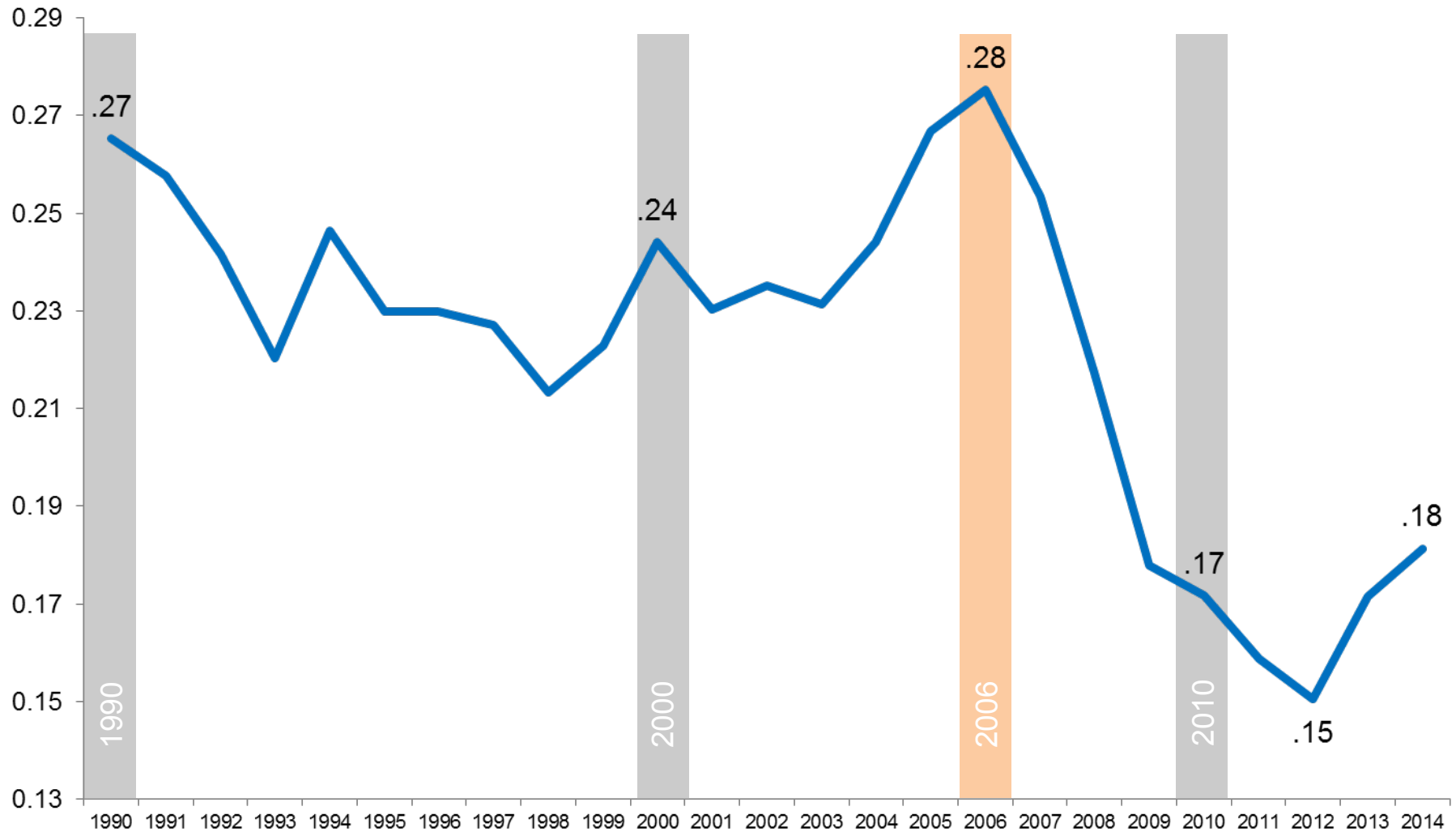


If you look at price-to-income
ratios, they're really not out of
bounds the way they were
during the boom period.

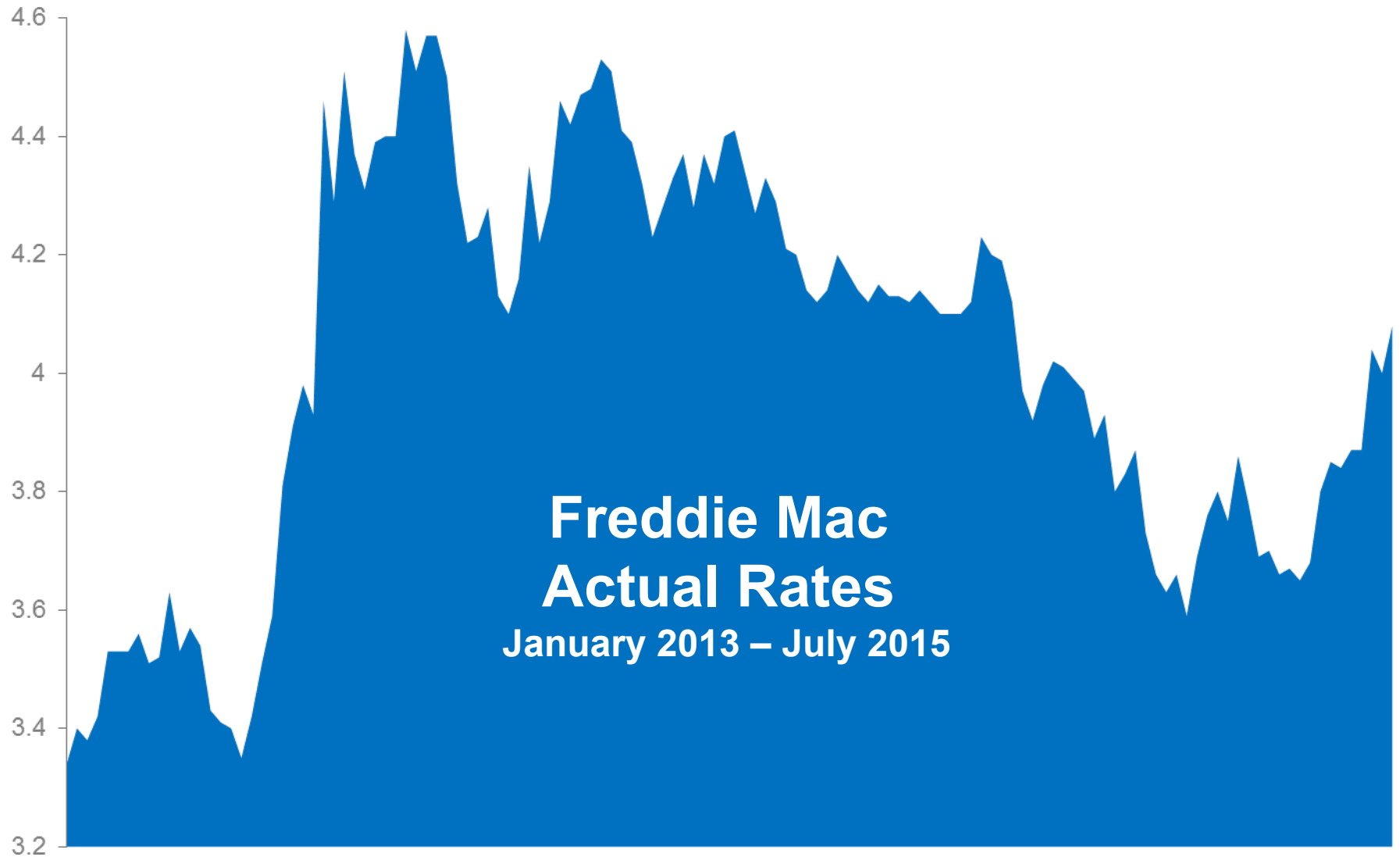
Michael Fratanoni, Chief Economist and Senior Vice President of Research
and Industry Technology with the Mortgage Bankers Association

Median Payment-to-Income Ratio

in U.S. 1990–2014

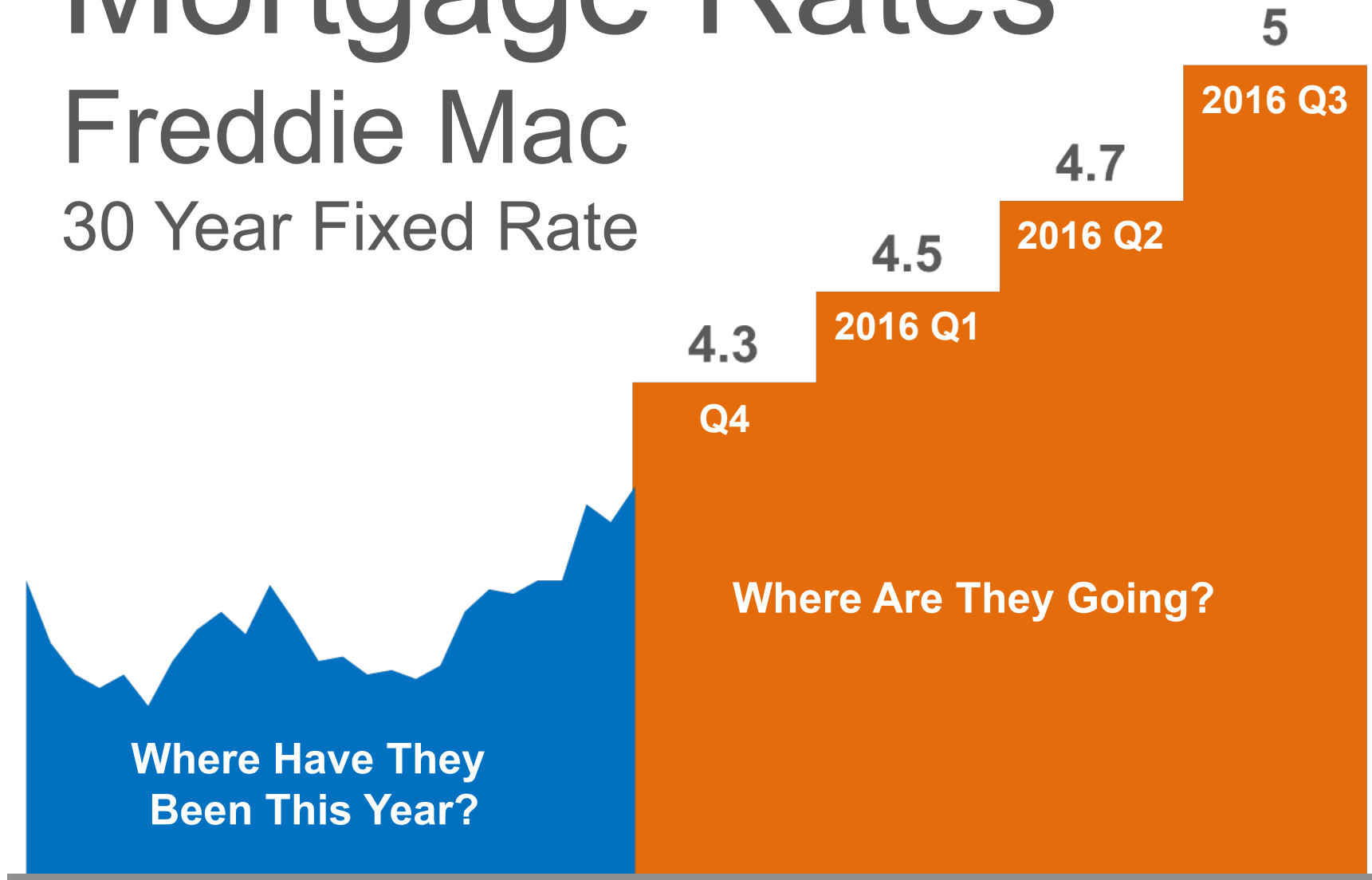


30 Year Fixed Rate Mortgages



Mortgage Rates

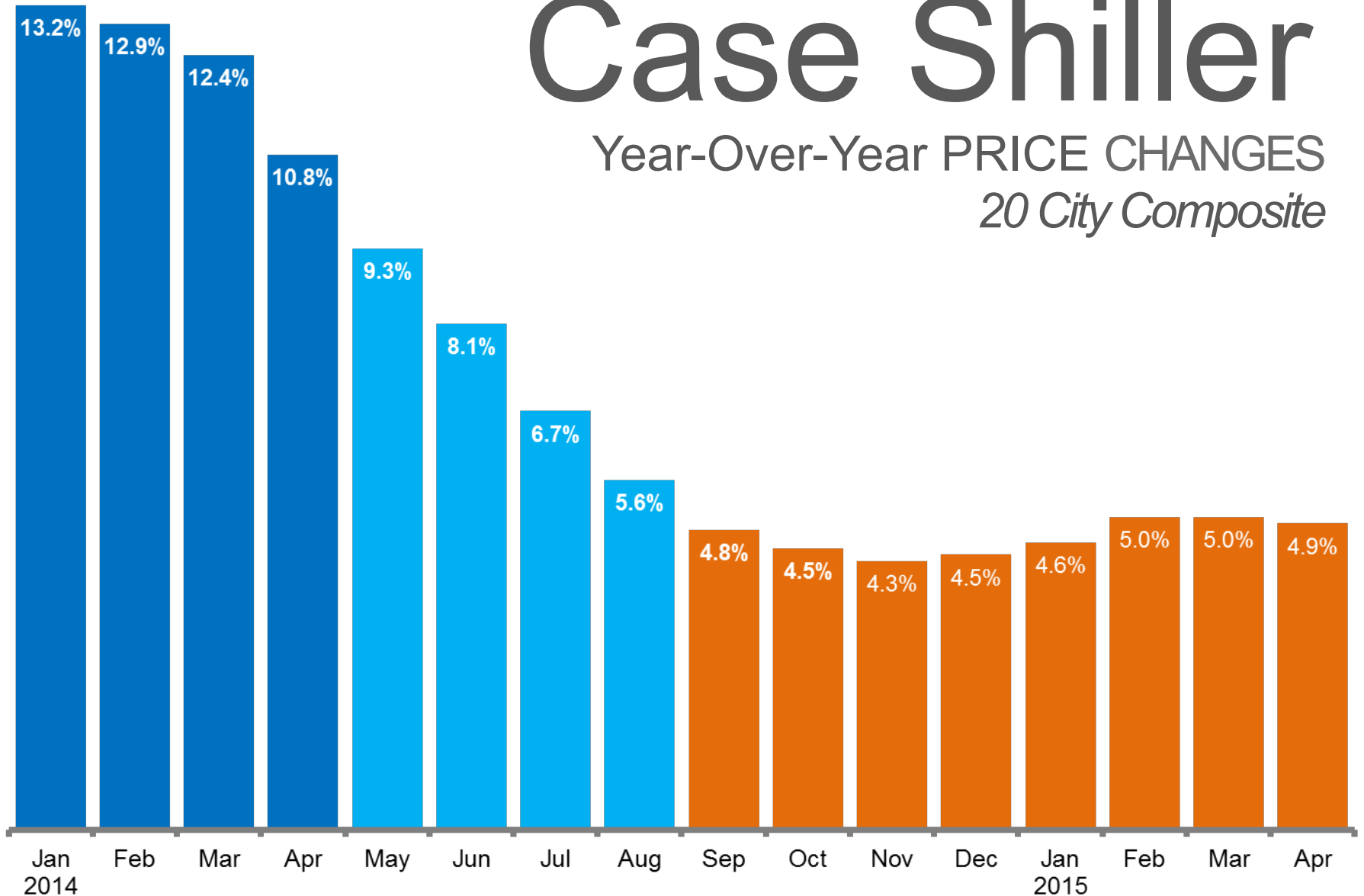
Freddie Mac
30 Year Fixed Rate



Case Shiller

Year-Over-Year PRICE CHANGES

20 City Composite

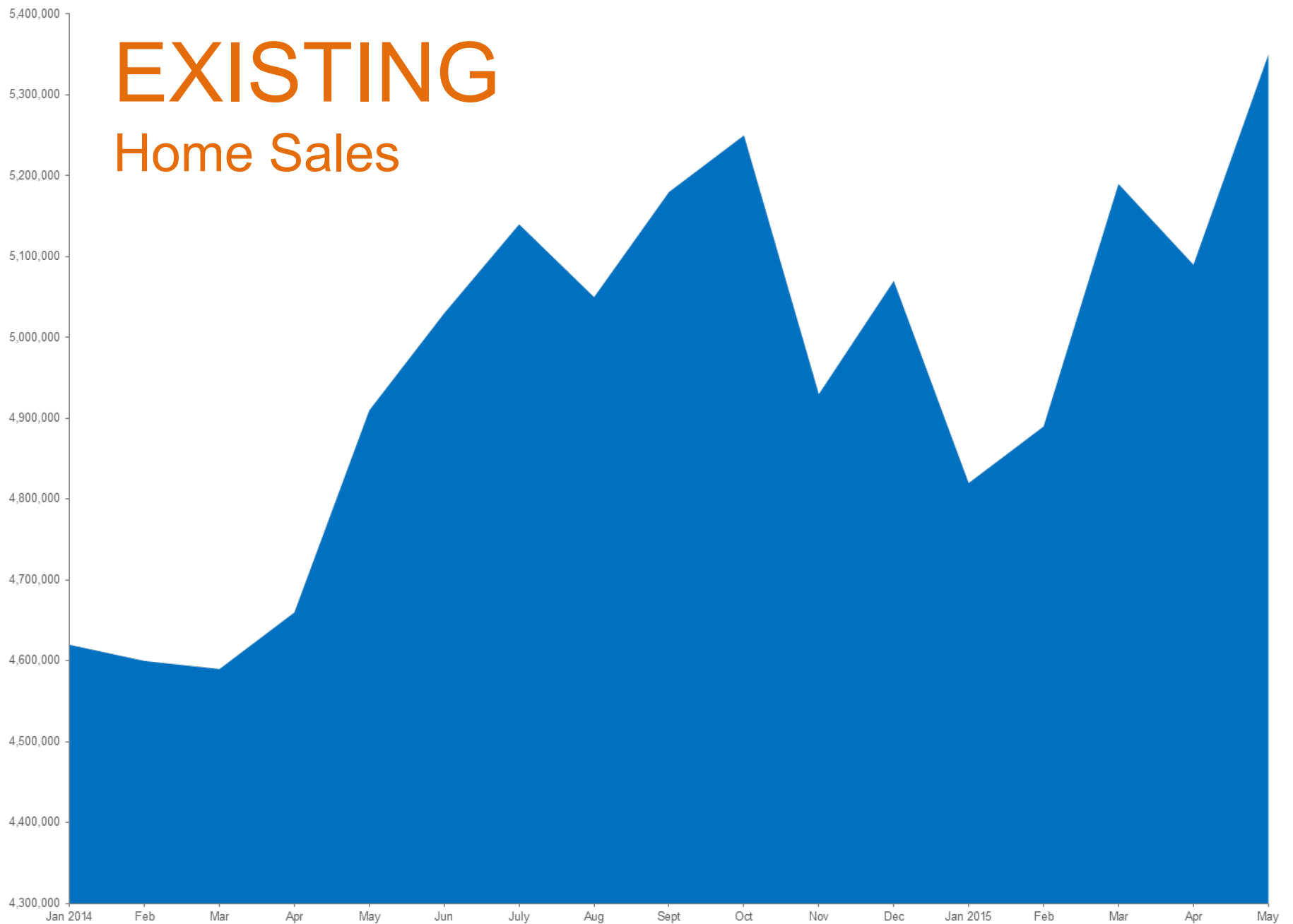


EXISTING Home Sales



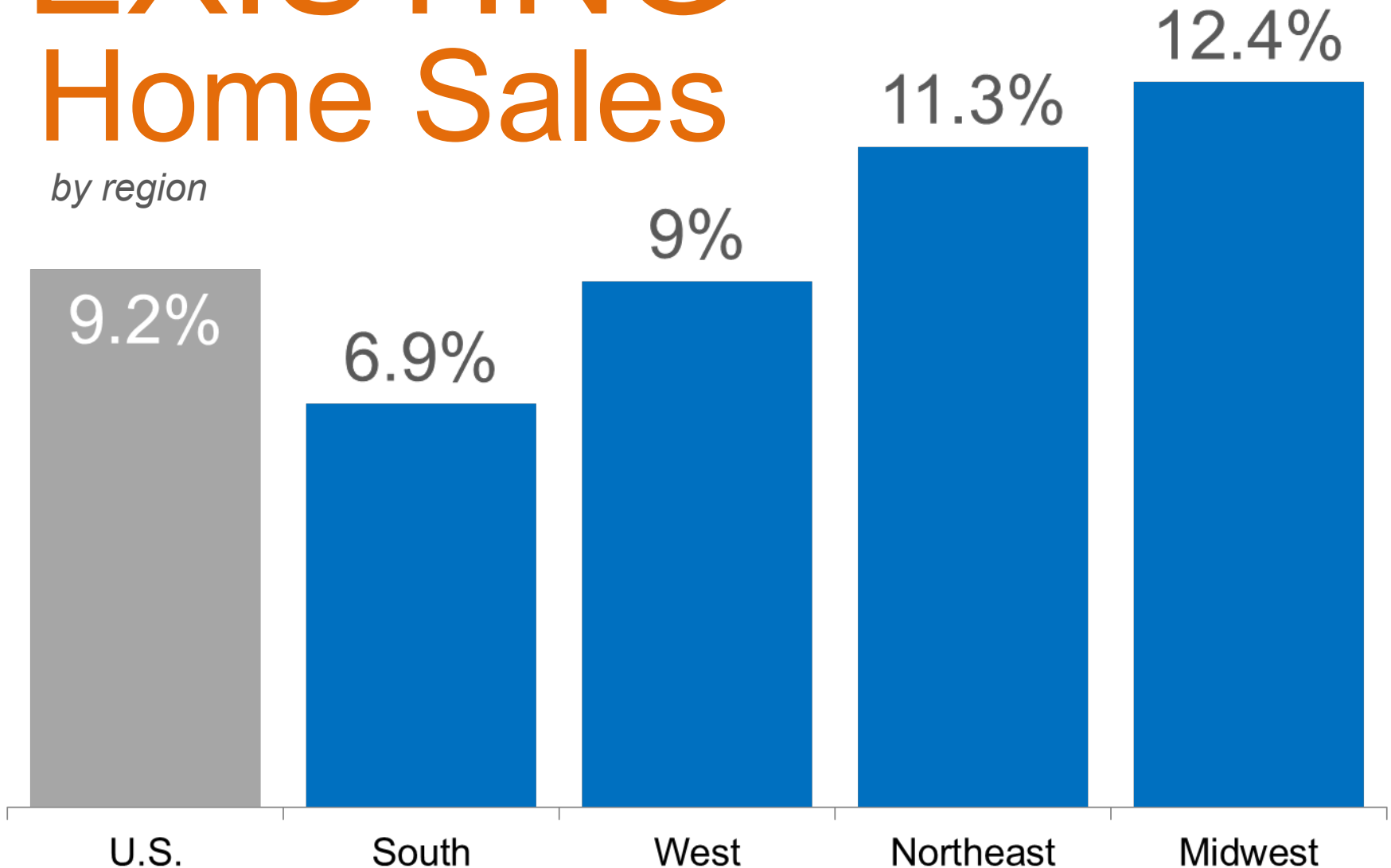
EXISTING

Home Sales

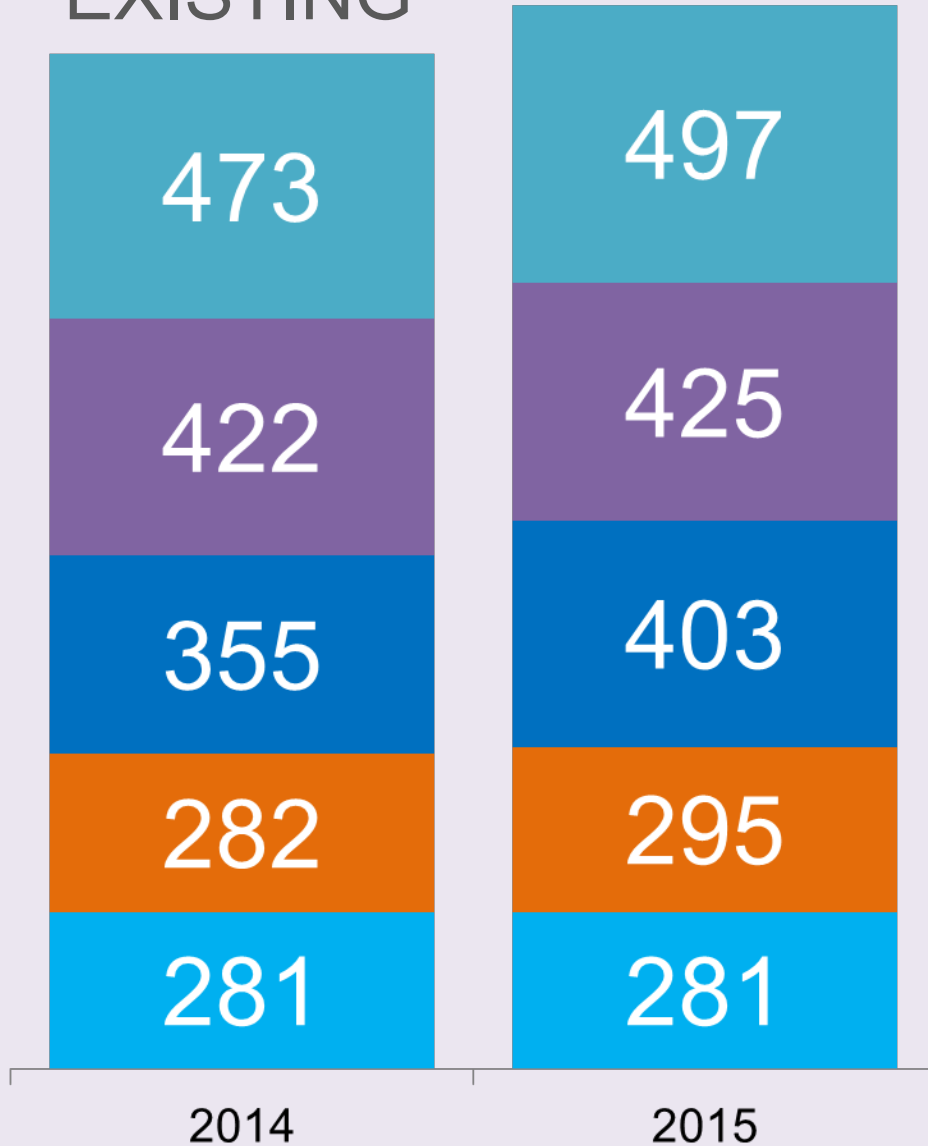


EXISTING Home Sales

by region



EXISTING

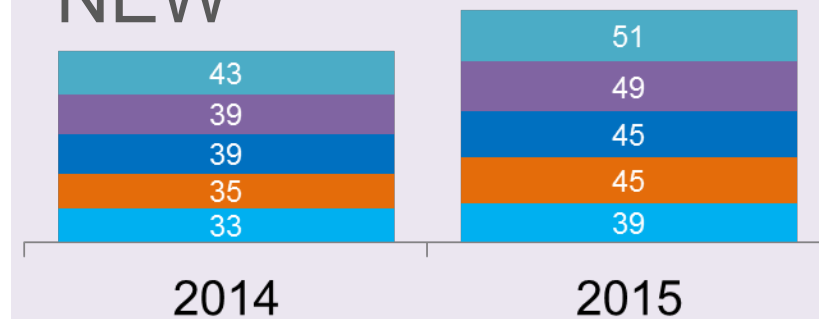


HOME SALES

in thousands

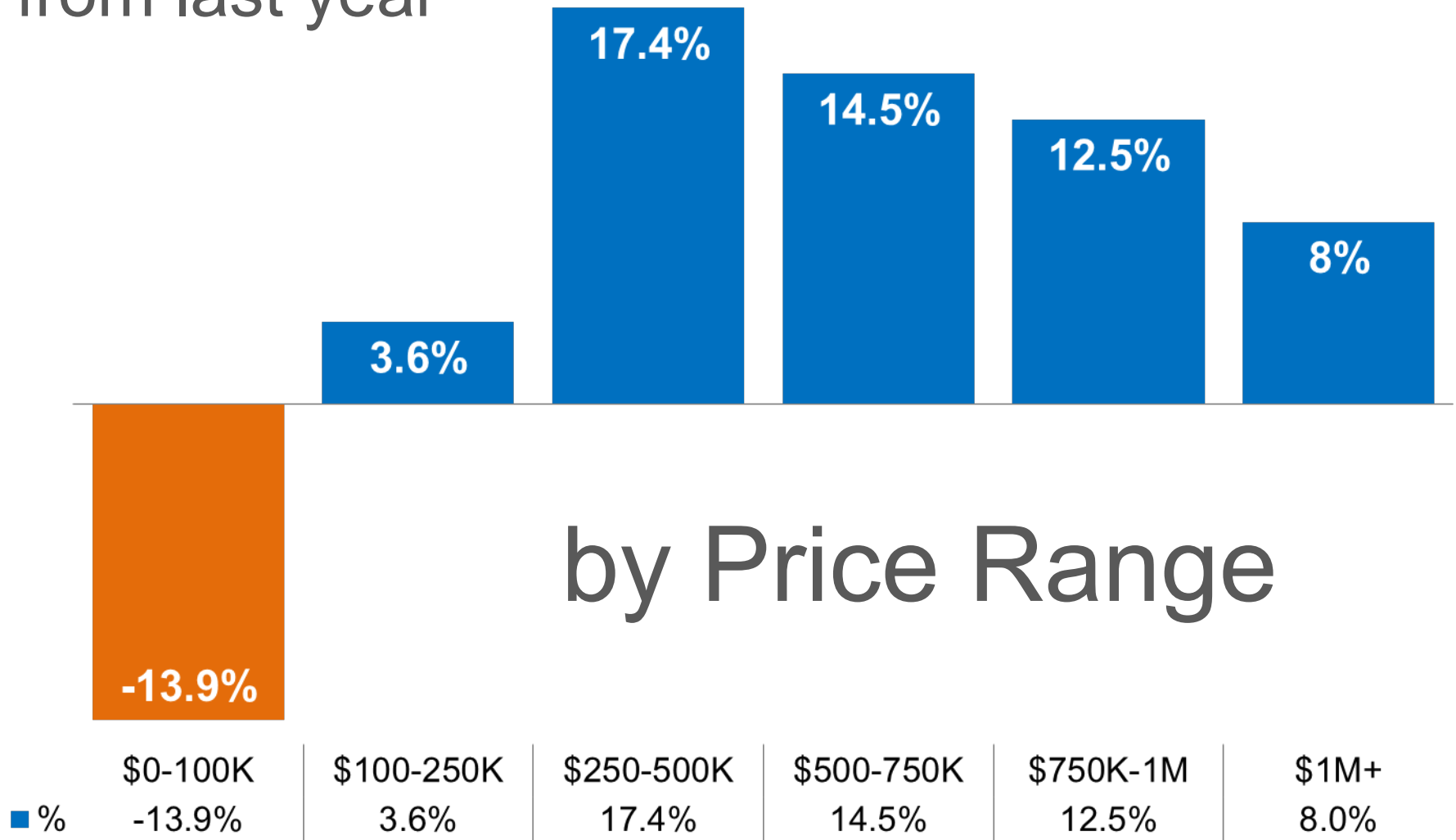
■ Jan ■ Feb ■ March ■ April ■ May

NEW



% Change in Sales

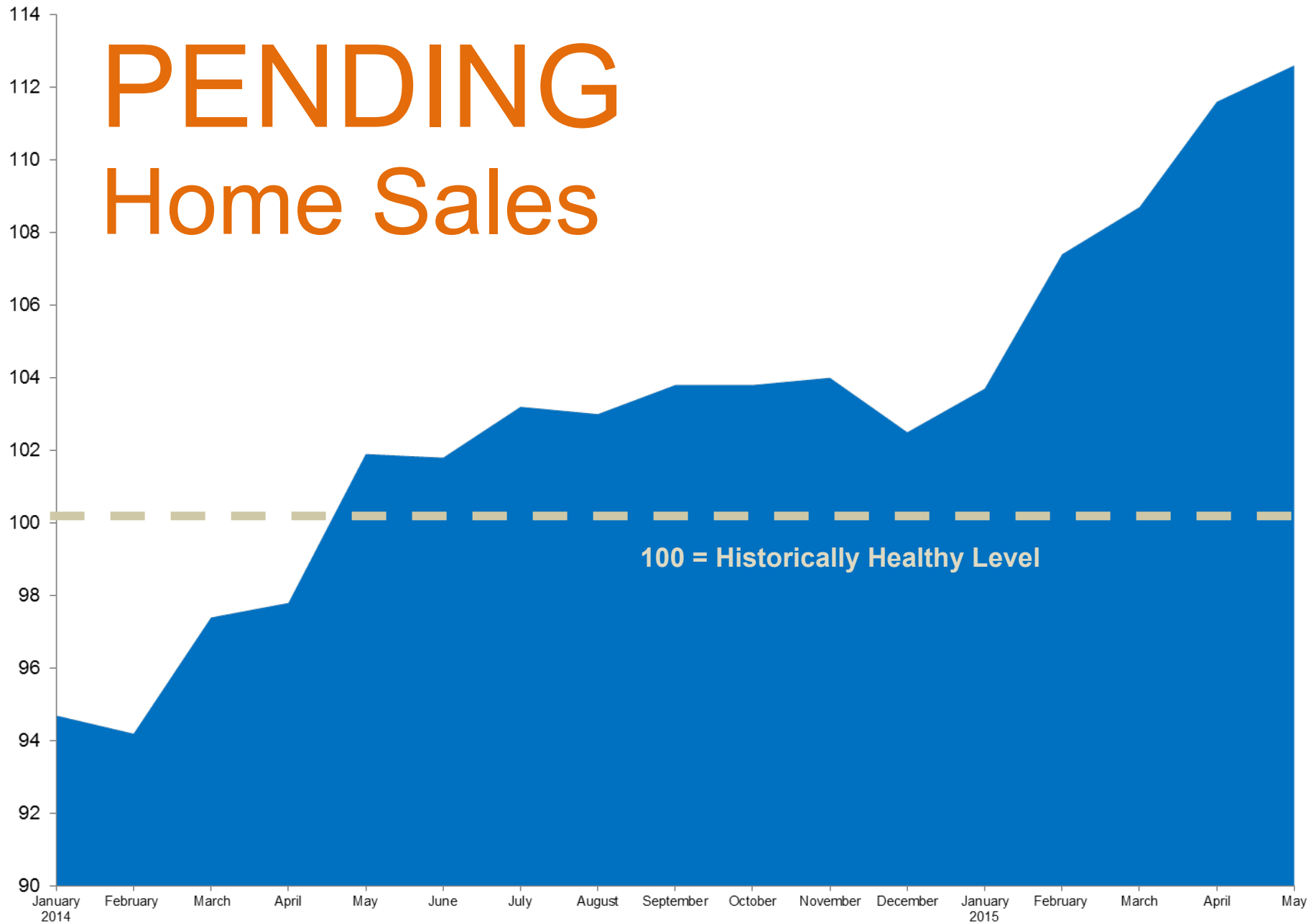
from last year



PENDING Home Sales

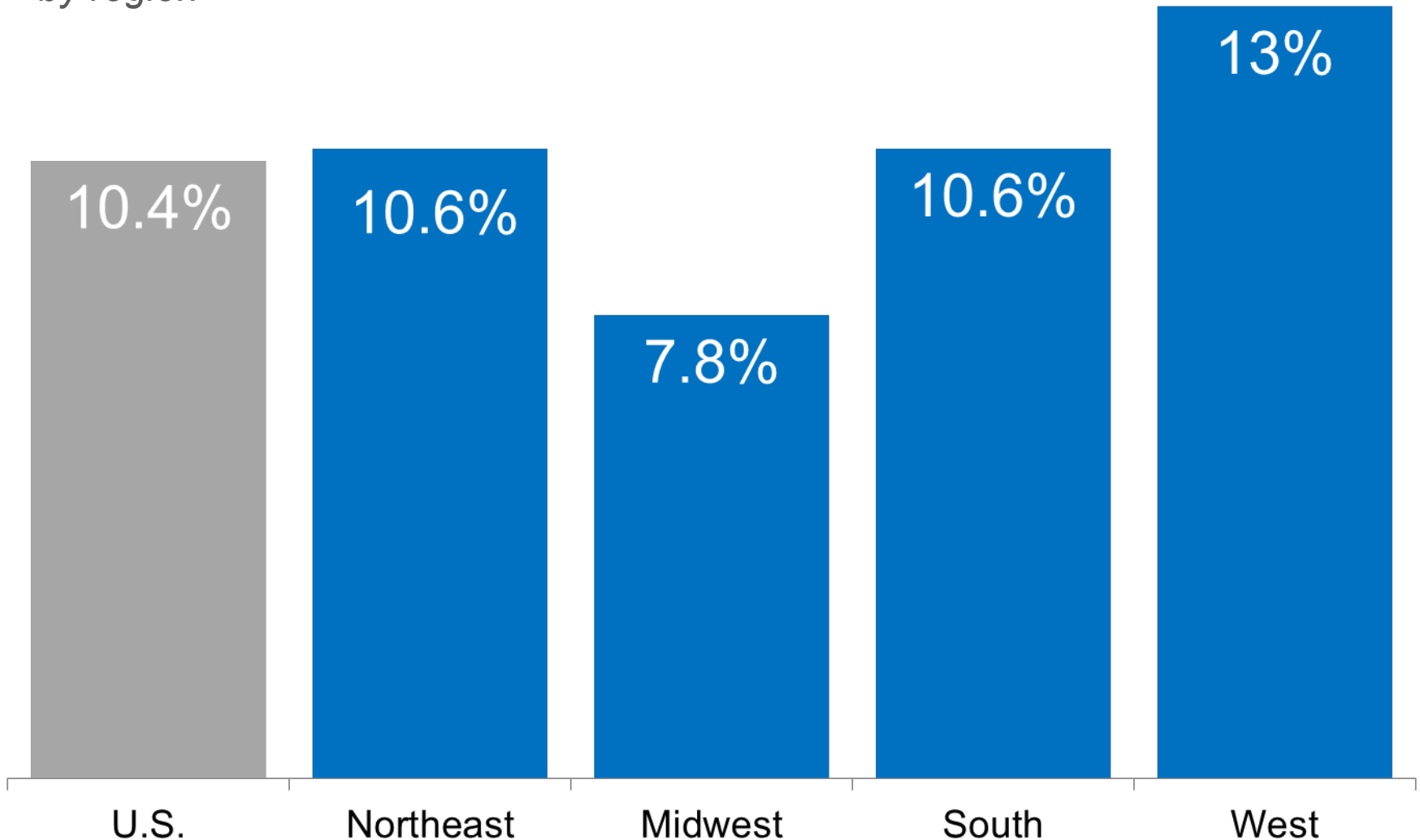


PENDING Home Sales



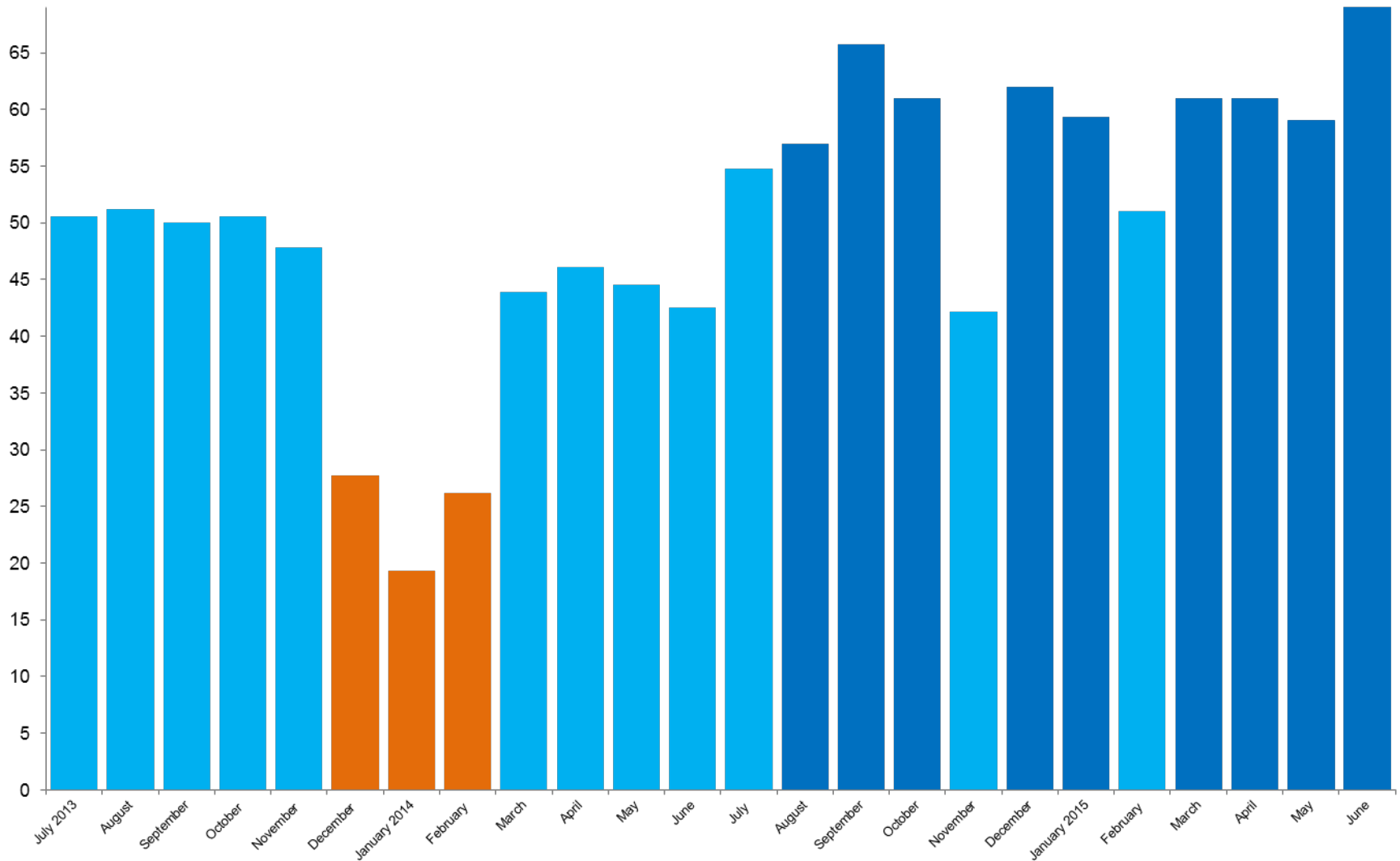
Year-over-Year Pending Home Sales

by region



Foot Traffic

(indicator of future sales)



First Time Home Buyers

52.2% of all buyers
were first time
buyers in April

...according to the **First-Time Buyer Mortgage Share Index** by AEI's International Center on Housing Risk

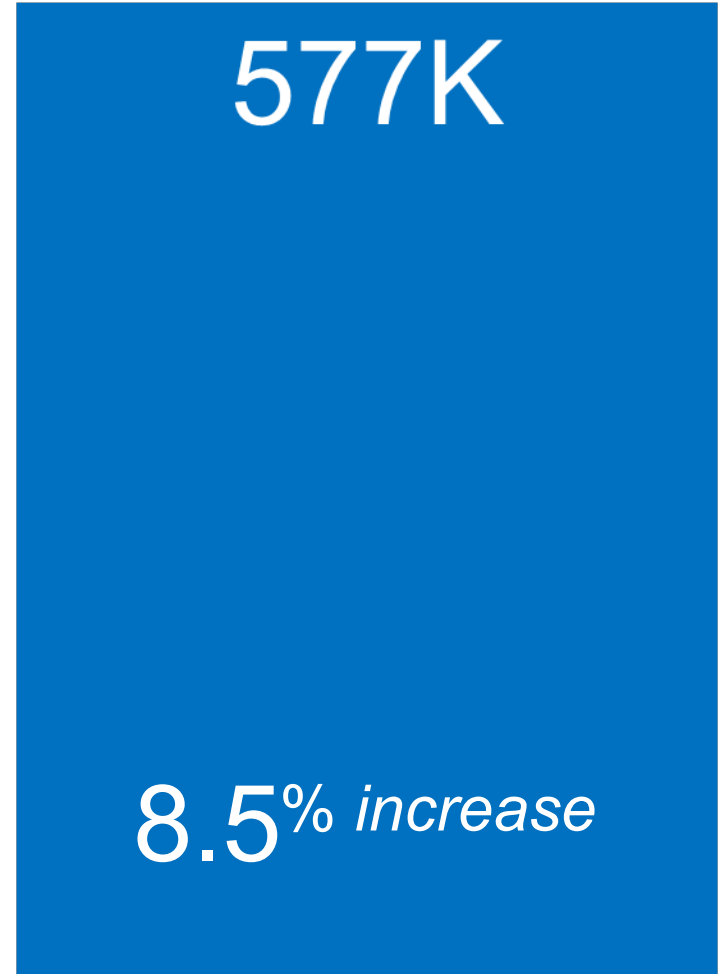
Number of primary
owner-occupied,
first-time buyer
purchase mortgages

532K



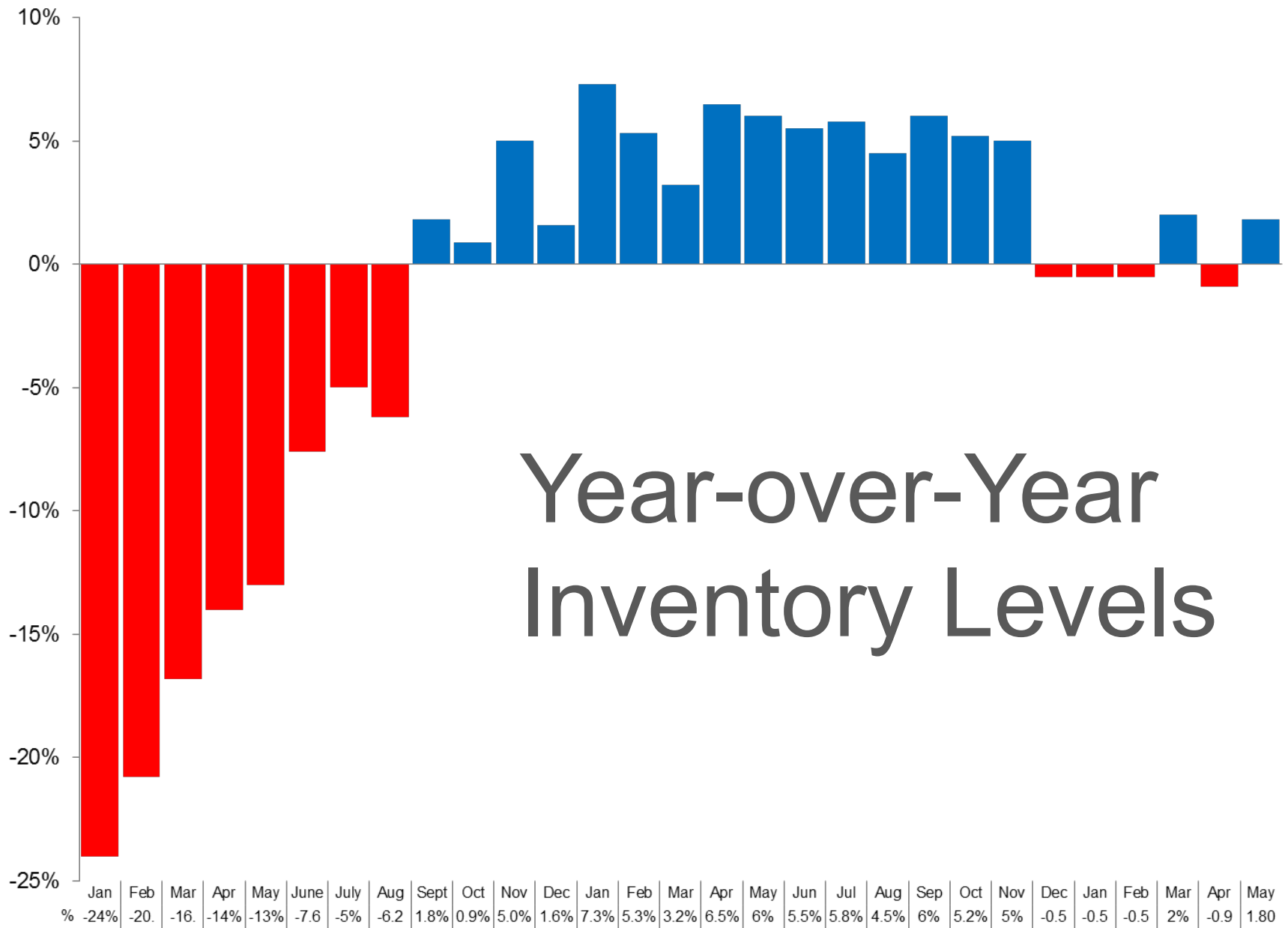
November 2013-April 2014

577K



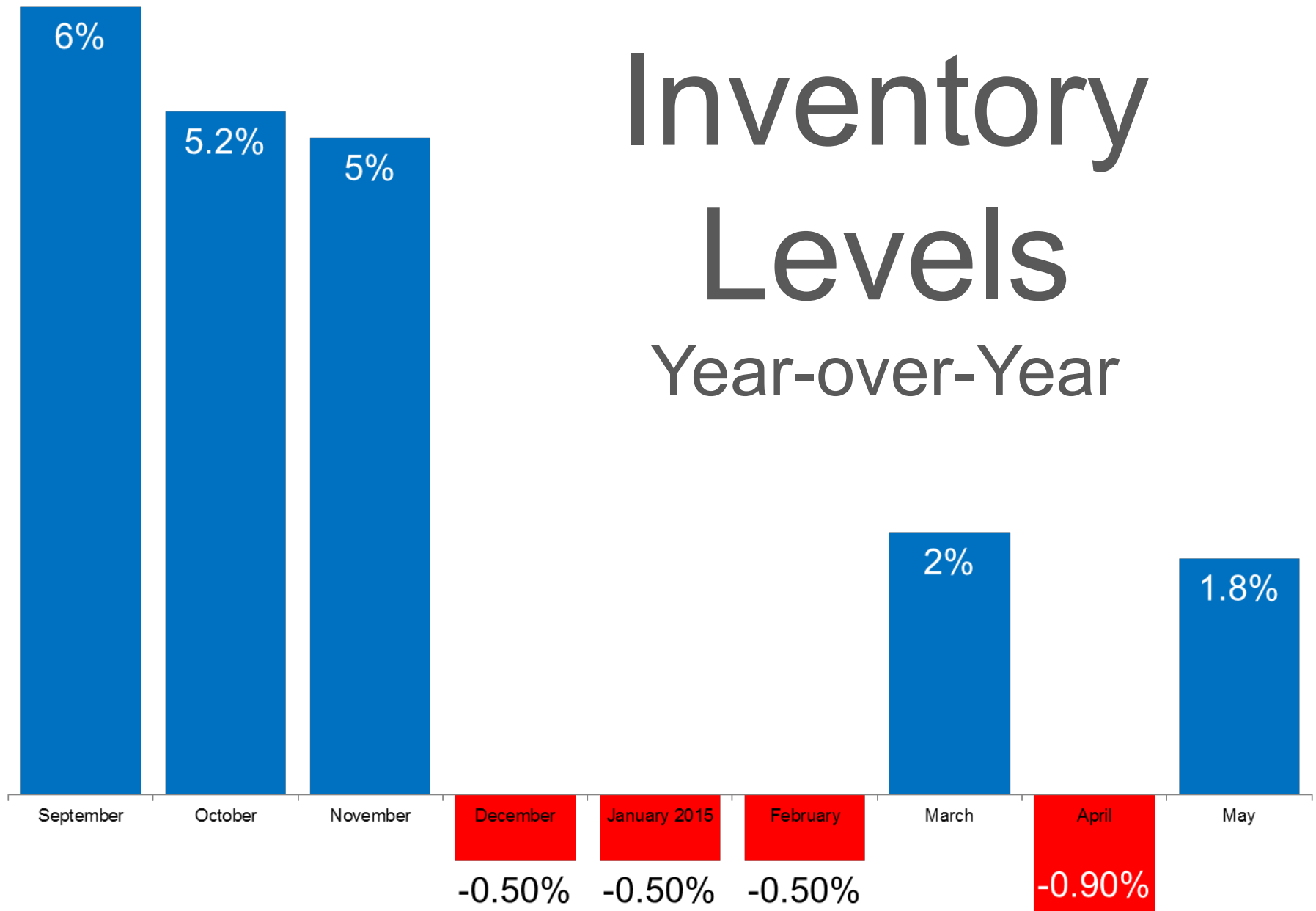
8.5% increase

November 2014-April 2015



Inventory Levels

Year-over-Year

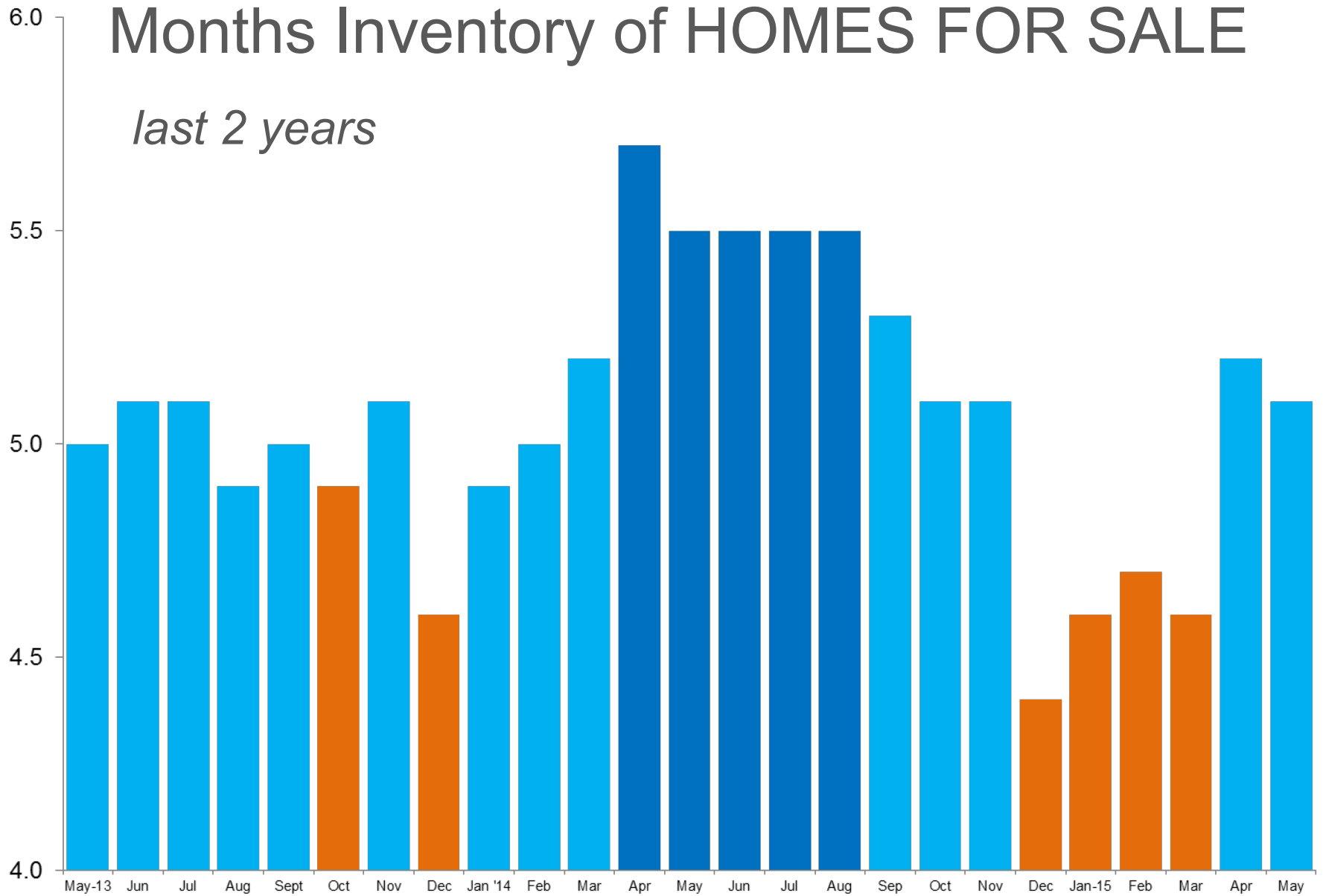


Months Inventory of **HOMES FOR SALE** *2011 - Today*



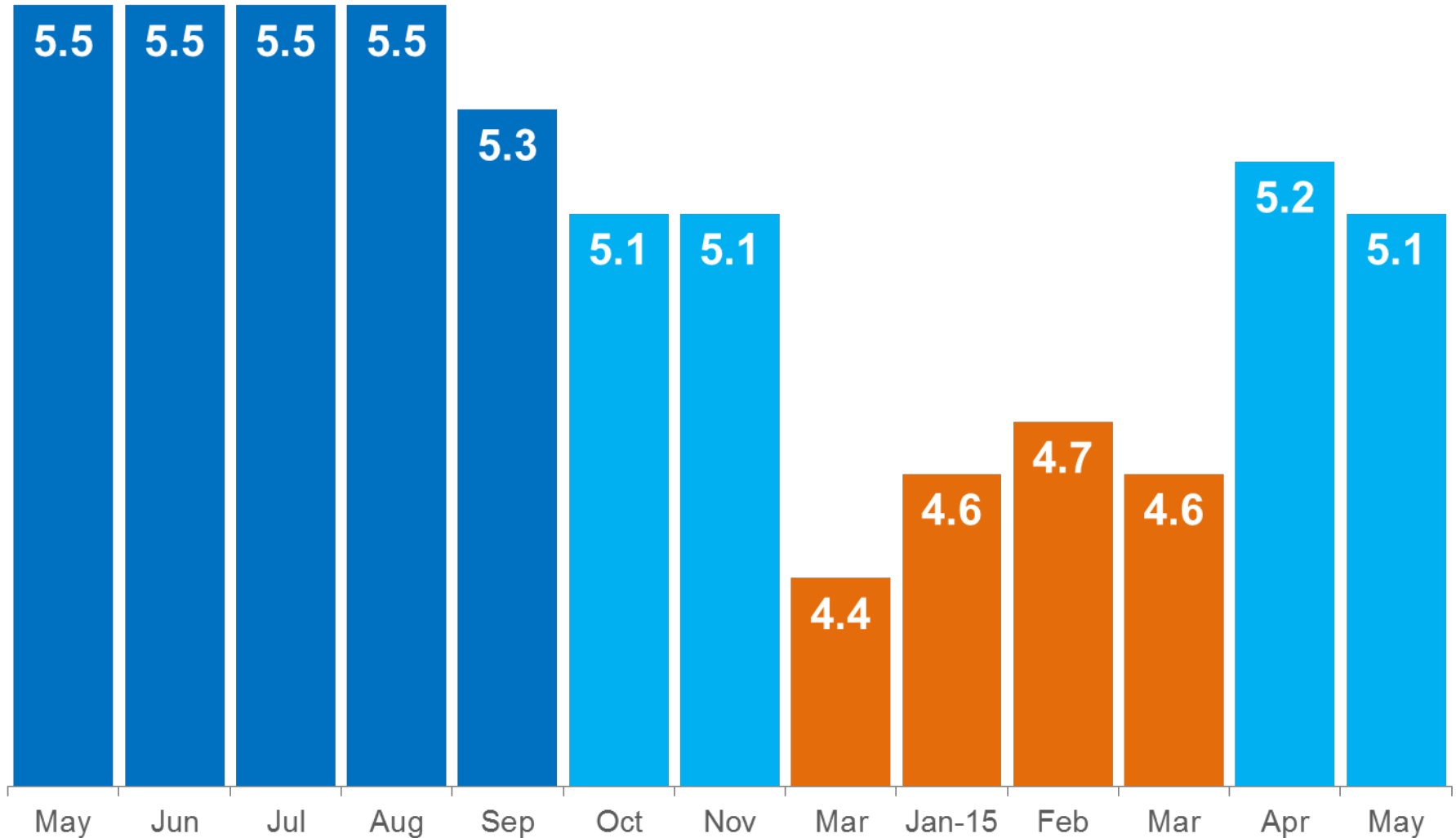
Months Inventory of HOMES FOR SALE

last 2 years



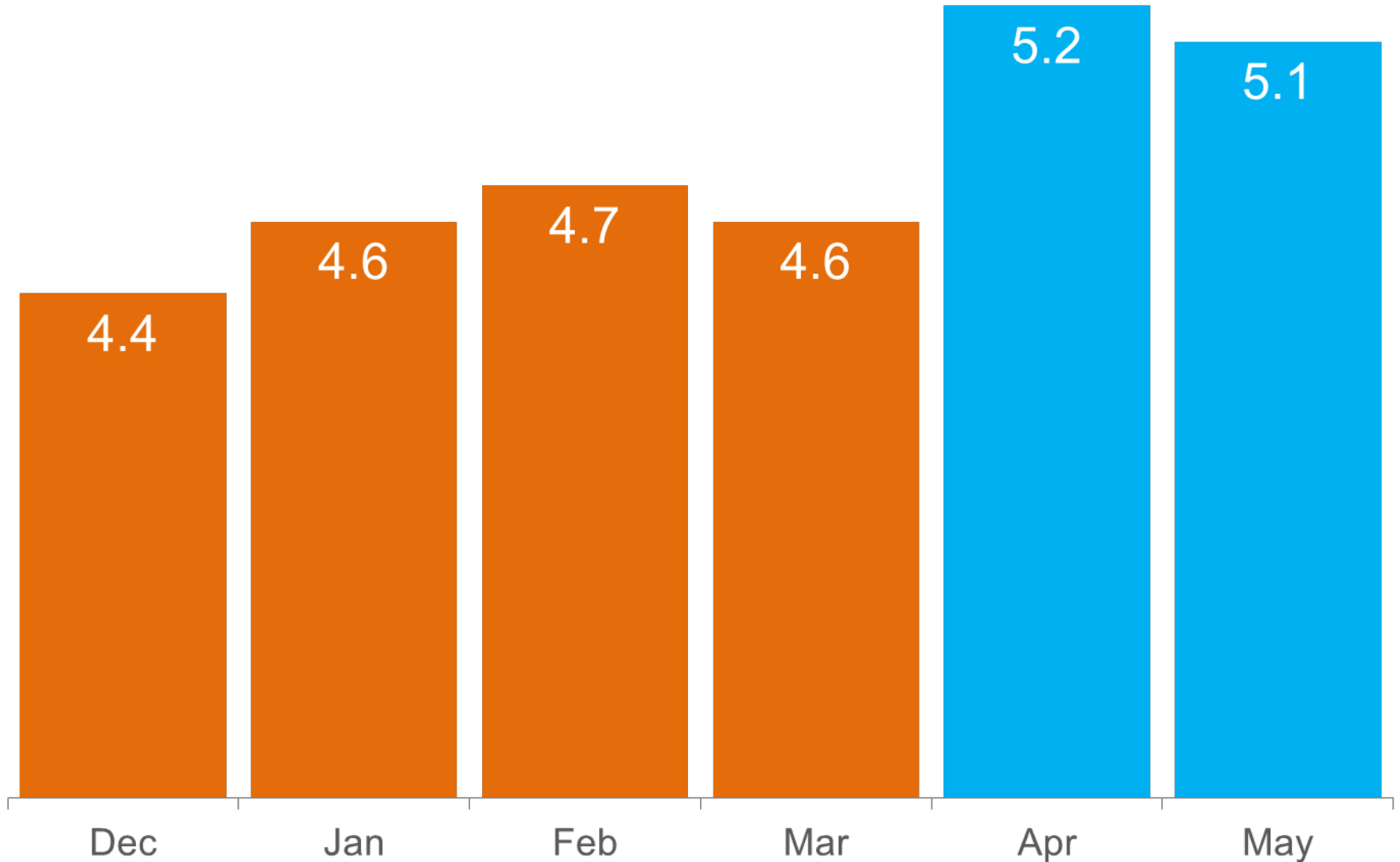
Months Inventory of HOMES FOR SALE

last 12 months

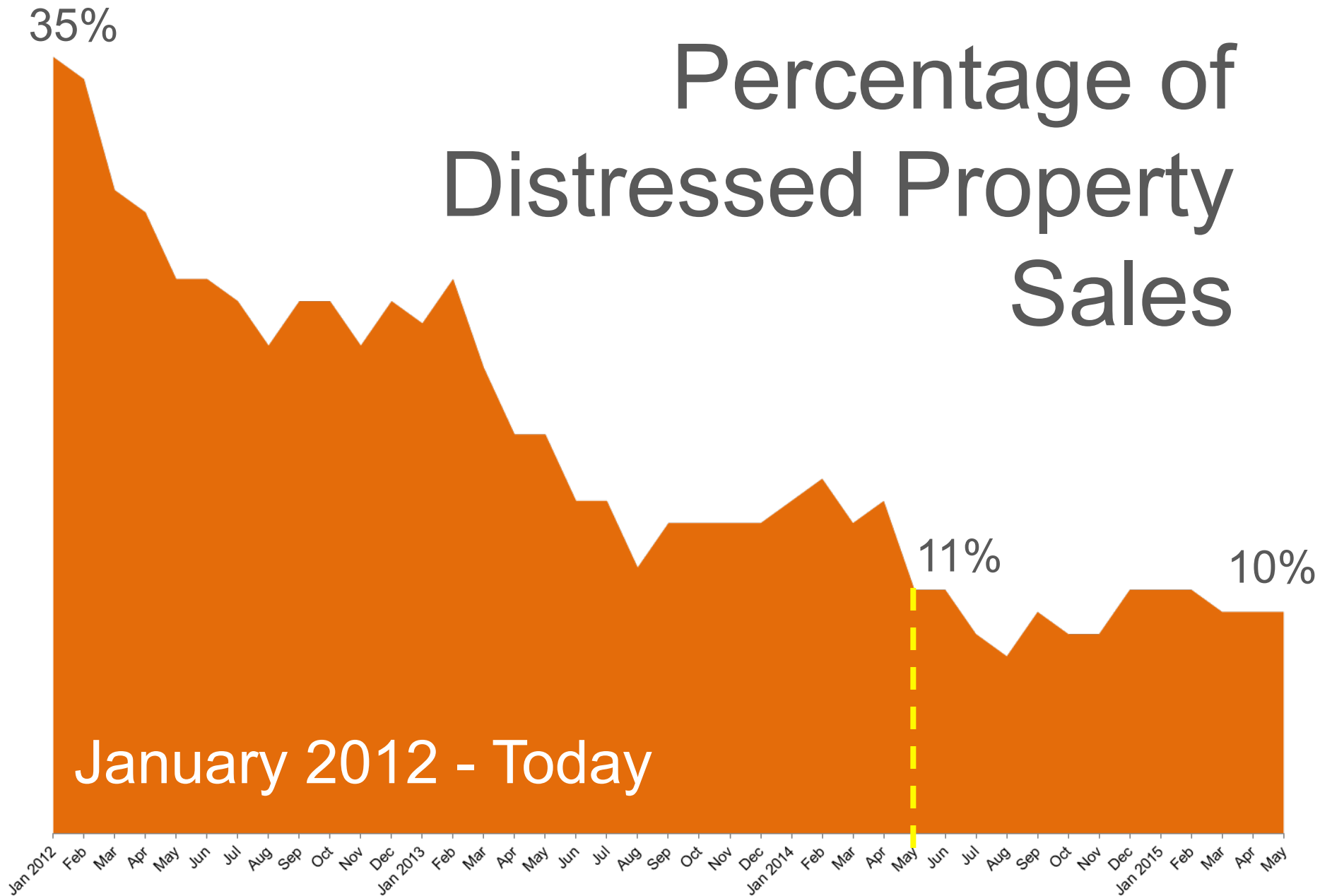


Months Inventory of HOMES FOR SALE

last 6 months



Percentage of Distressed Property Sales



Case Shiller

