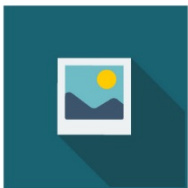
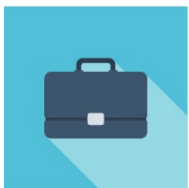
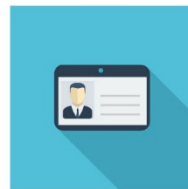
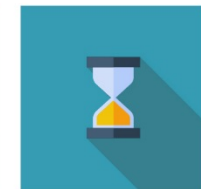
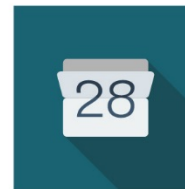
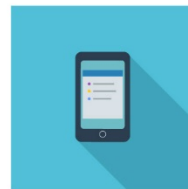
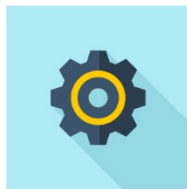
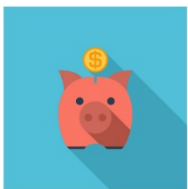
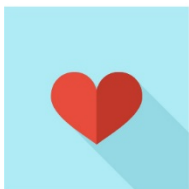
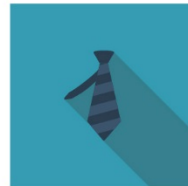
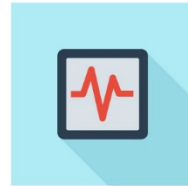
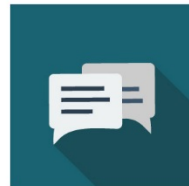
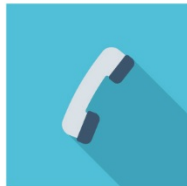
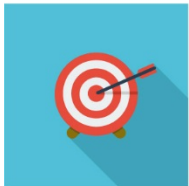
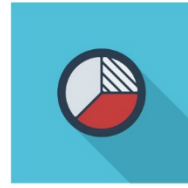
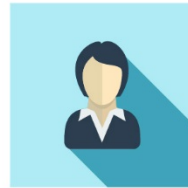
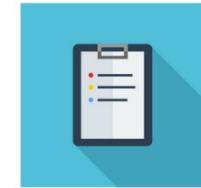
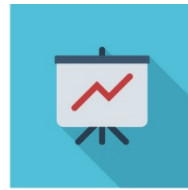
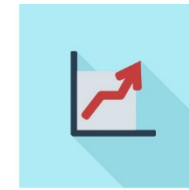
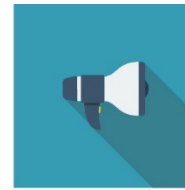
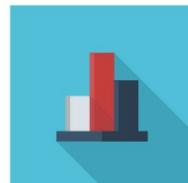
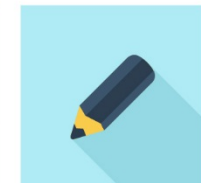
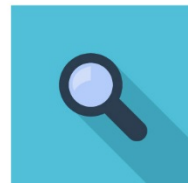
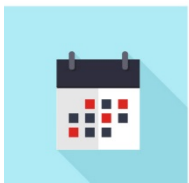


KEEPING CURRENT MATTERS

WWW.KEEPINGCURRENTMATTERS.COM

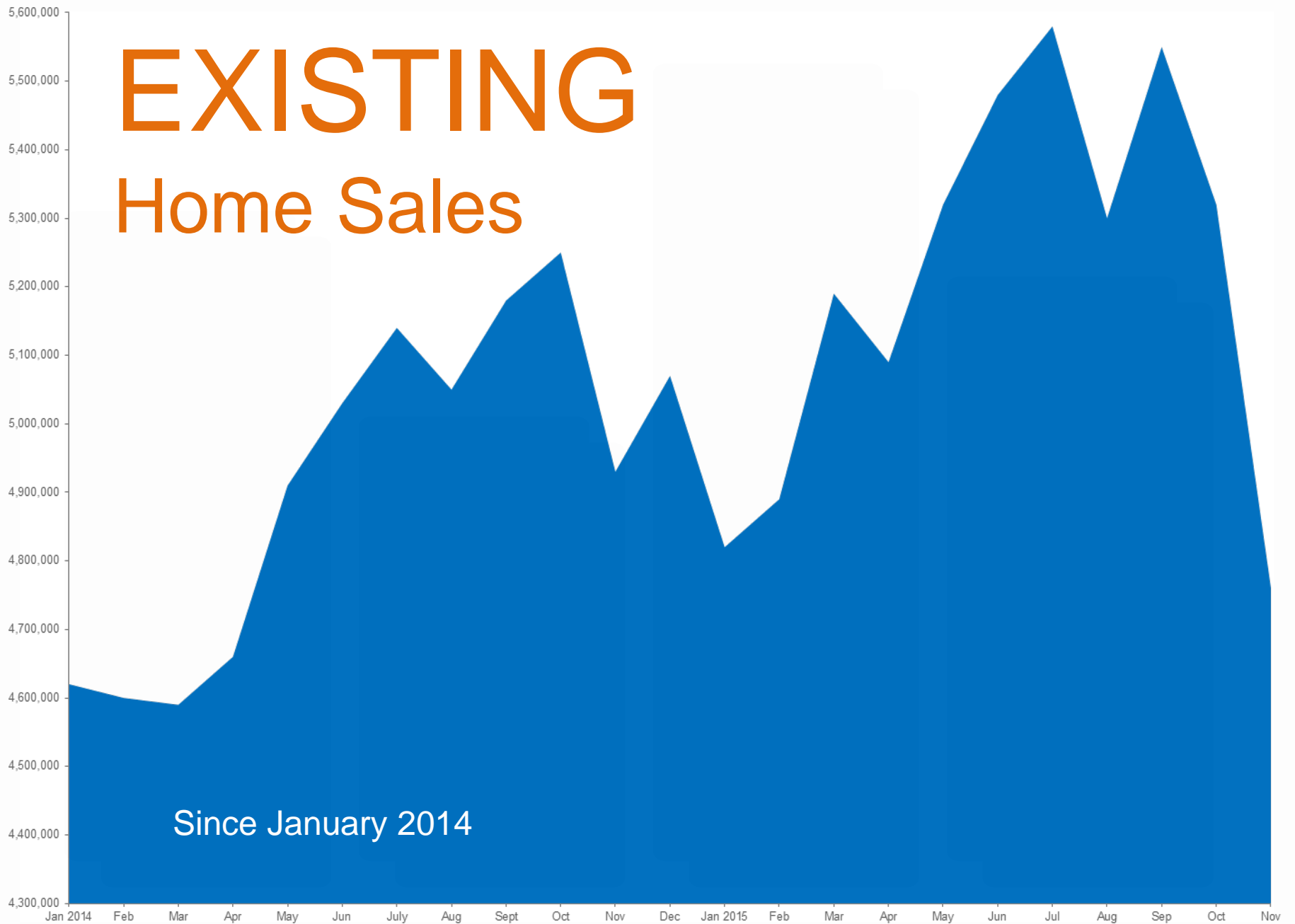


JANUARY 2016



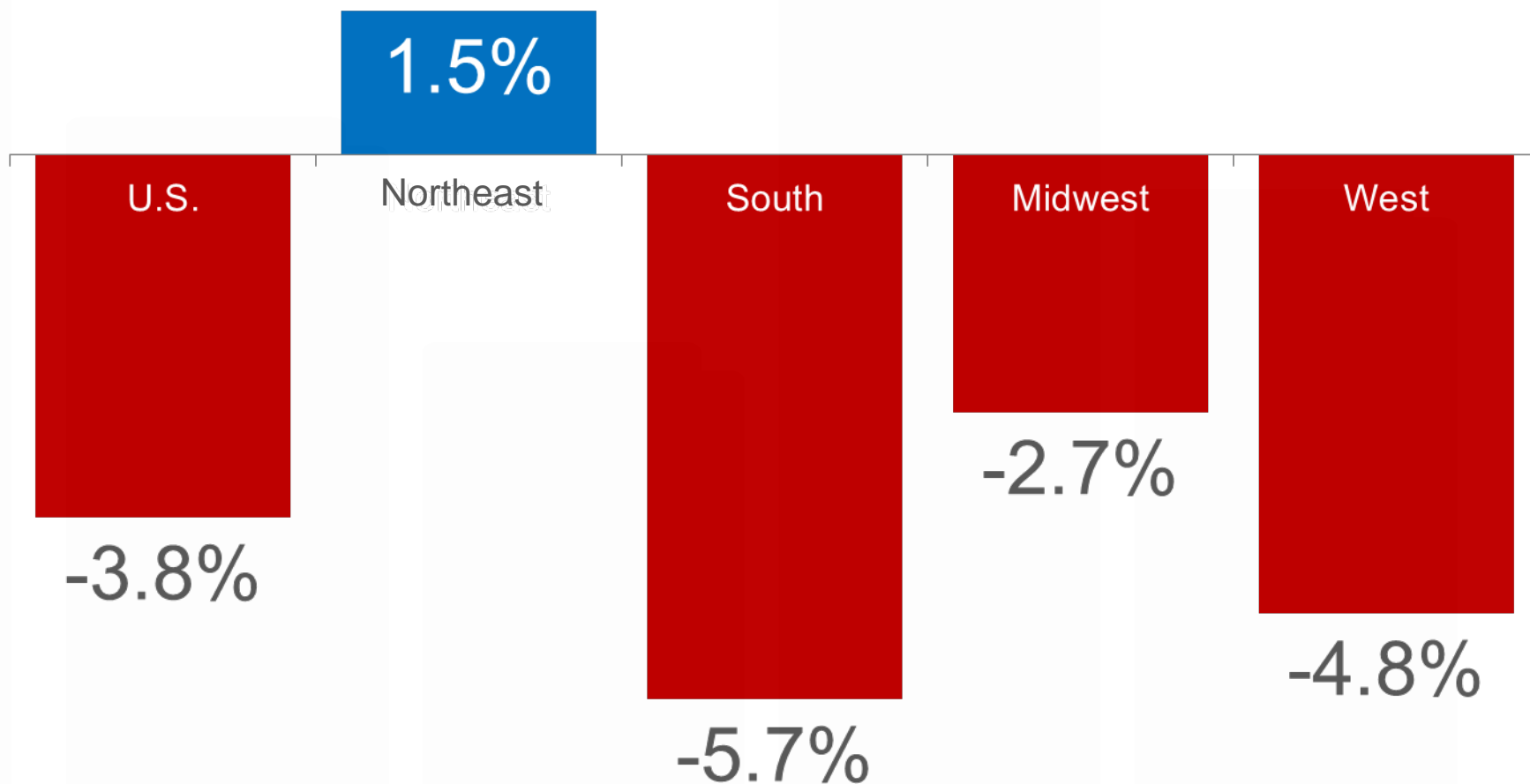
EXISTING Home Sales

Since January 2014



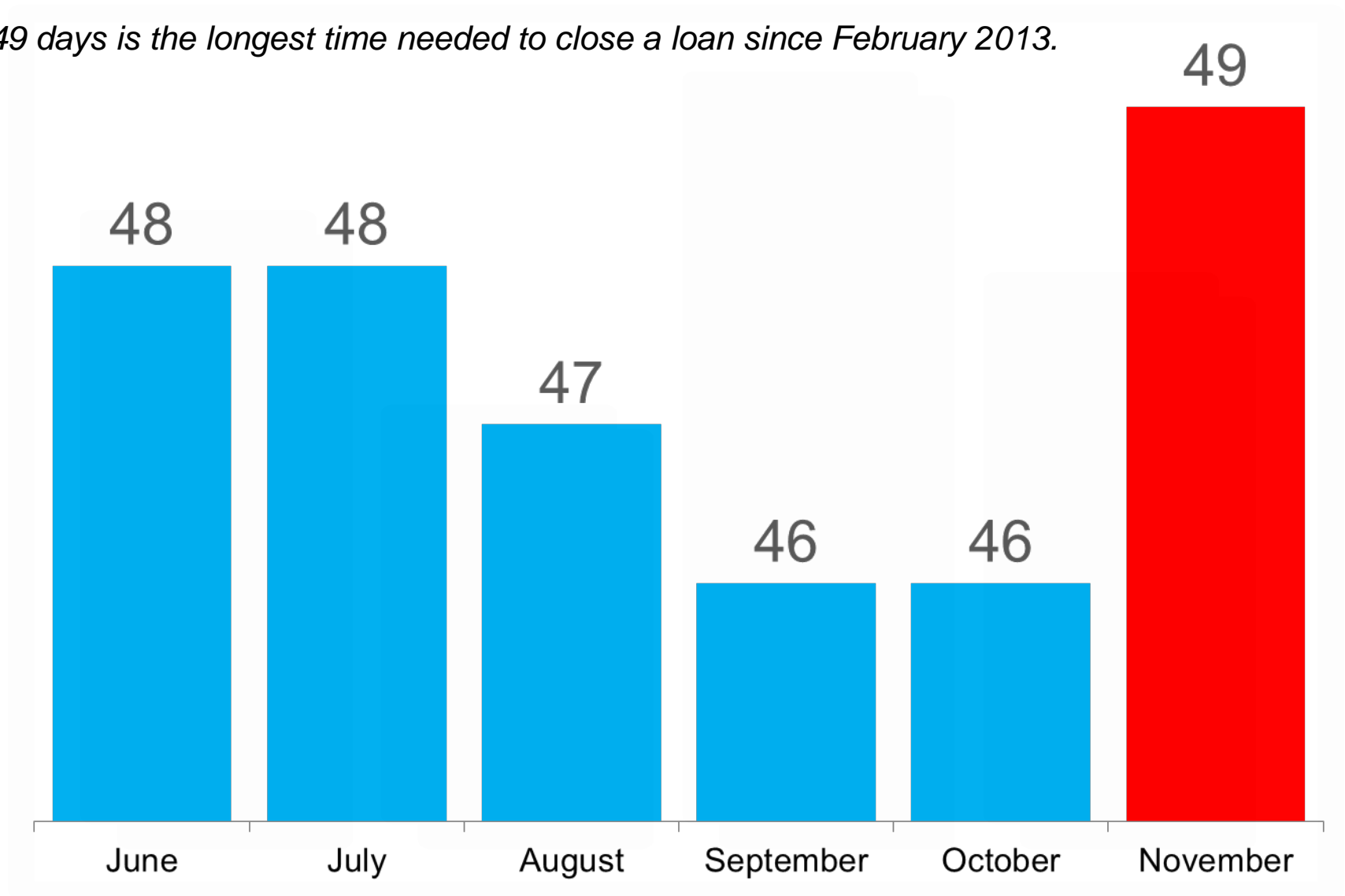
EXISTING Home Sales

Y-O-Y by region



Average days needed to close a loan...

49 days is the longest time needed to close a loan since February 2013.

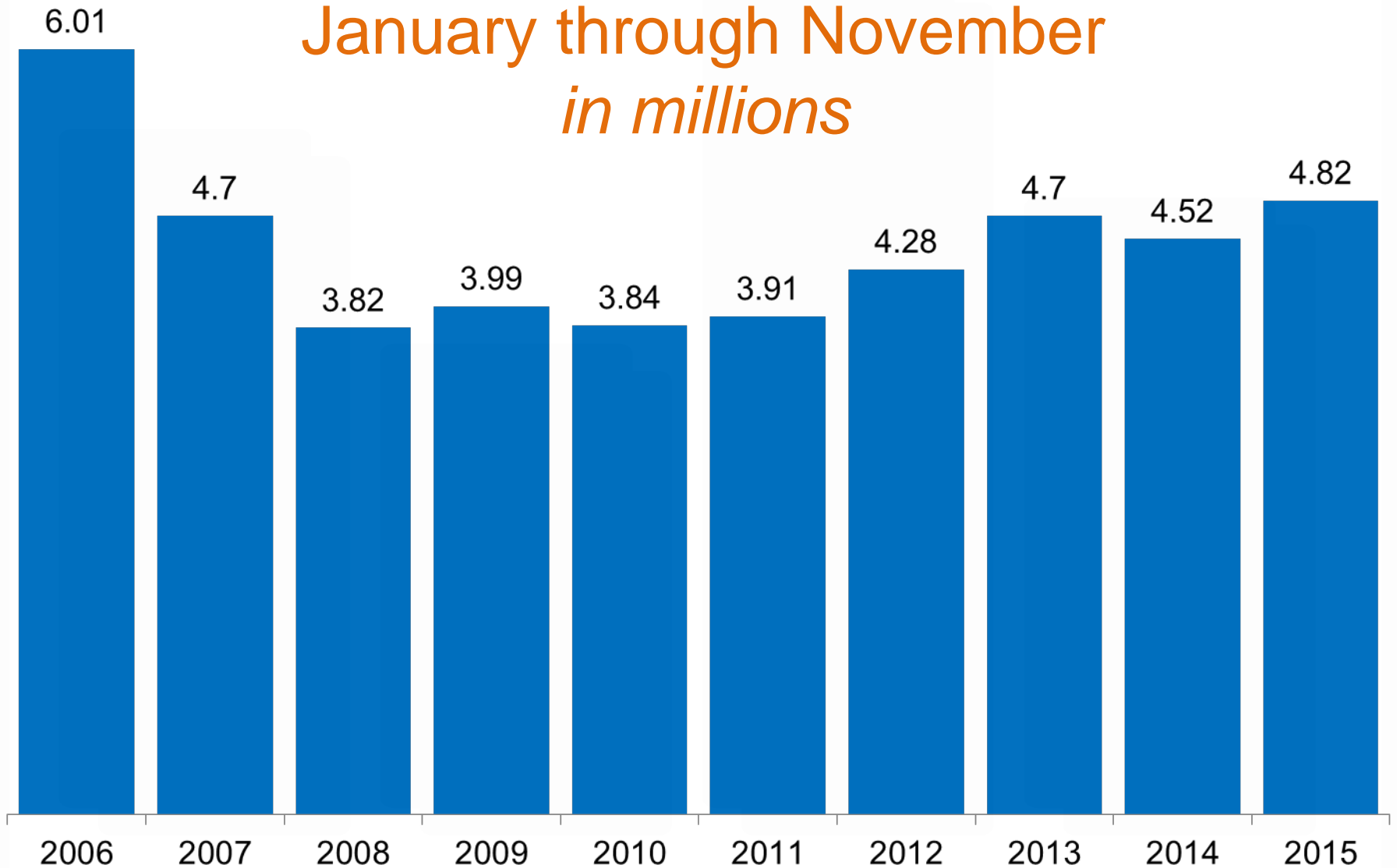


New Home Sales Annualized *in thousands*



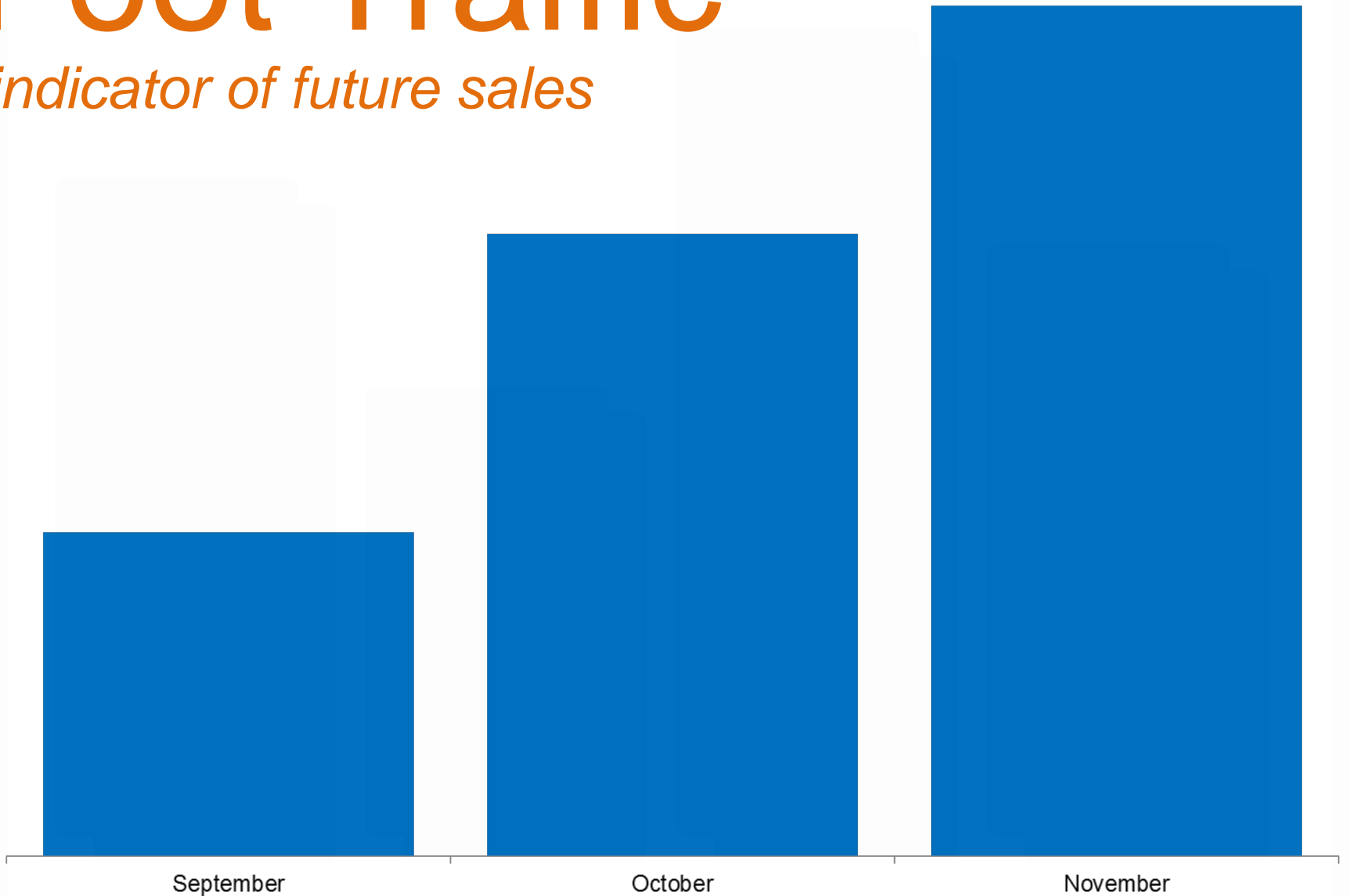
Number of Home Sales

January through November
in millions

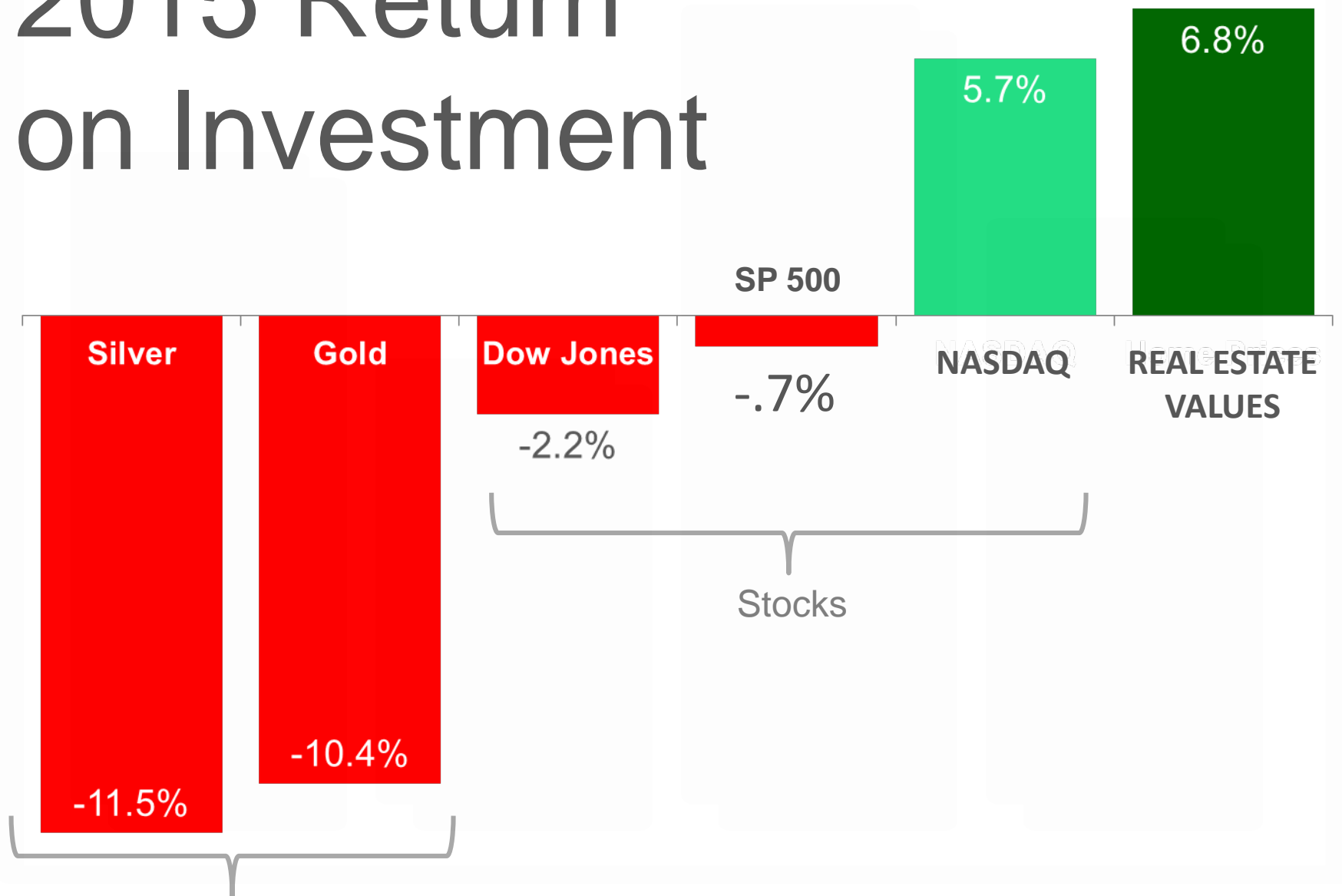


Foot Traffic

indicator of future sales



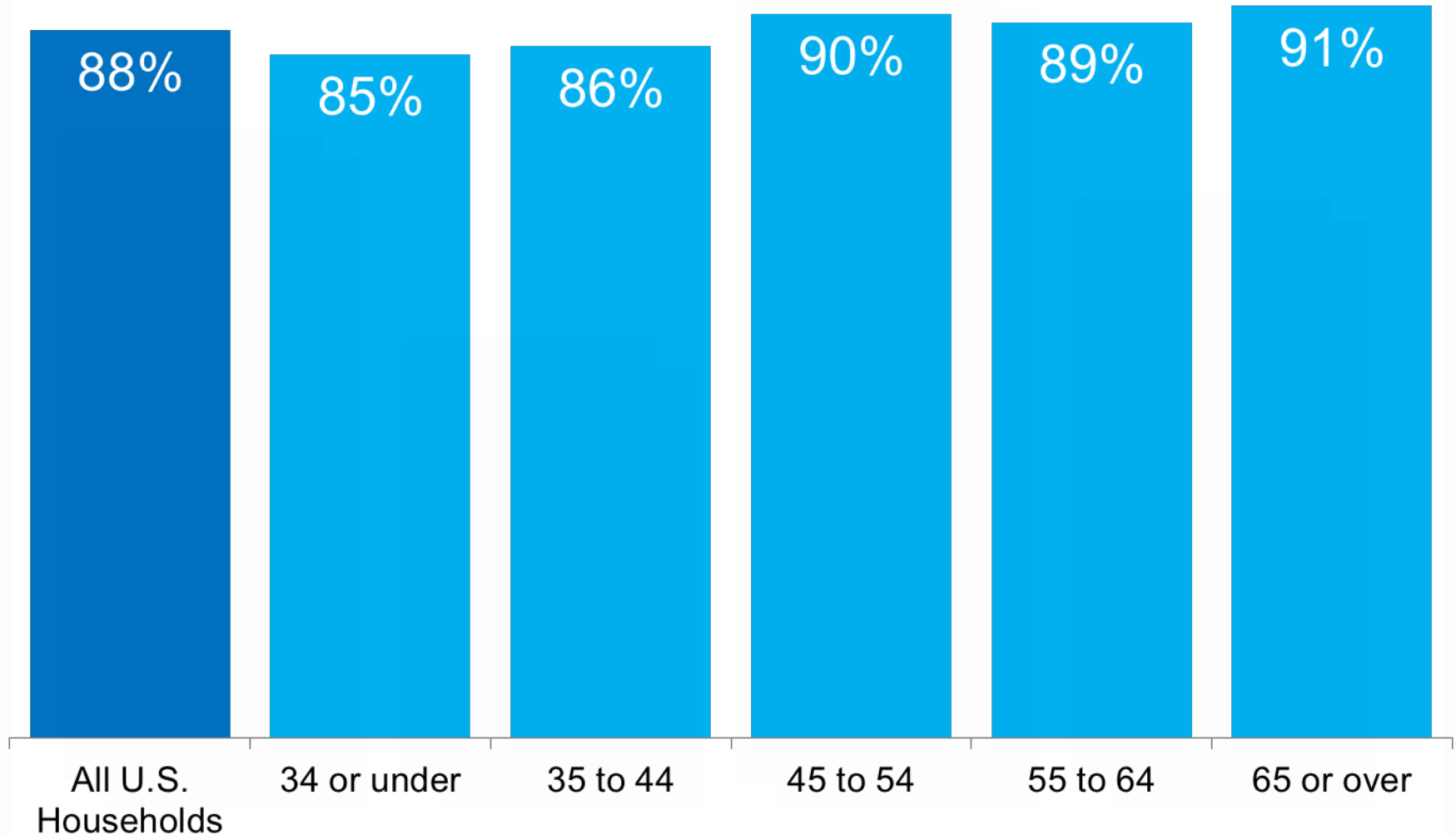
2015 Return on Investment



Precious Metals

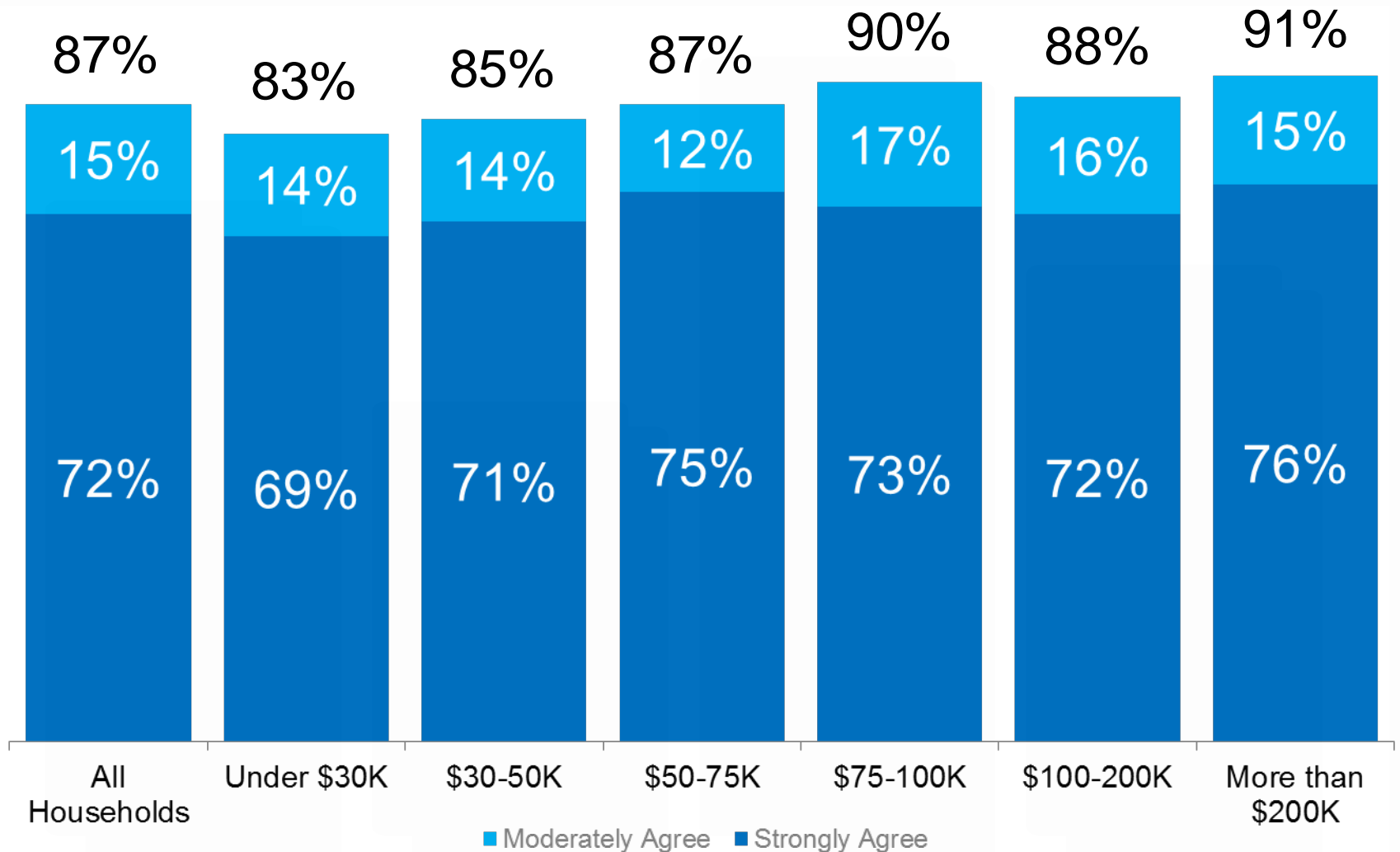
Homeownership is a Good Financial Decision

by age of household head

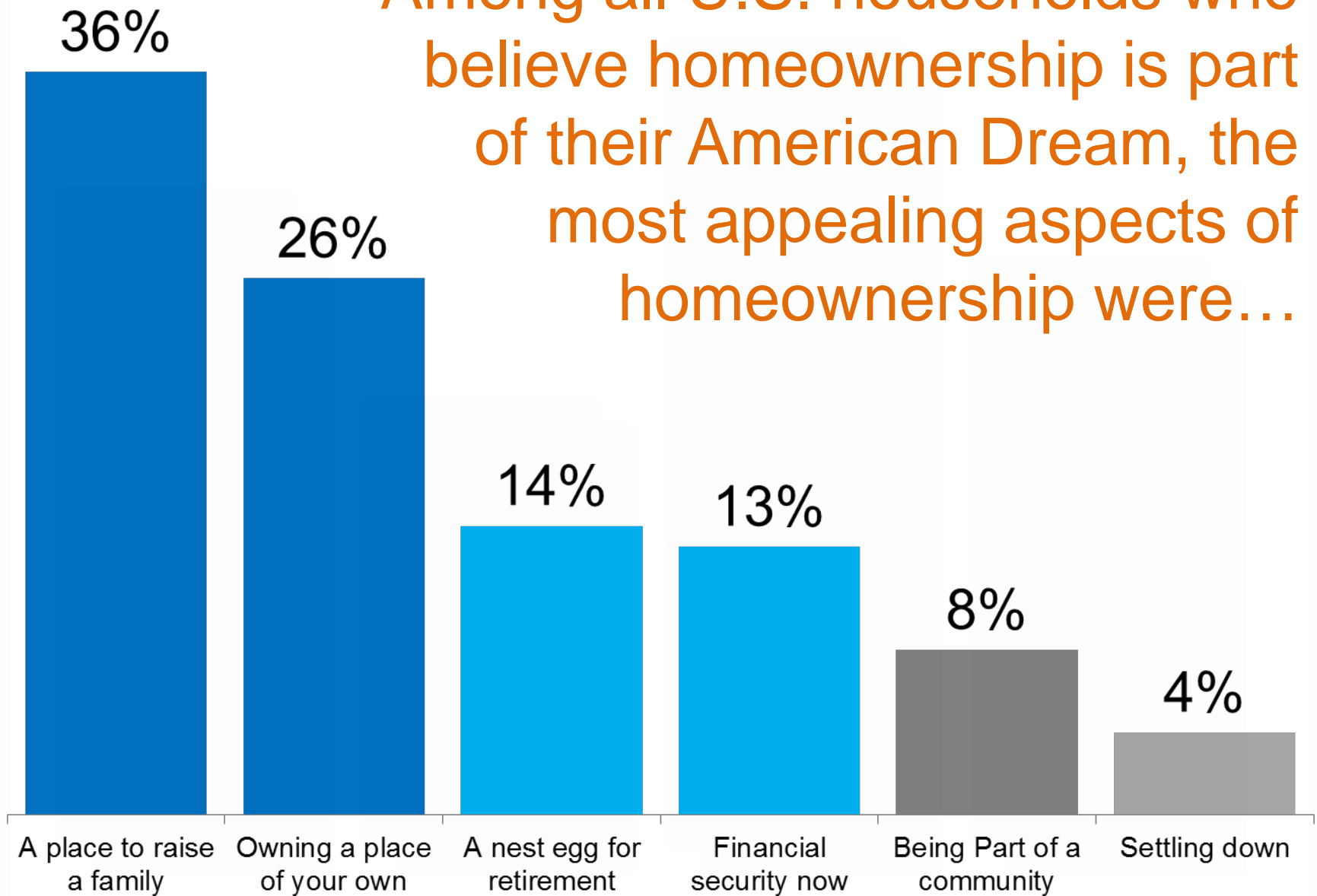


Homeownership is Part of the American Dream

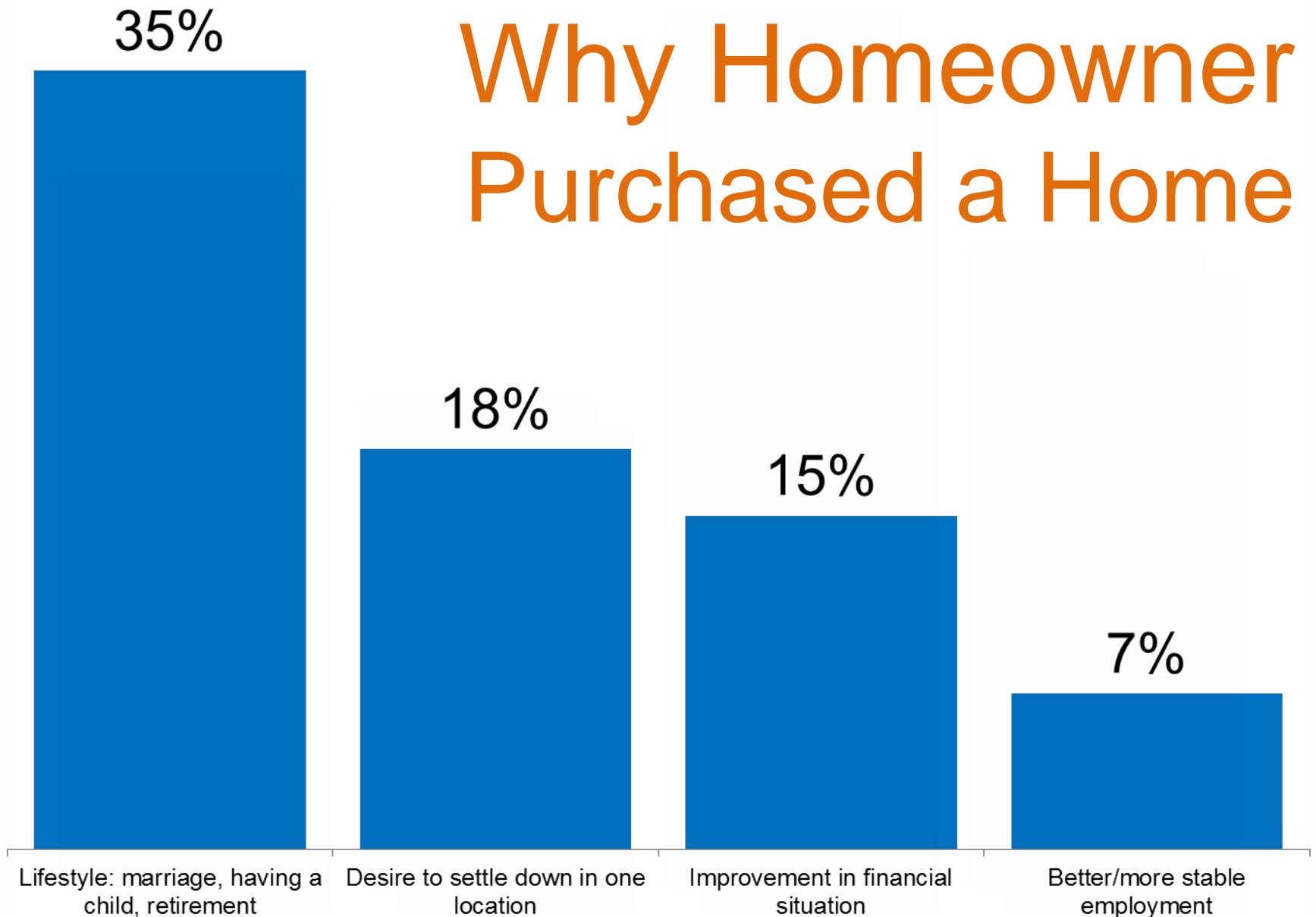
by household income



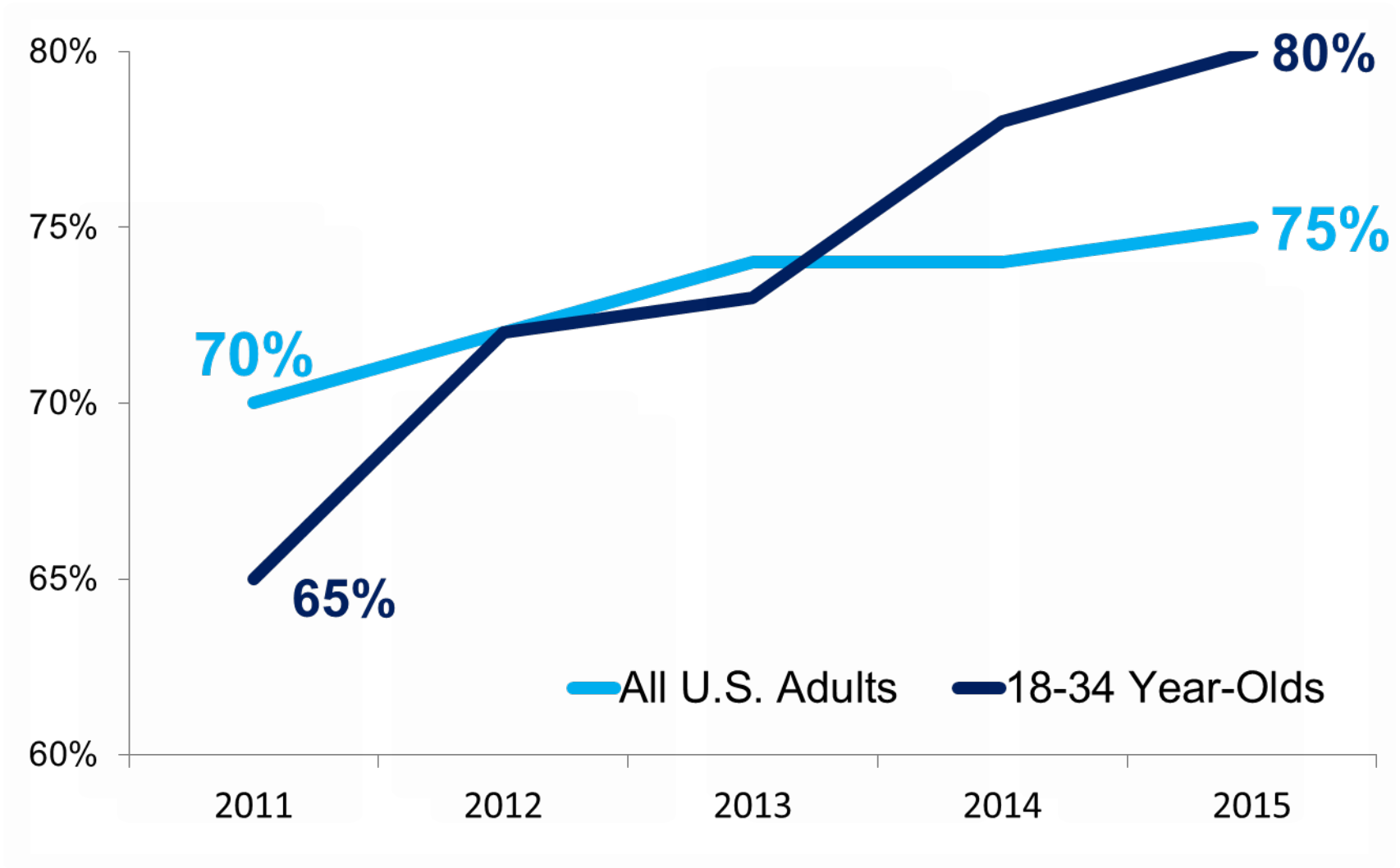
Among all U.S. households who believe homeownership is part of their American Dream, the most appealing aspects of homeownership were...



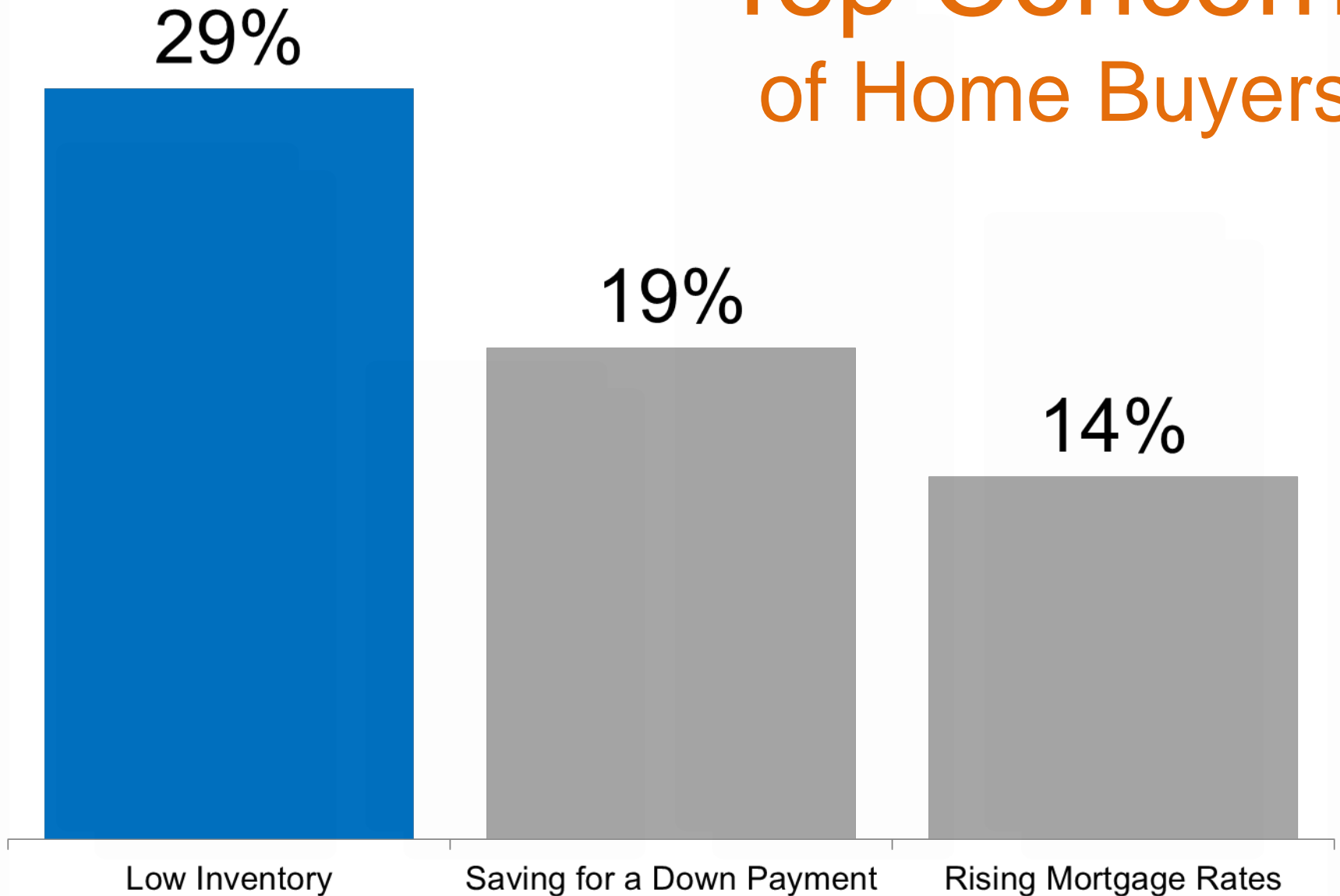
Why Homeowner Purchased a Home



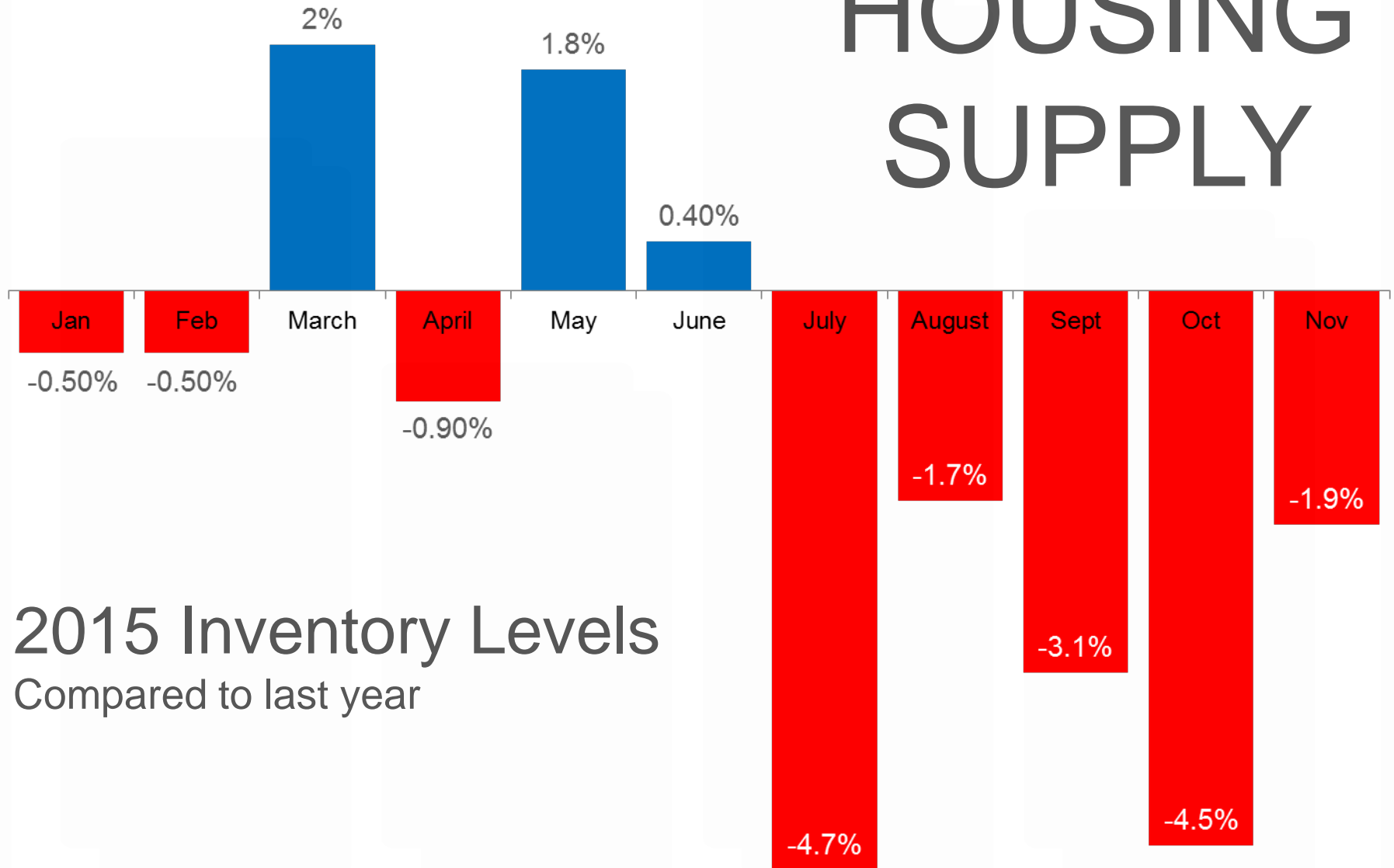
% of Americans who say homeownership is part of achieving their PERSONAL AMERICAN DREAM



Top Concern of Home Buyers



HOUSING SUPPLY



2015 Inventory Levels
Compared to last year

Percentage of Distressed Property Sales

35%

9%

9%

January 2012 - Today

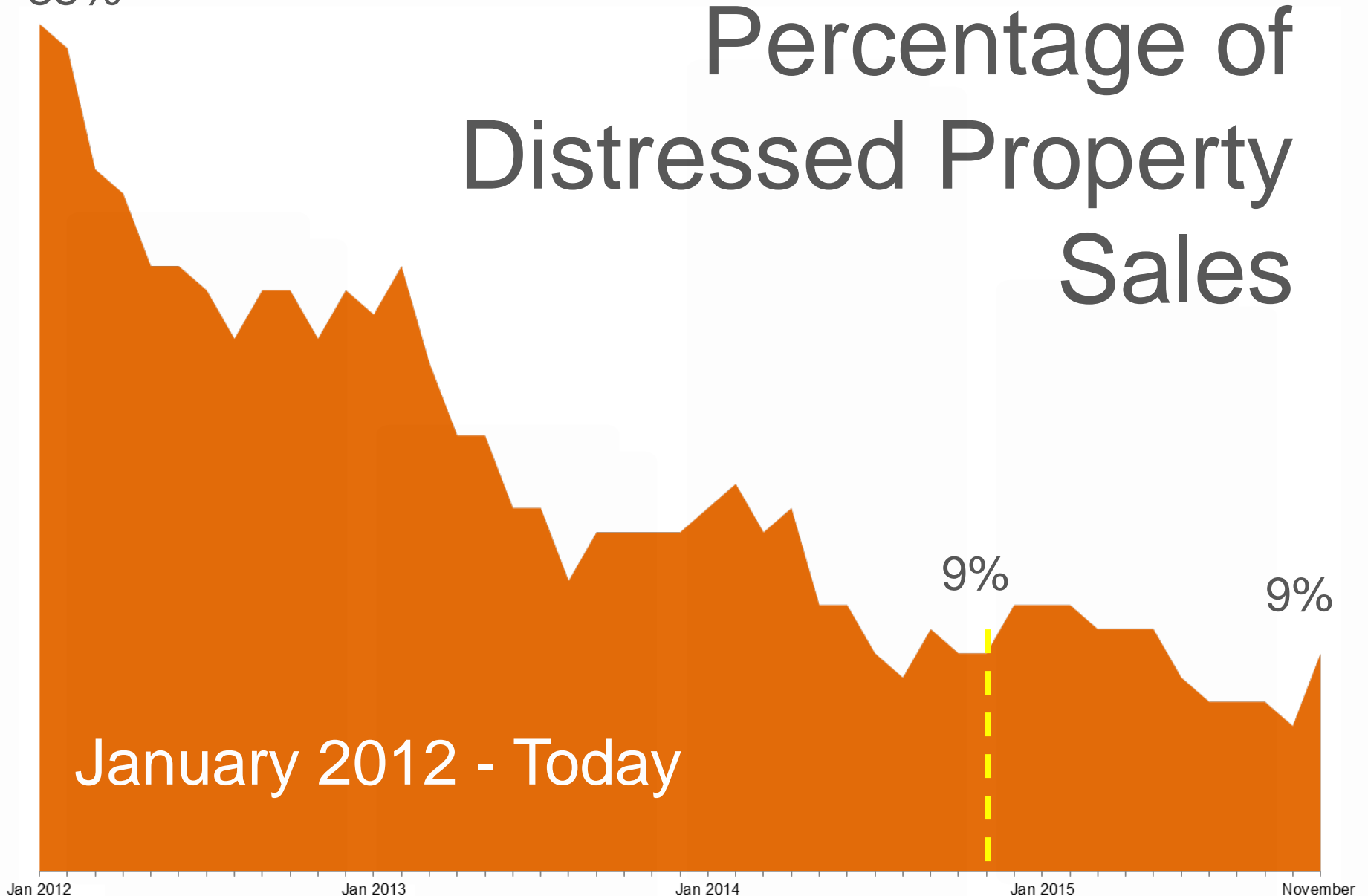
Jan 2012

Jan 2013

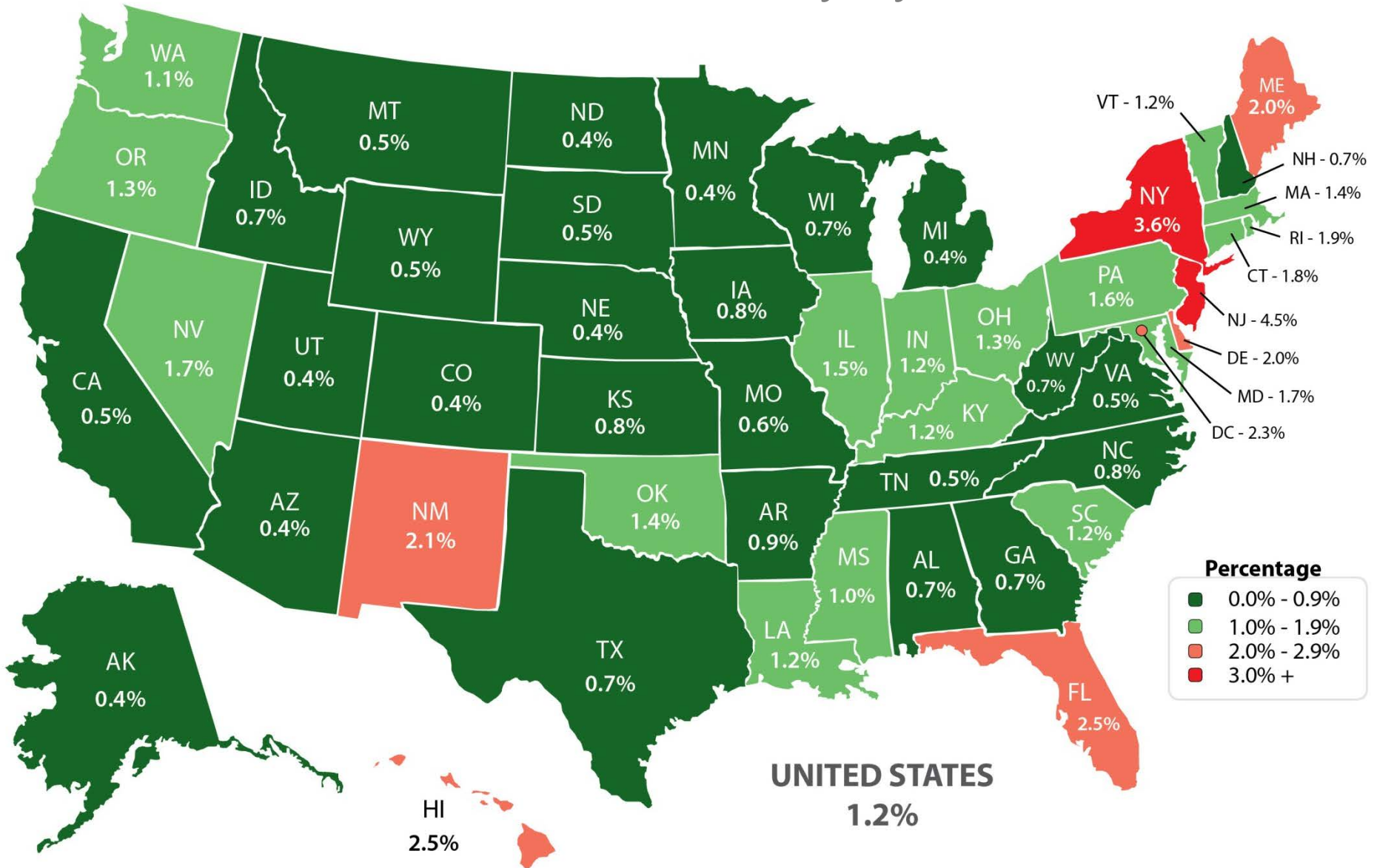
Jan 2014

Jan 2015

November



Foreclosure Inventory by State



Calculated Risk:

“Low inventory is probably holding down sales in many areas.”

Capital Economics:

“A lack of housing inventory continues to drive developments in the market. As demand has slowly recovered, low inventory levels have weighed on home sales and put upward pressure on house prices.”

Frank Nothaft, chief economist for CoreLogic:

“Many markets have experienced a low inventory of homes for sale along with strong buyer demand, which is sustaining upward pressure on home prices. These conditions are likely to persist as we enter 2016.”

Doug Duncan, chief economist at Fannie Mae:

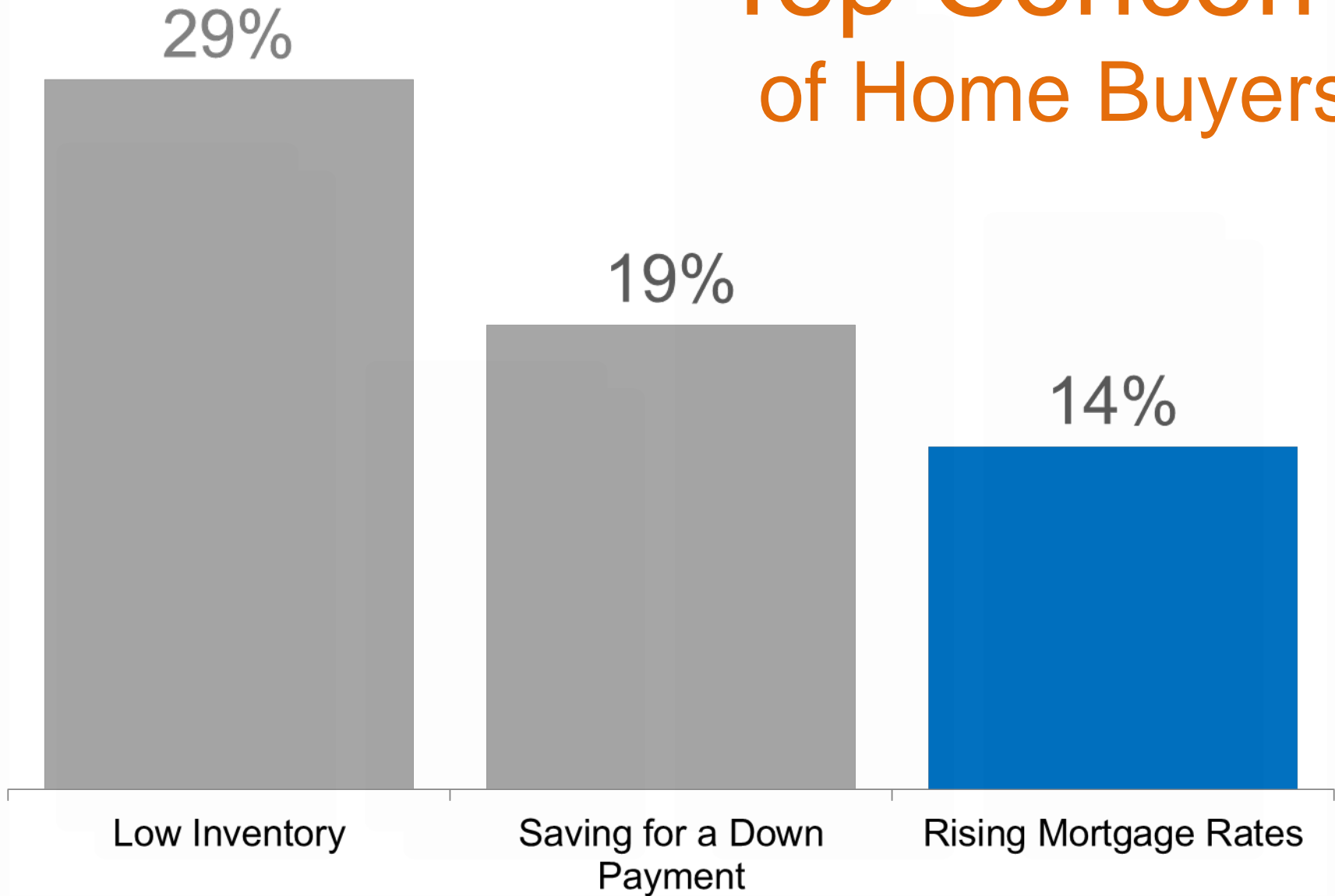
“Several factors point to constrained housing affordability in 2016, particularly for first-time home buyers, including slow single-family supply response and limited inventory of starter homes on the market.”

Lawrence Yun, chief economist at NAR:

“Sparse inventory and affordability issues continue to impede a large pool of buyers’ ability to buy, which is holding back sales.”



Top Concern of Home Buyers



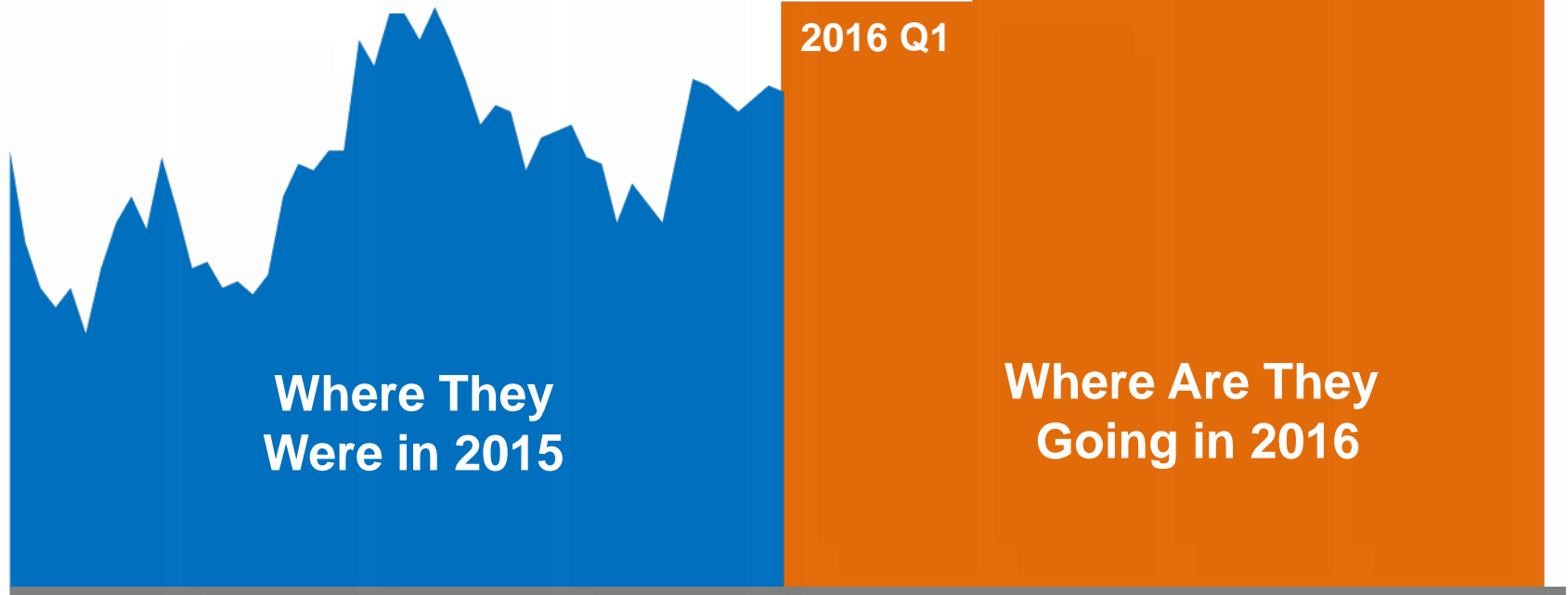
Mortgage Rate Projections



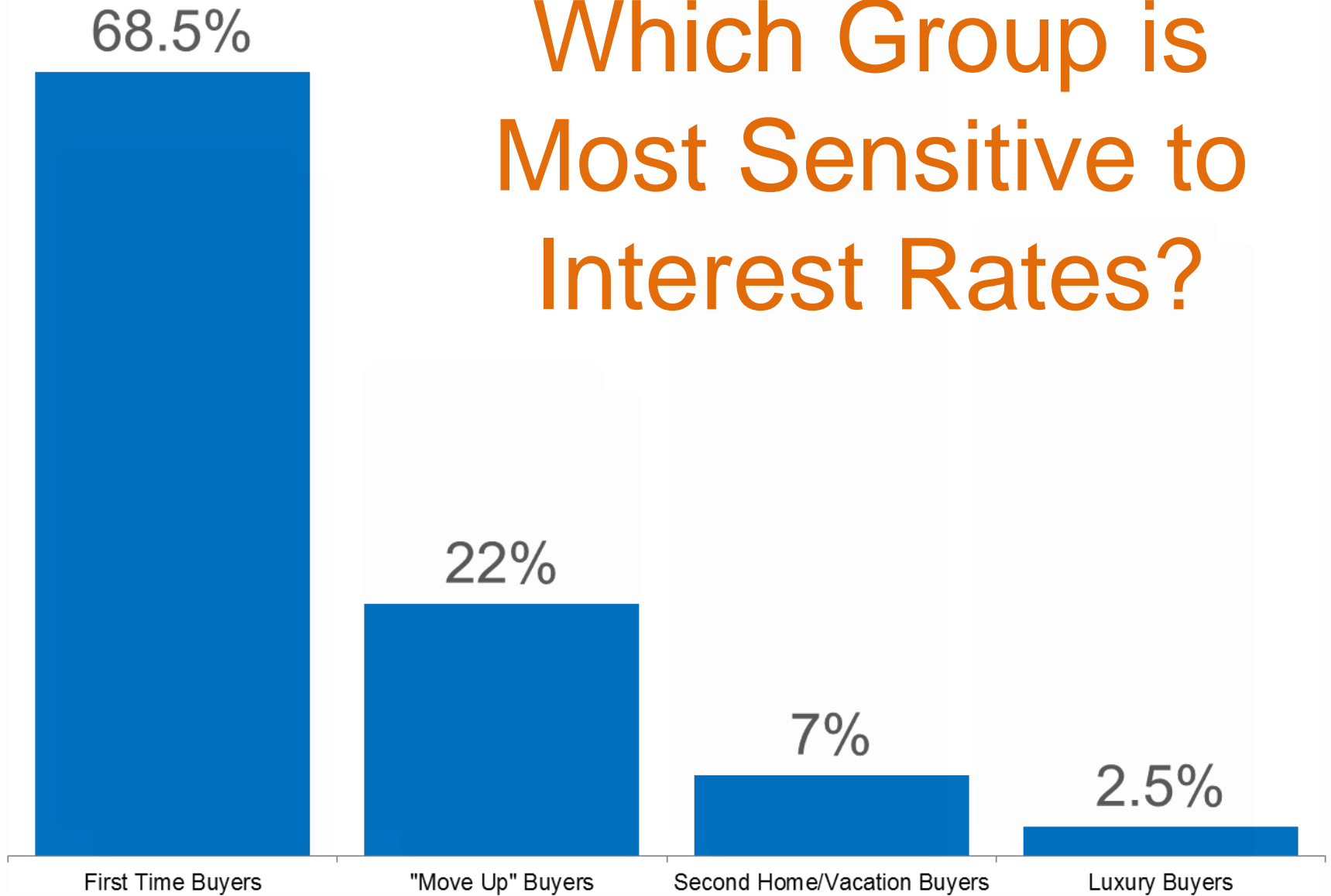
Quarter	Fannie Mae	Freddie Mac	MBA	NAR	Average of all four
2016 1Q	4.0%	4.1%	4.2%	4.1%	4.10%
2016 2Q	4.0%	4.3%	4.4%	4.3%	4.25%
2016 3Q	4.1%	4.5%	4.6%	4.6%	4.45%
2016 4Q	4.1%	4.7%	4.8%	4.9%	4.63%

Mortgage Rates

Freddie Mac
30 Year Fixed Rate

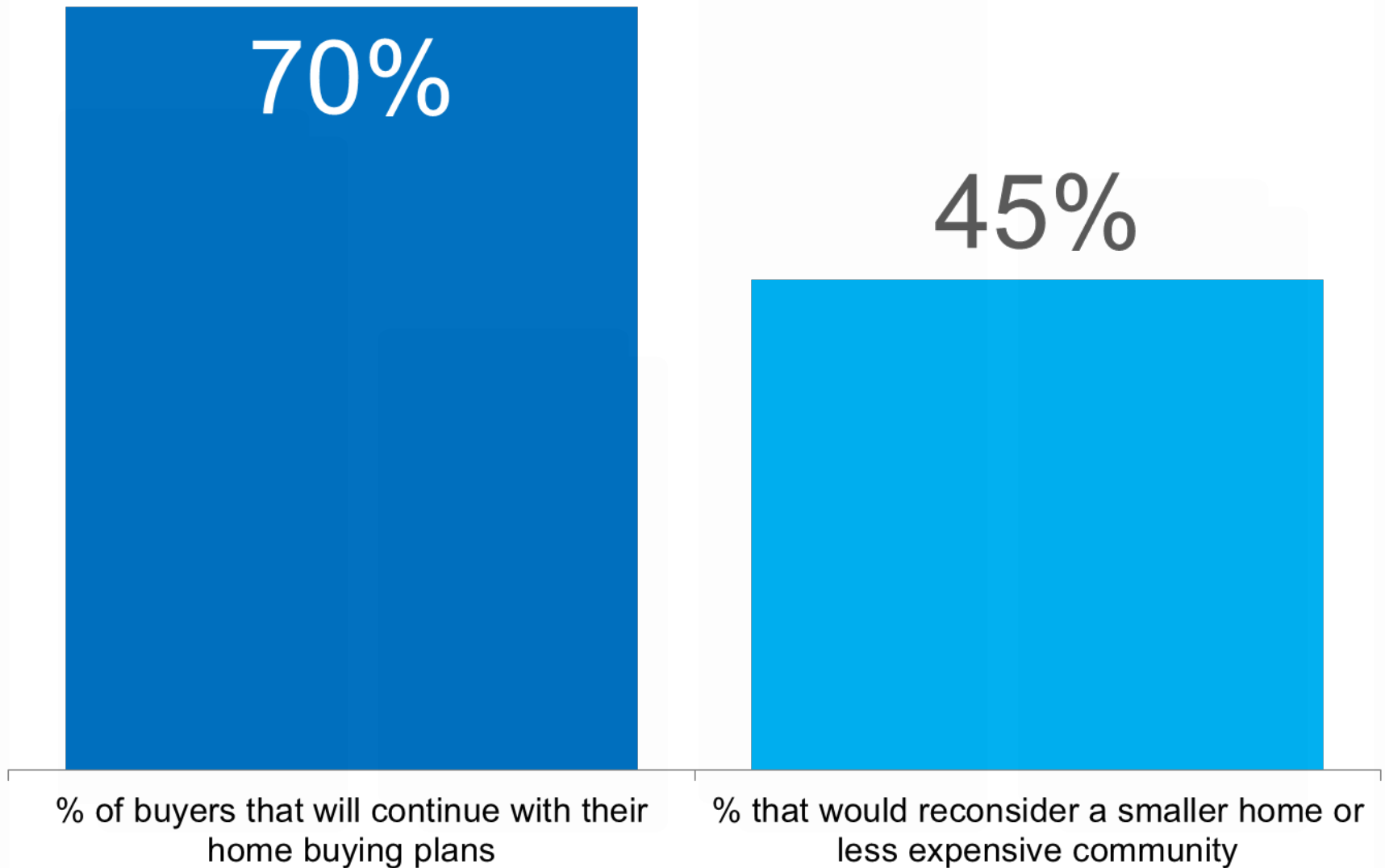


Which Group is Most Sensitive to Interest Rates?

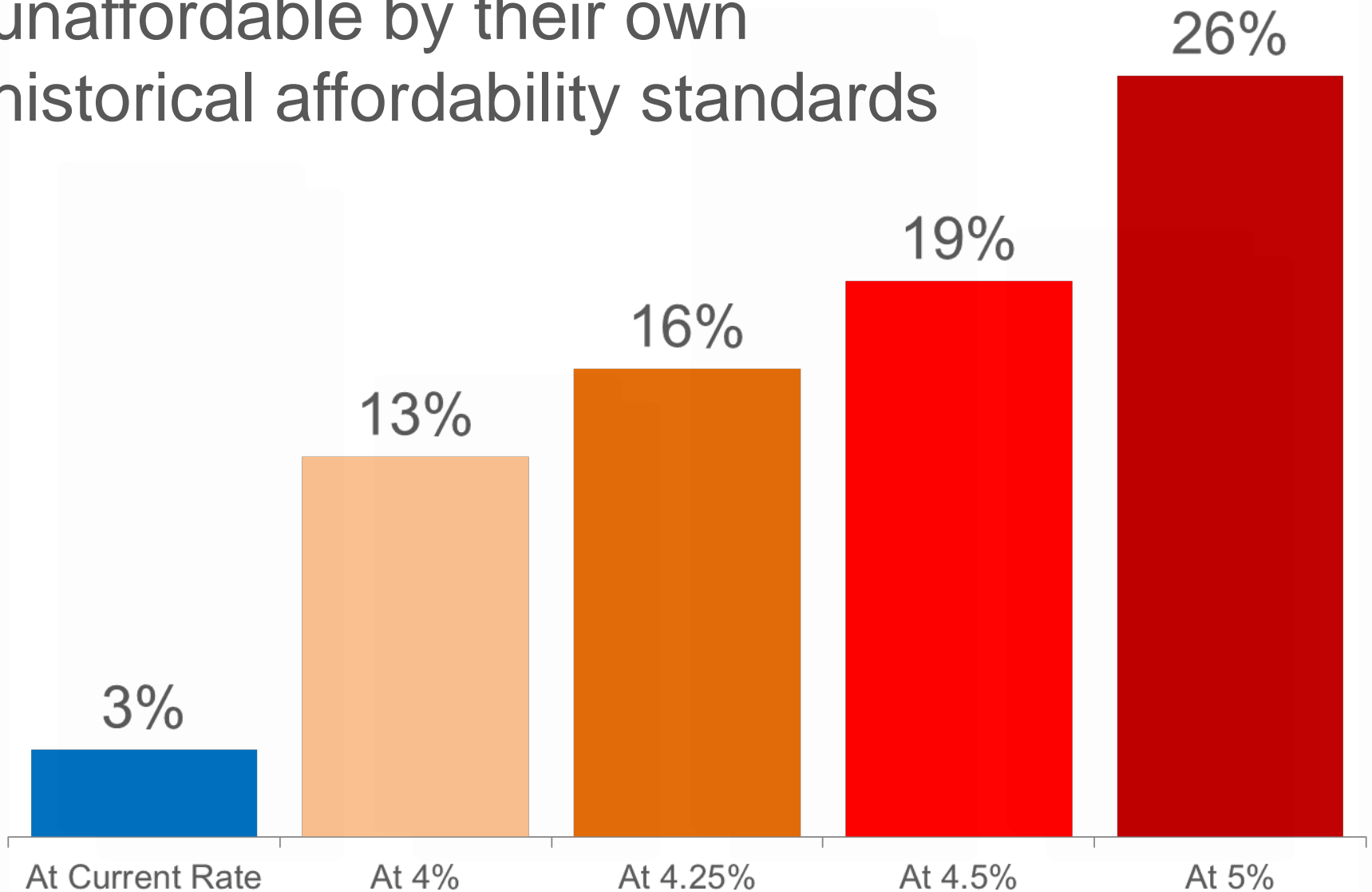


The Impact of Mortgage Rates

Jumping from 4 to 4.5%



% of U.S. counties that would be unaffordable by their own historical affordability standards



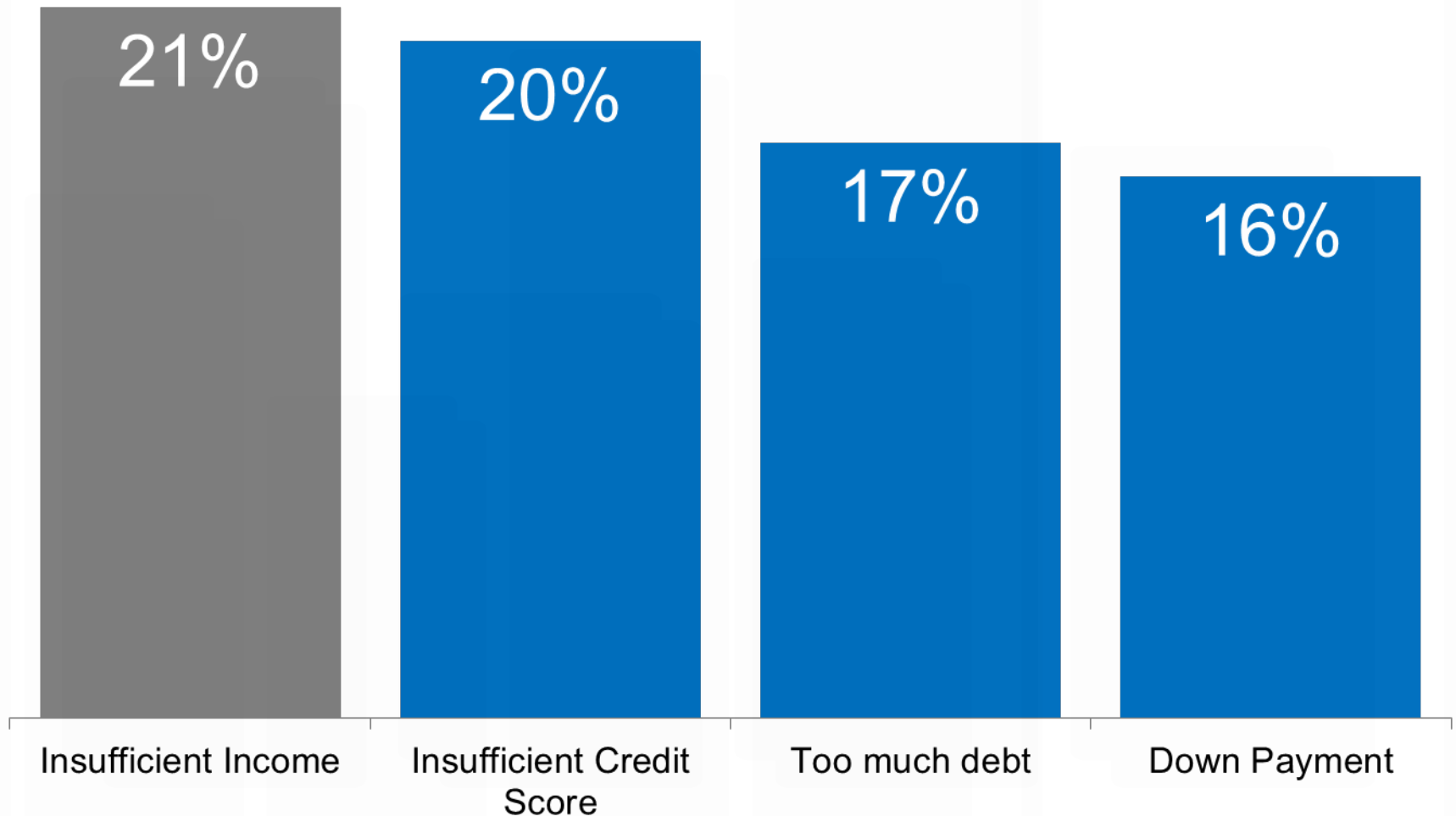
MBA has been projecting a rate increase all year and we have factored rising mortgage rates into our 2016 mortgage finance forecast. Due to the strength of the economy, we still project 10% growth in the purchase market in 2016, despite gradually increasing rates.



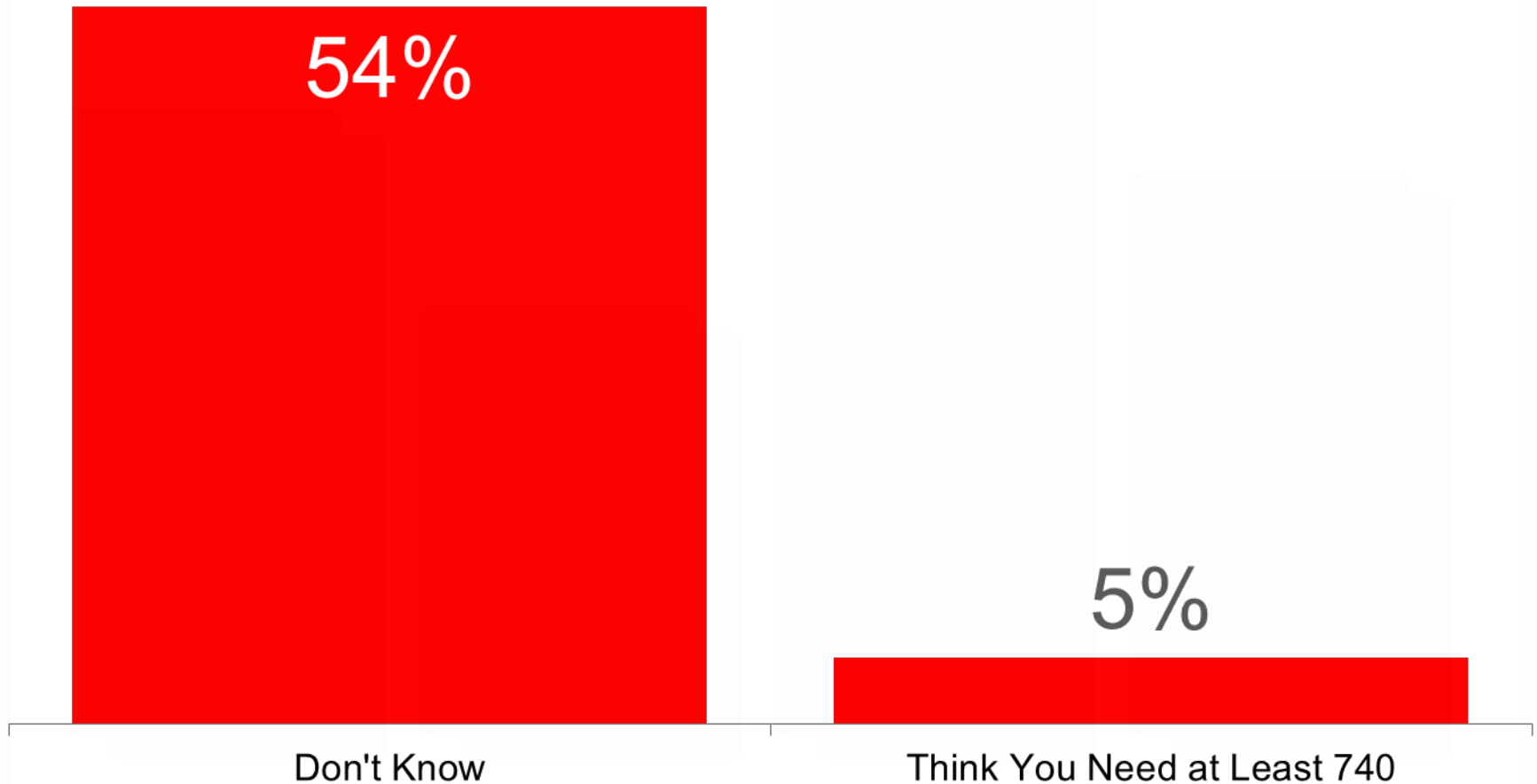
Overall, mortgage origination volume will be down next year due to a reduction in refinances, but the positive impact of the improving economy on home purchases will offset the reduction.

Mike Fratantoni, MBA's Chief Economist

Top 4 Reasons It Is Difficult to Get a Mortgage

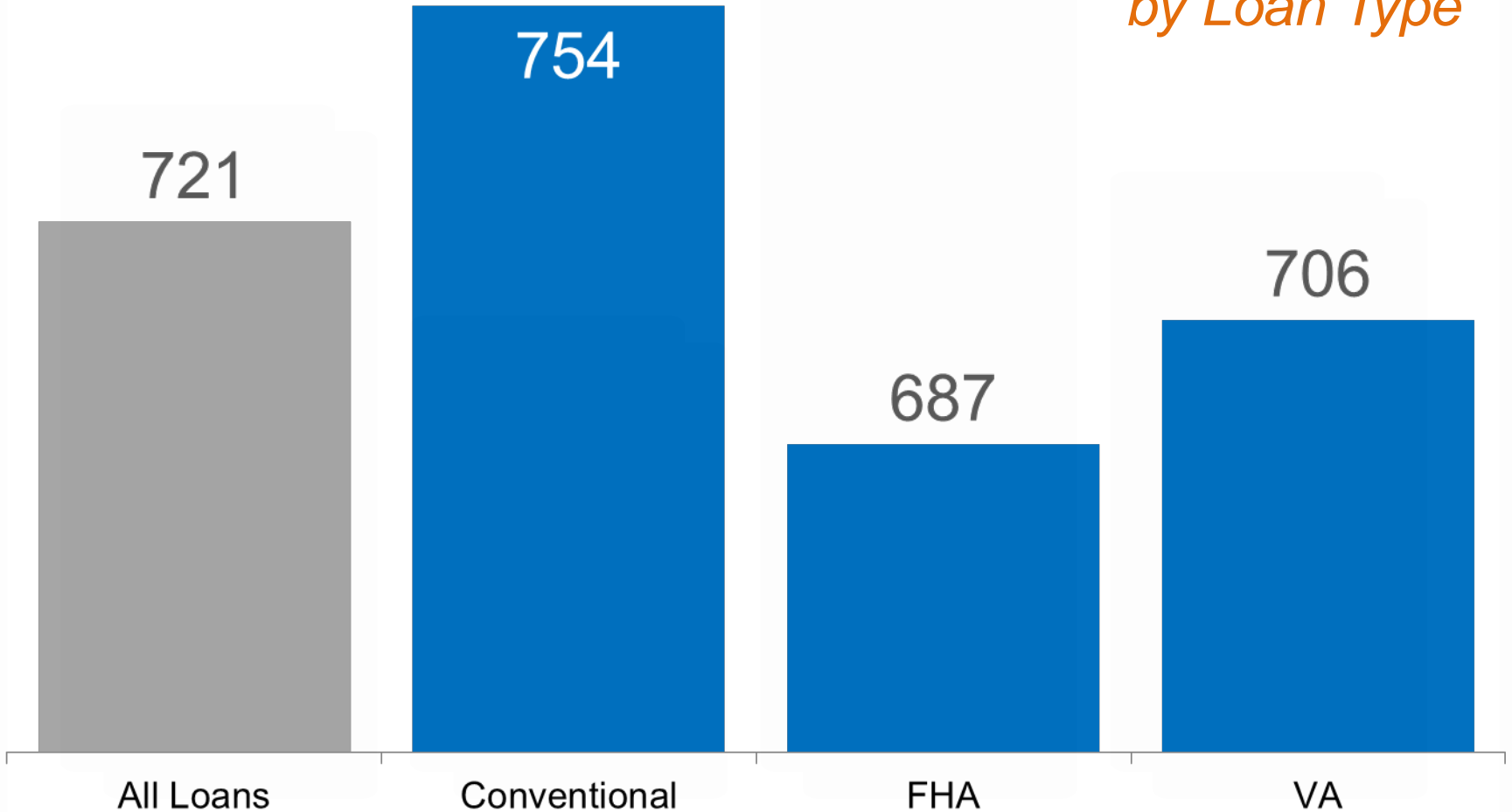


Perceived Minimum **Credit Score** REQUIRED by Lenders



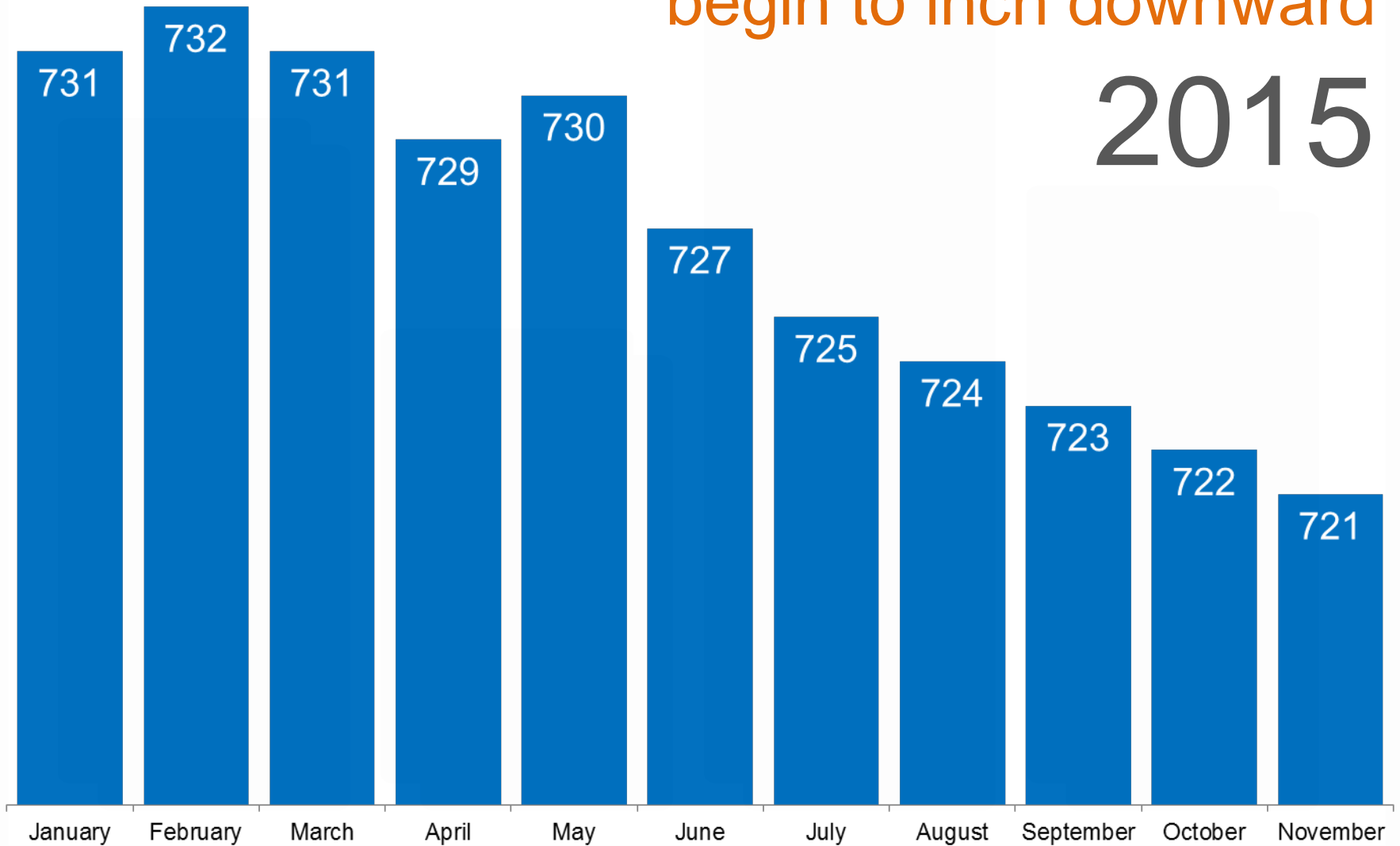
Average FICO Score

for Closed Purchase Loans
by Loan Type

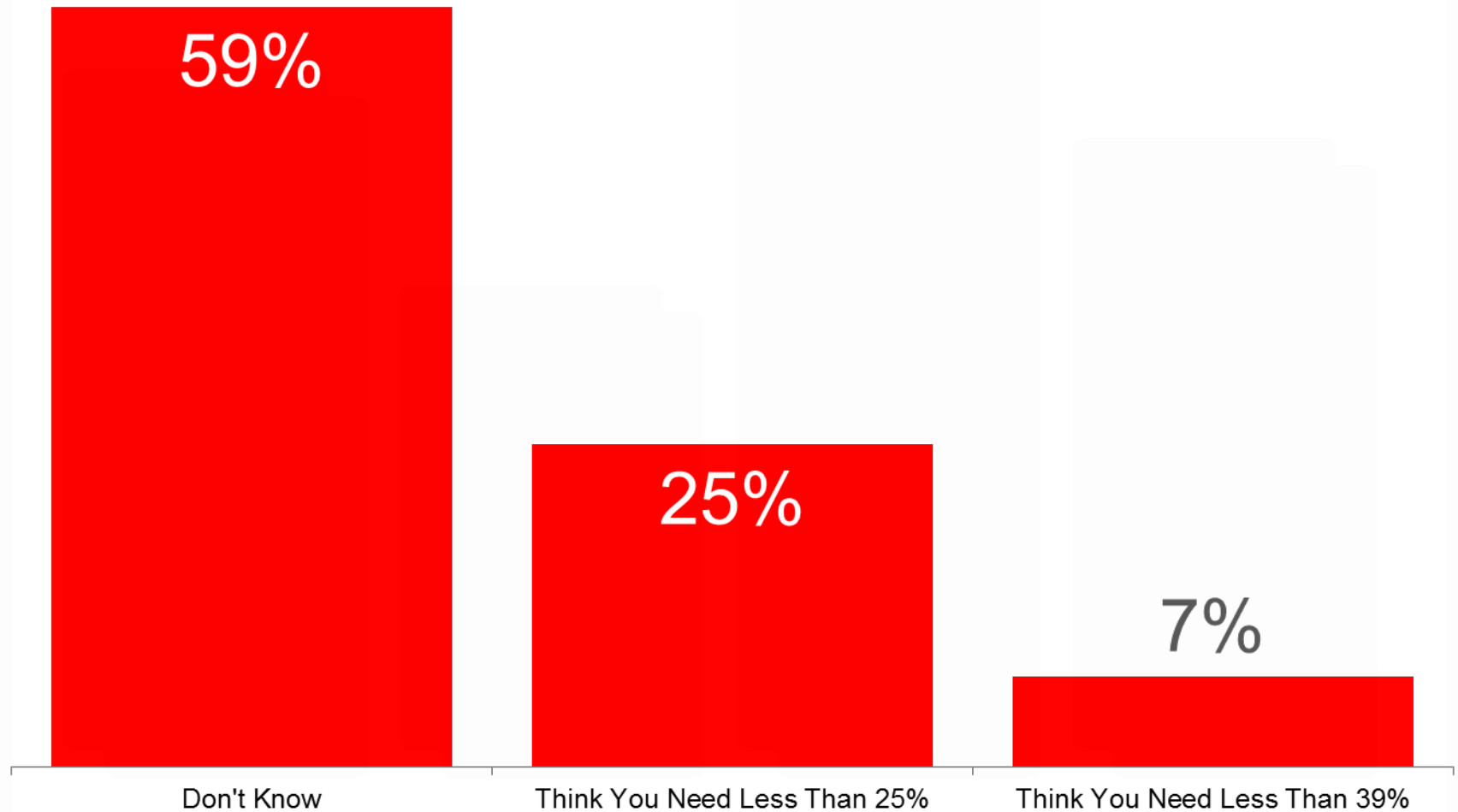


FICO Score Requirements begin to inch downward

2015

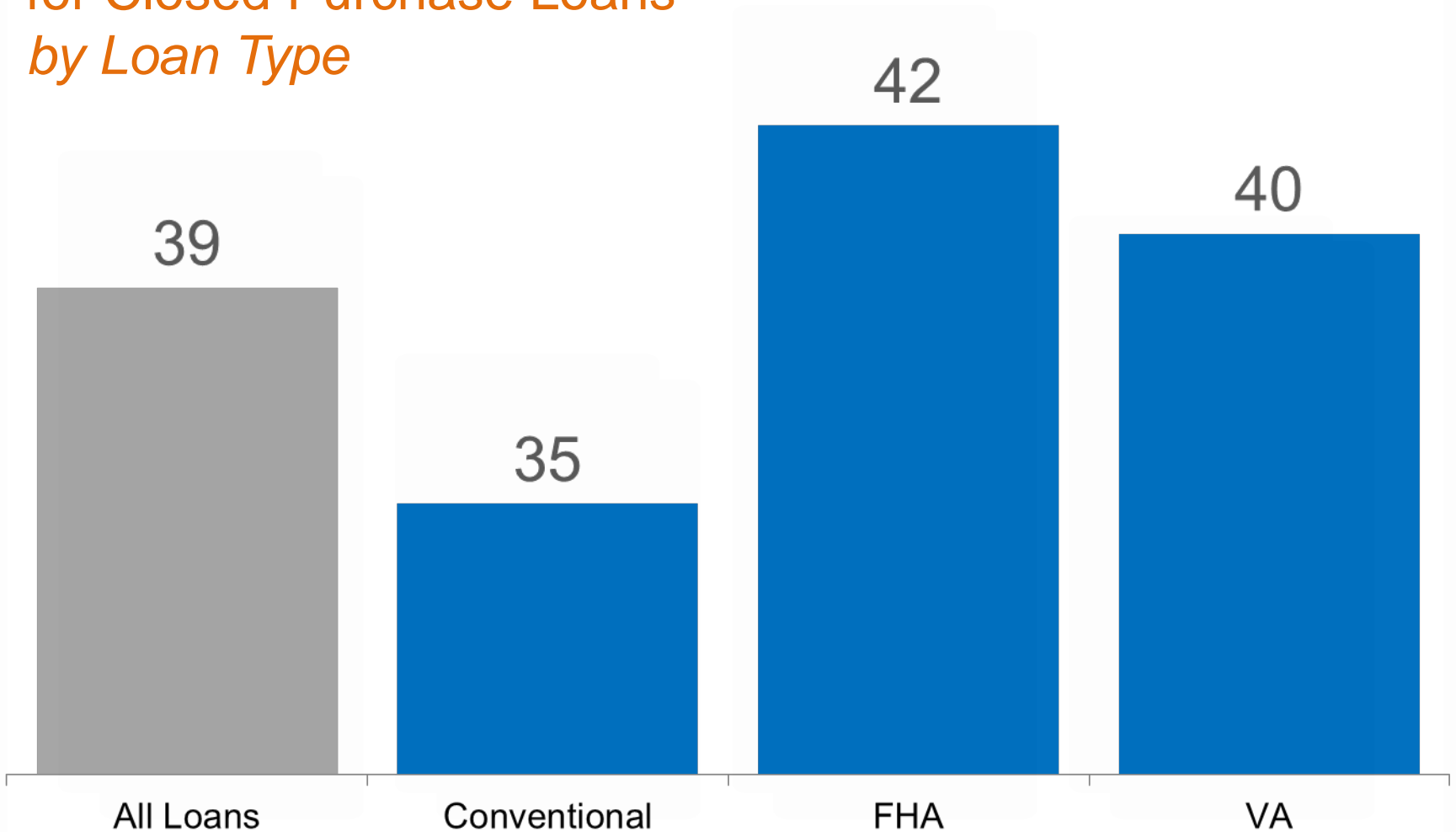


Perceived Minimum **Back End DTI** REQUIRED by Lenders

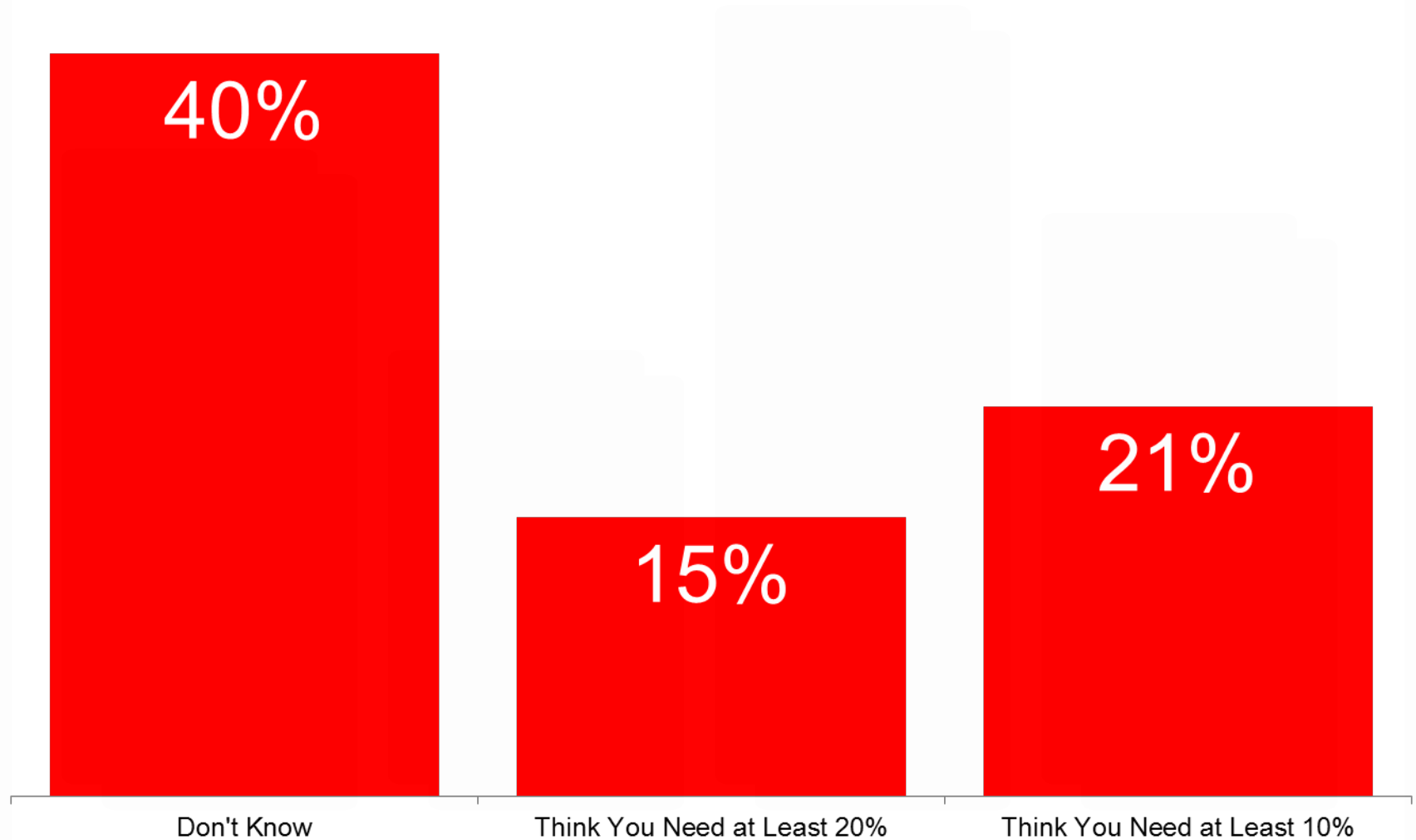


Average Back End DTI

for Closed Purchase Loans
by Loan Type

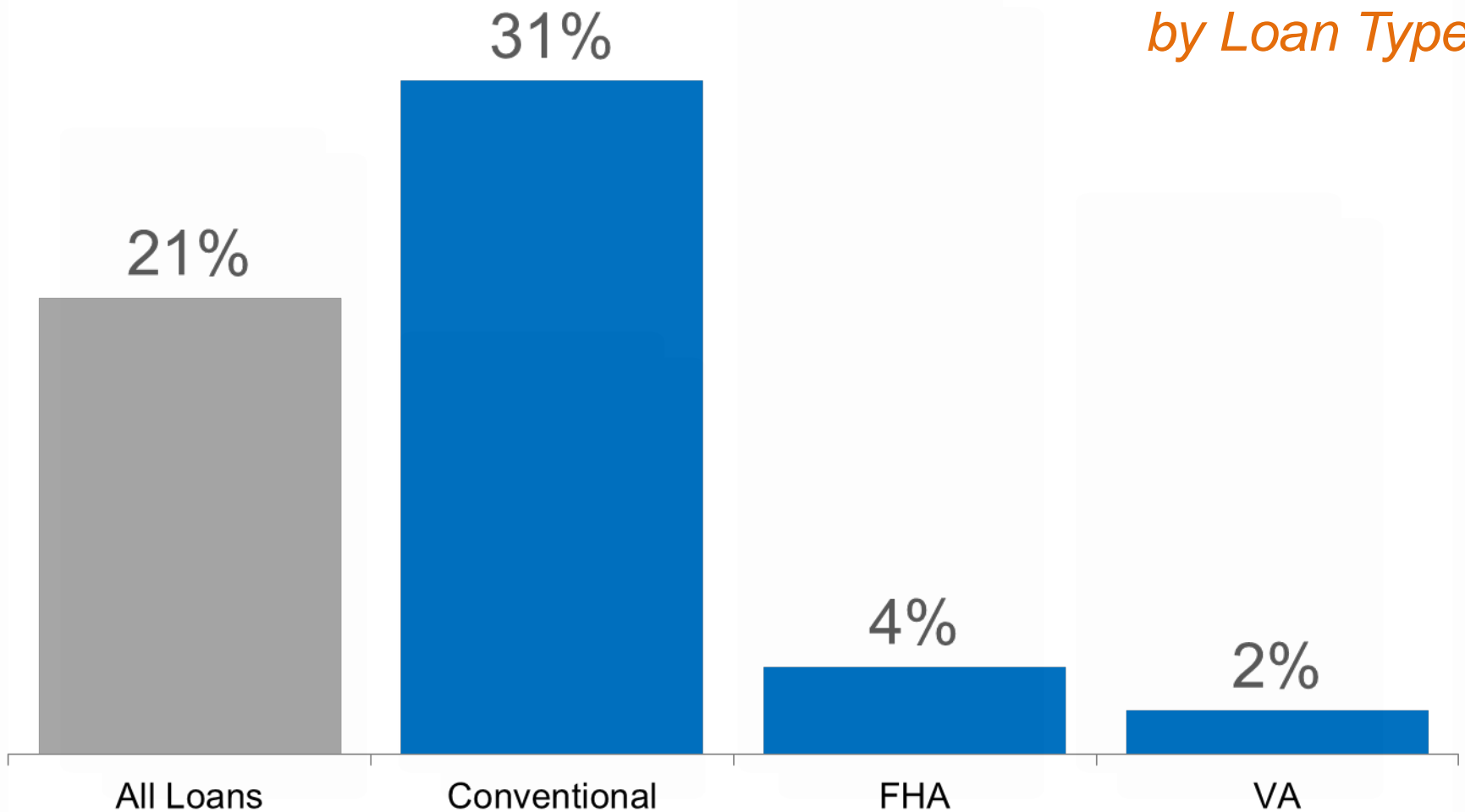


Perceived Minimum **Down Payment** REQUIRED by Lenders

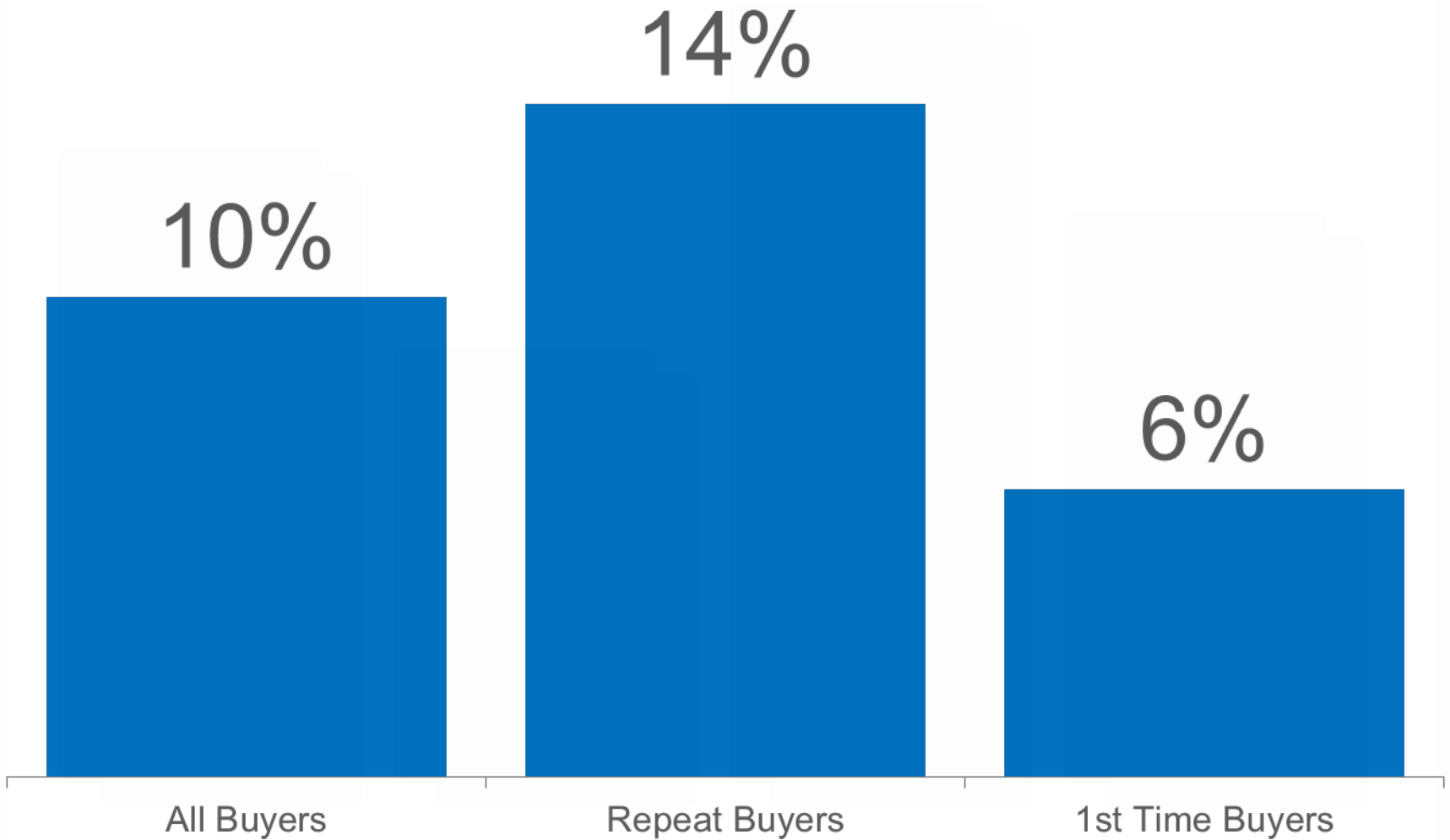


Average Down Payment

for Closed Purchase Loans
by Loan Type

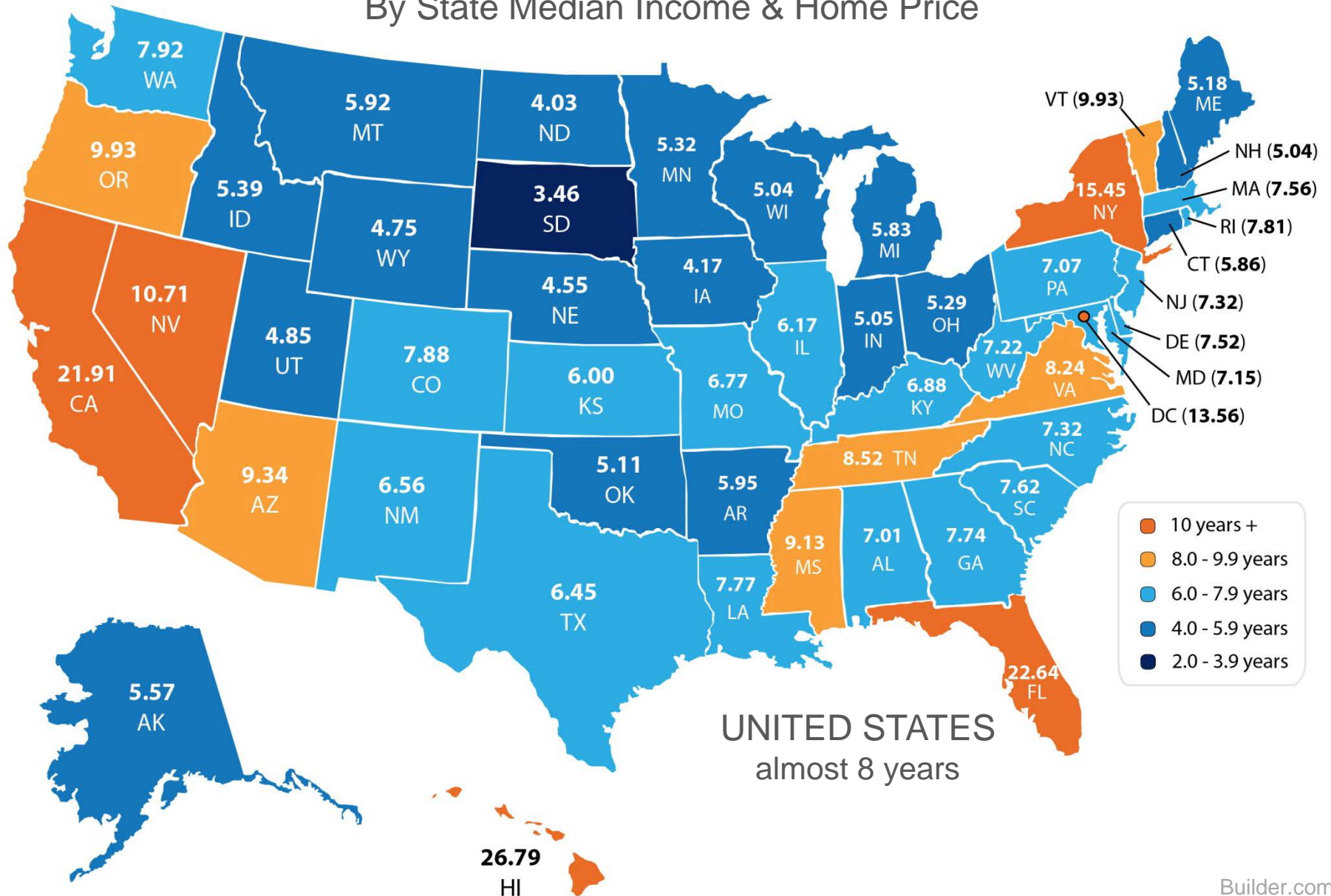


Typical Down Payment



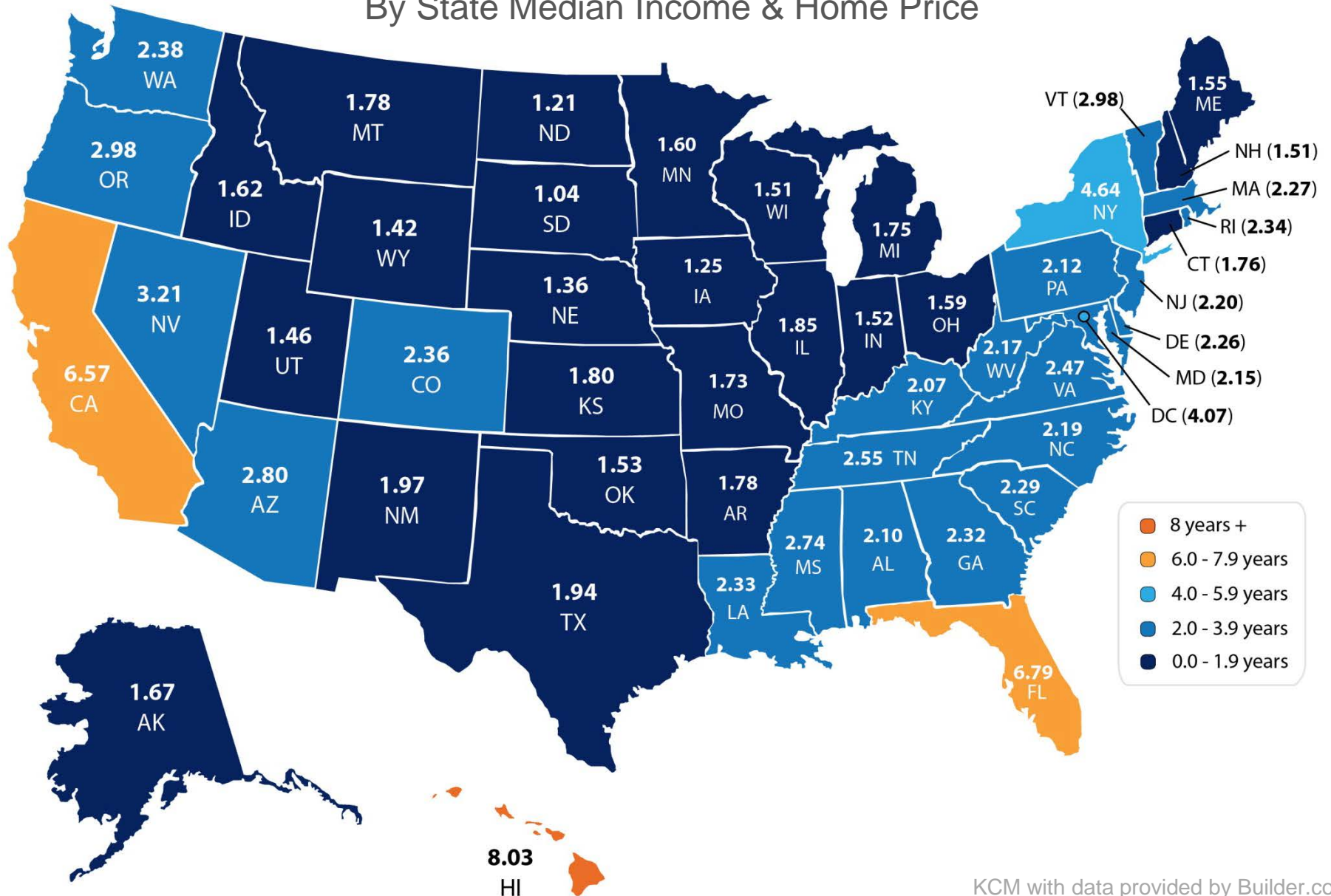
Years Needed To Save 10% Down

By State Median Income & Home Price

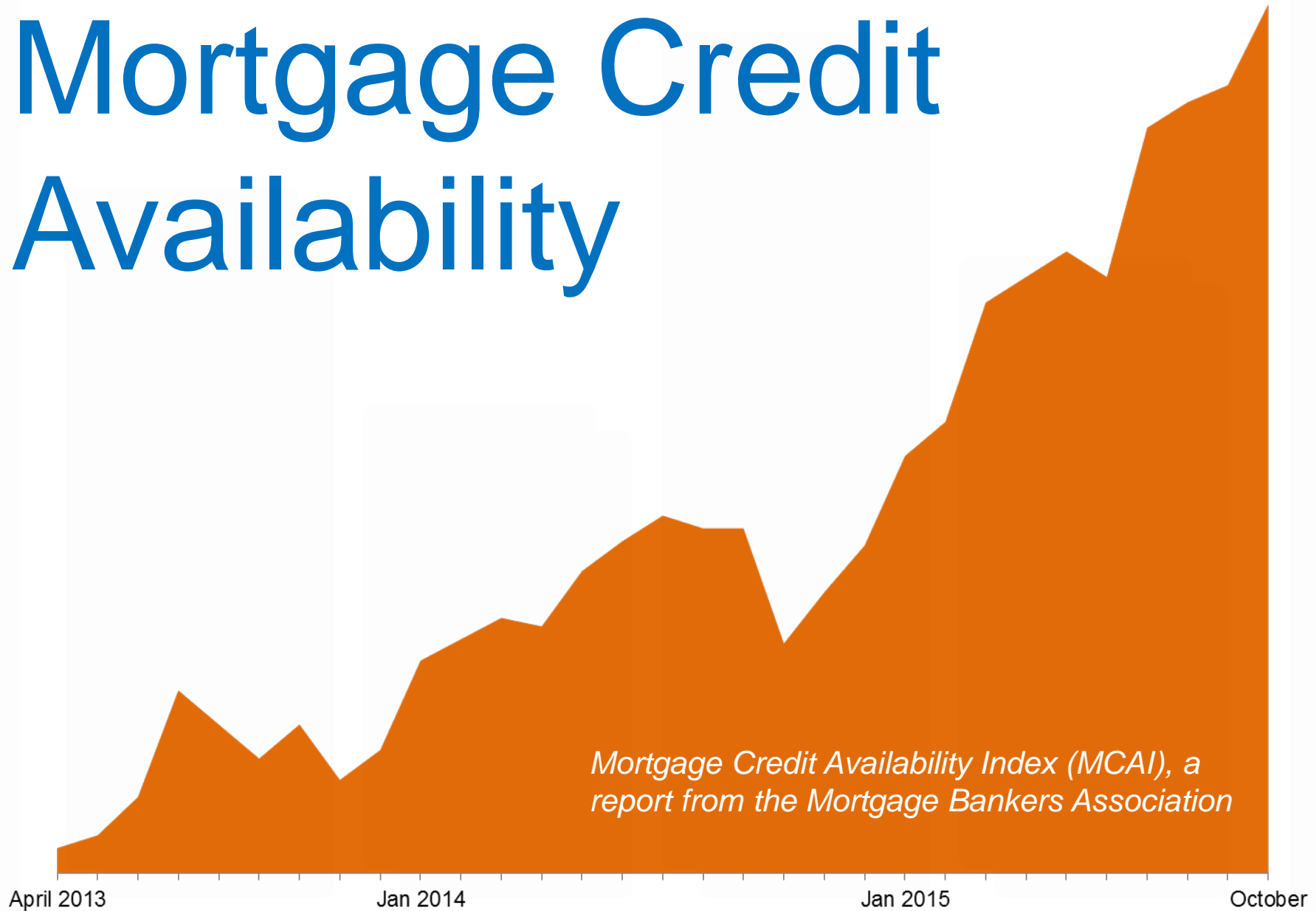


Years Needed To Save 3% Down

By State Median Income & Home Price



Mortgage Credit Availability



2015 4Q Mortgage Lender Sentiment Survey



1. Lenders continue to report expectations to ease credit standards over the next three months ... with the net percentage of lenders reporting easing expectations reaching a new survey high.
2. More lenders reported easing of credit standards than tightening them over the prior three months across all loan types, ***continuing a trend seen throughout the year.***

FannieMae

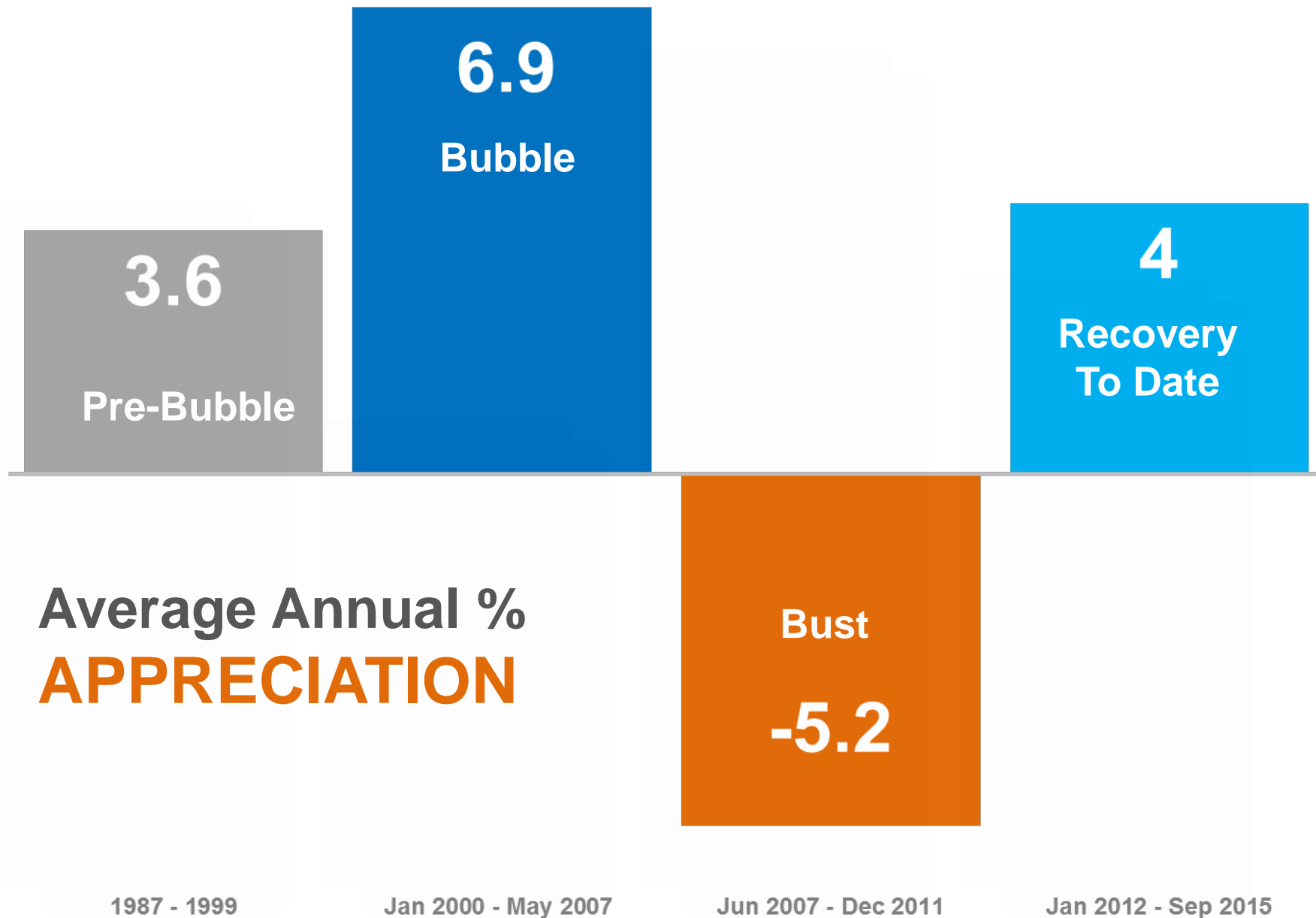


FUTURE
Home
Prices

Home Price Expectation Survey

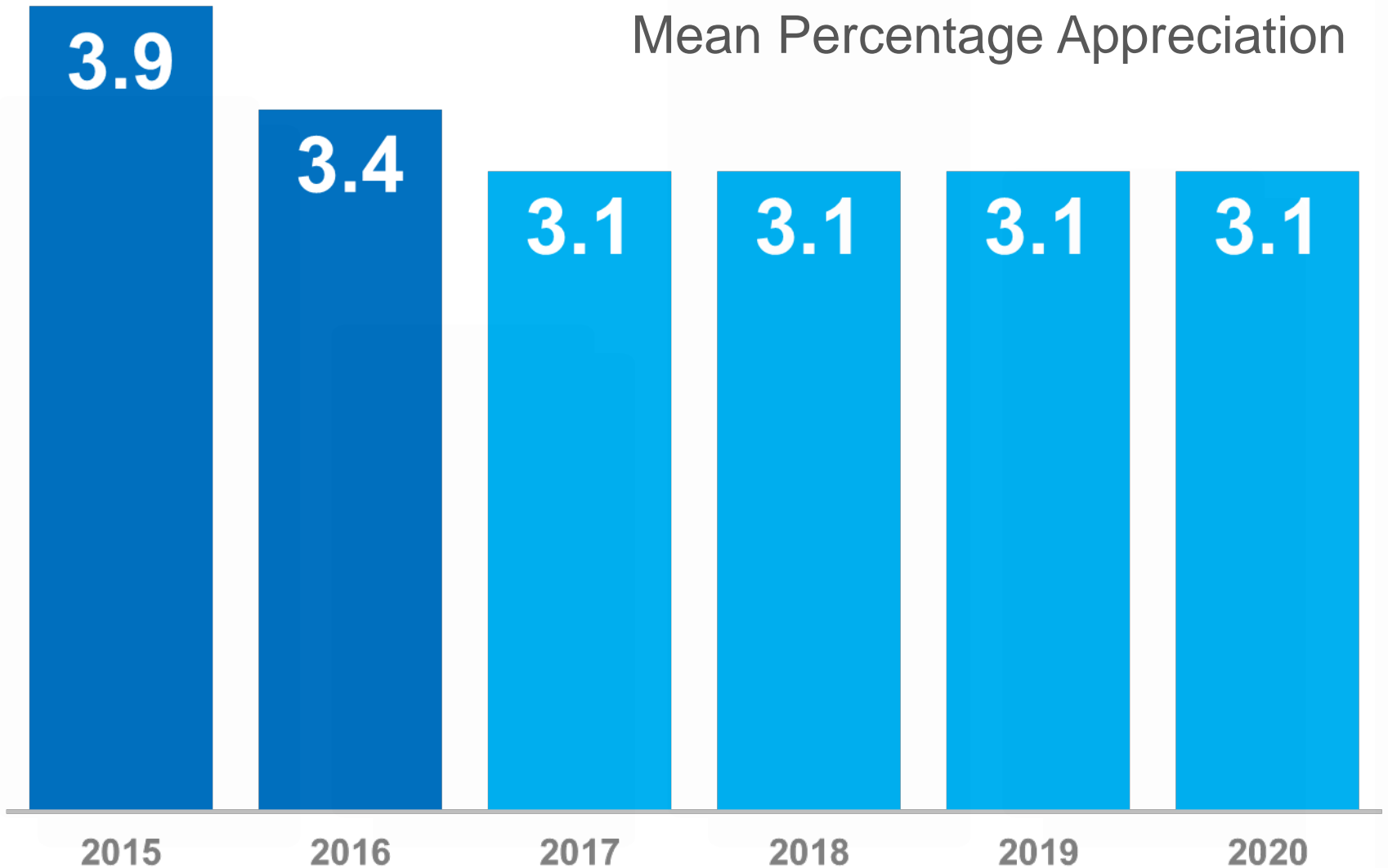


A nationwide panel of
over one hundred
economists, real estate
experts and investment
& market strategists.

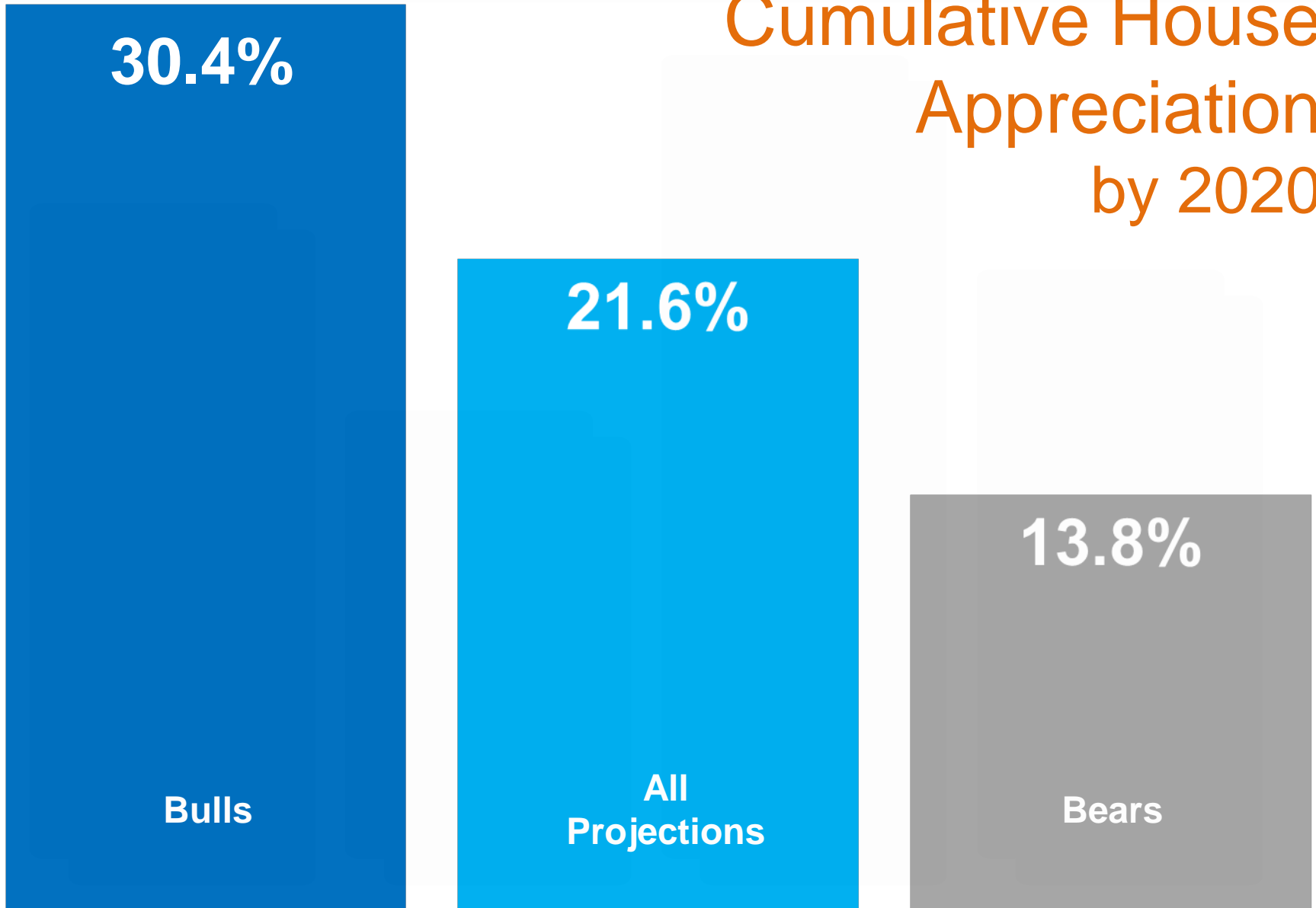


PROJECTED

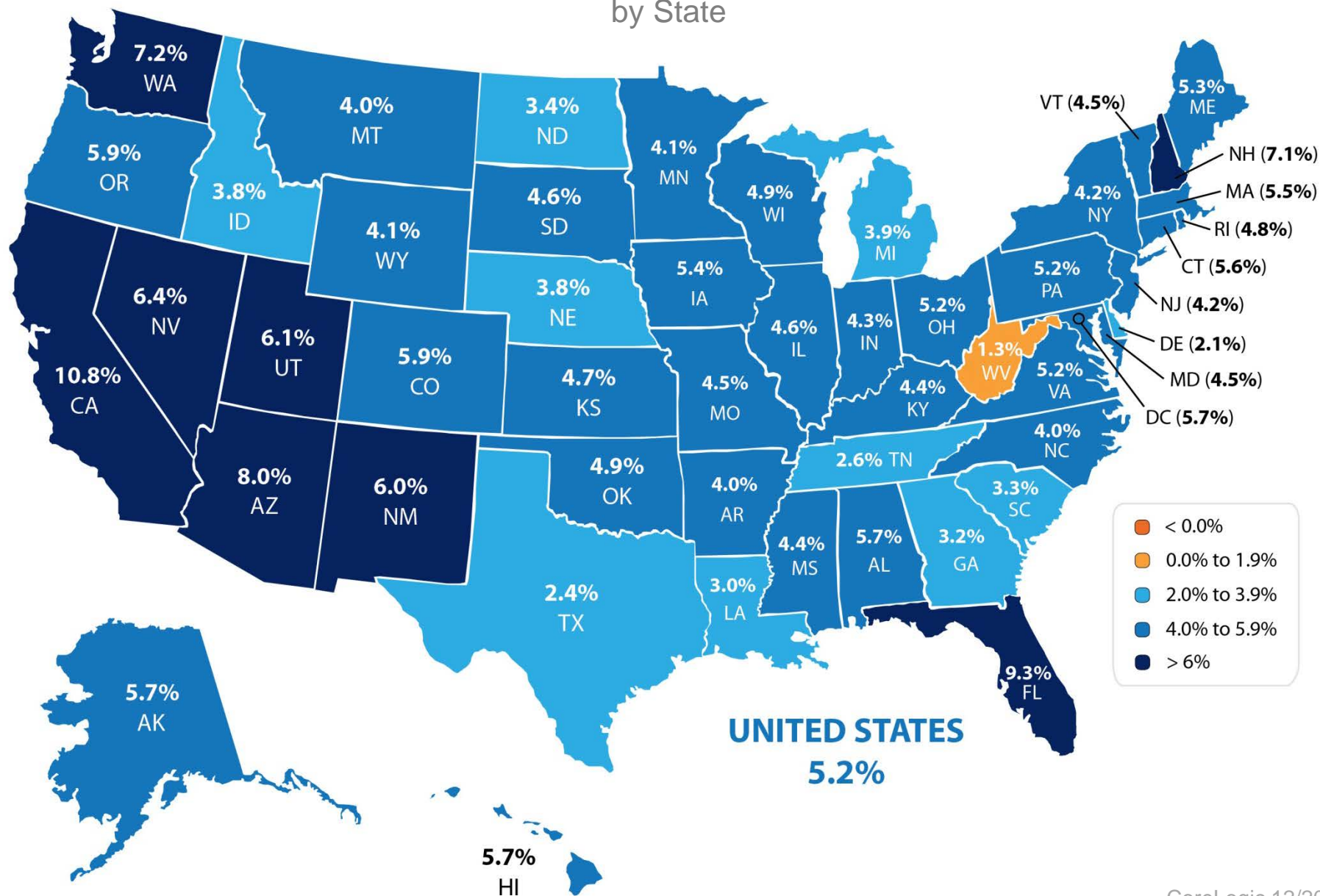
Mean Percentage Appreciation



Cumulative House Appreciation by 2020



Forecasted Year-Over-Year % Change in Price by State

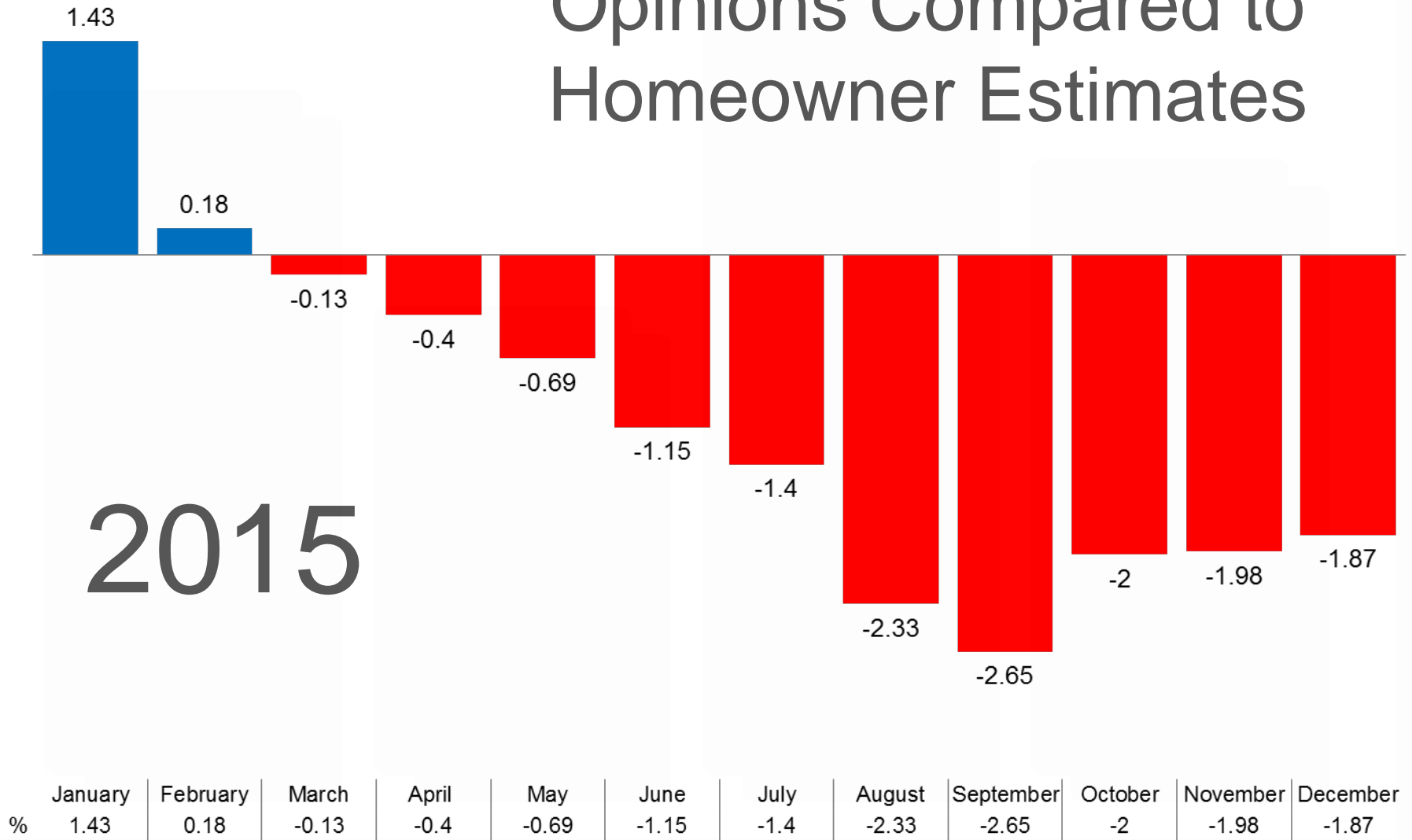


The Real Estate Sentiment Index (RESI) also measures title agent sentiment on reasons for title policy order cancellations. The fourth quarter RESI found that title agents continue to believe that property valuation issues will be the most likely cause of title order cancellation over the coming year.



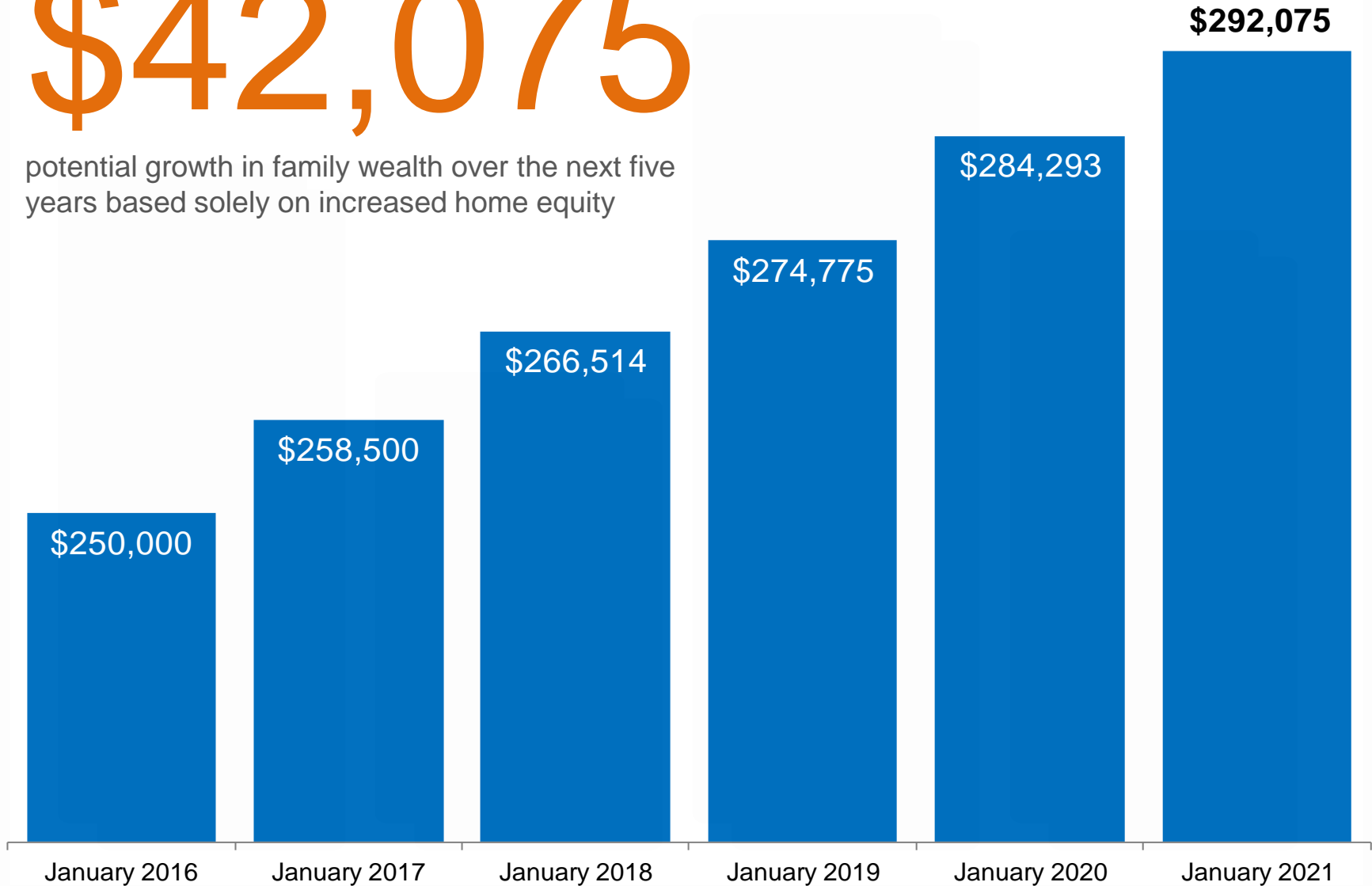
First American

Appraiser Home Value Opinions Compared to Homeowner Estimates



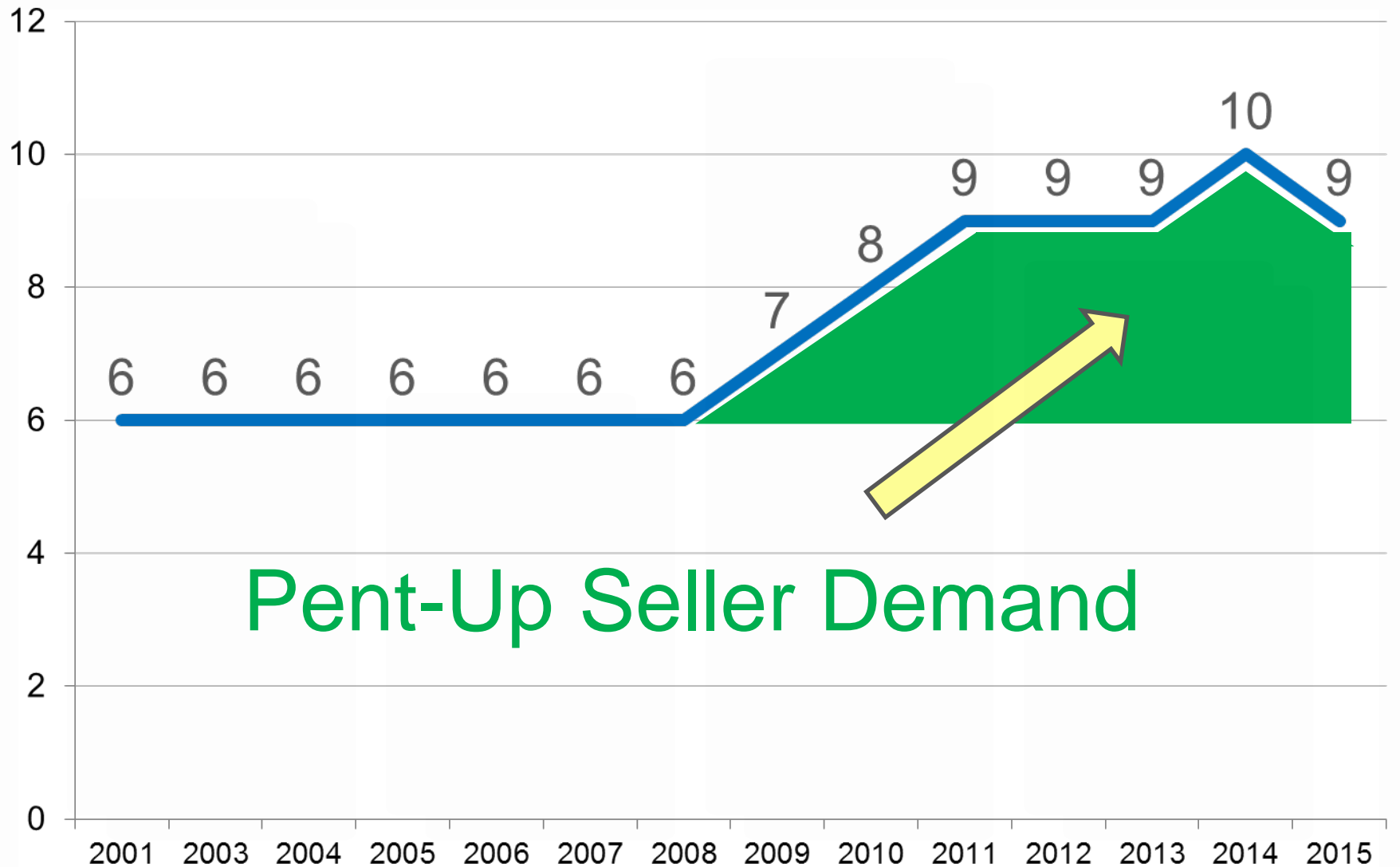
\$42,075

potential growth in family wealth over the next five years based solely on increased home equity

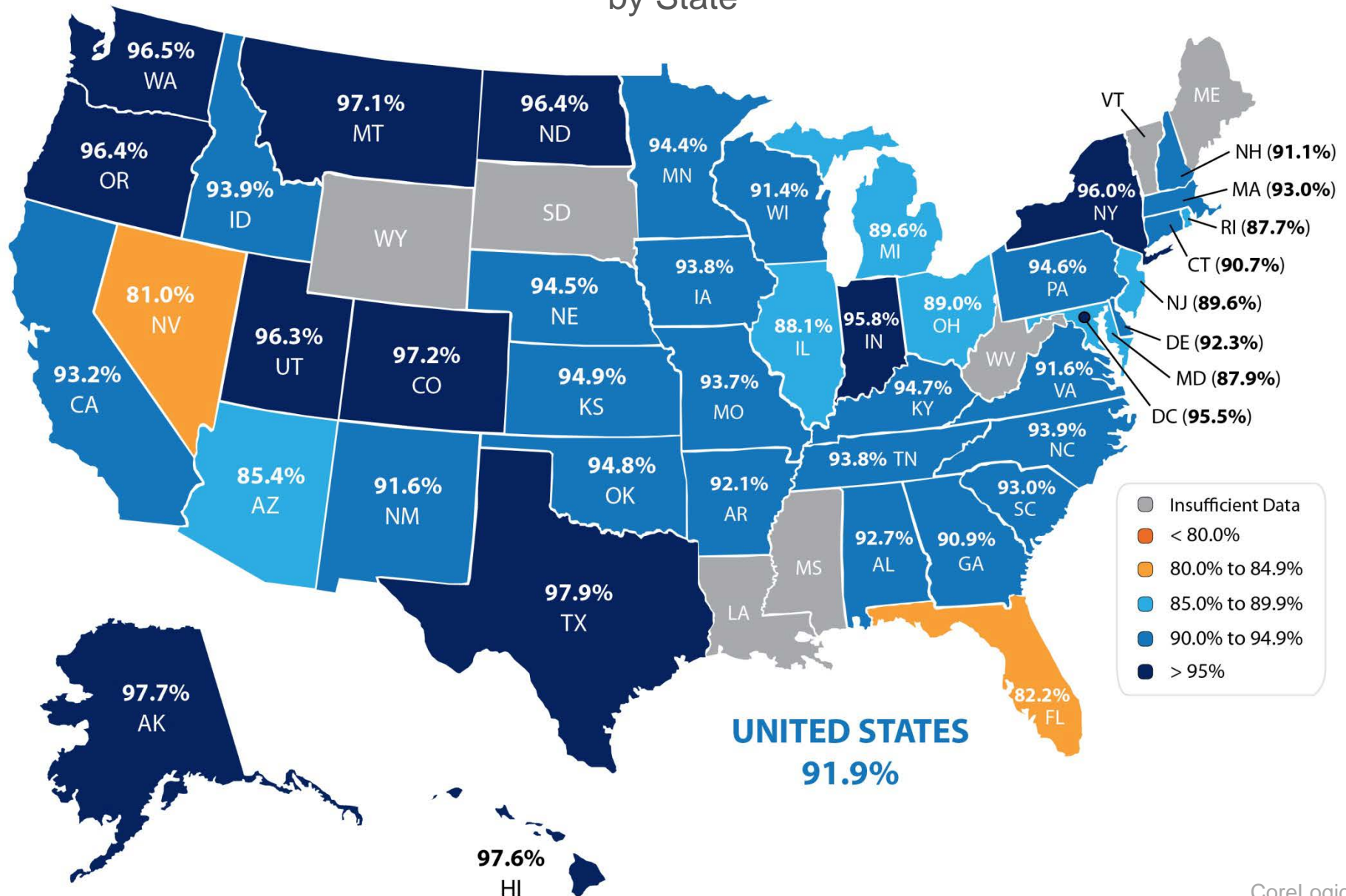


Increased home equity based on price appreciation projected by the Home Price Expectation Survey

Median Years of Homeowner Tenure before Moving



Percentage of Homes with Positive Equity by State



There are still many homeowners in the wrong home (as life events have affected their living situation) and they will naturally be seeking to find the right home.



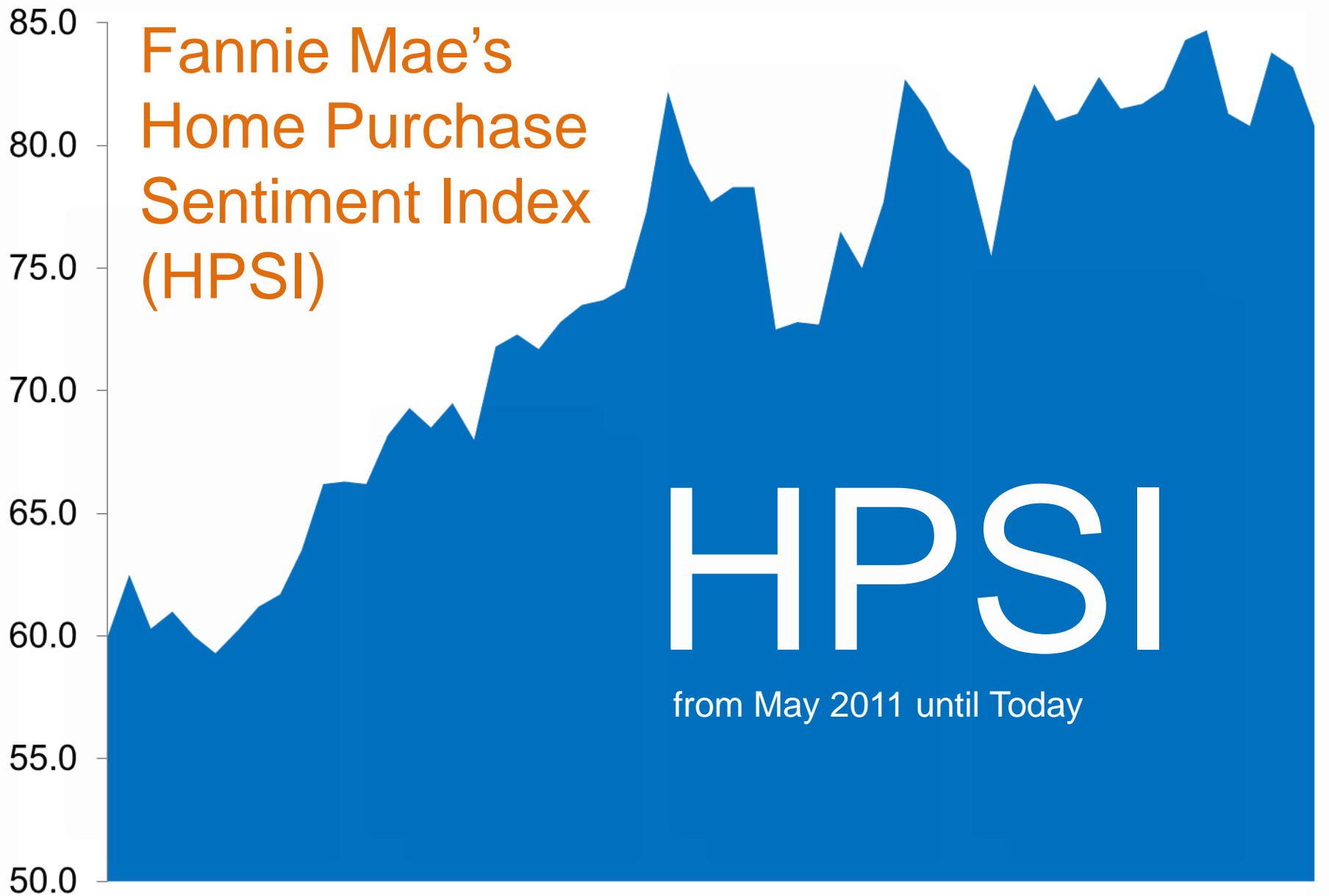
Lawrence Yun, NAR's Chief Economist

UPDATE

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4



The HPSI distills results from Fannie Mae's consumer-focused National Housing Survey into a single, monthly, predictive indicator.

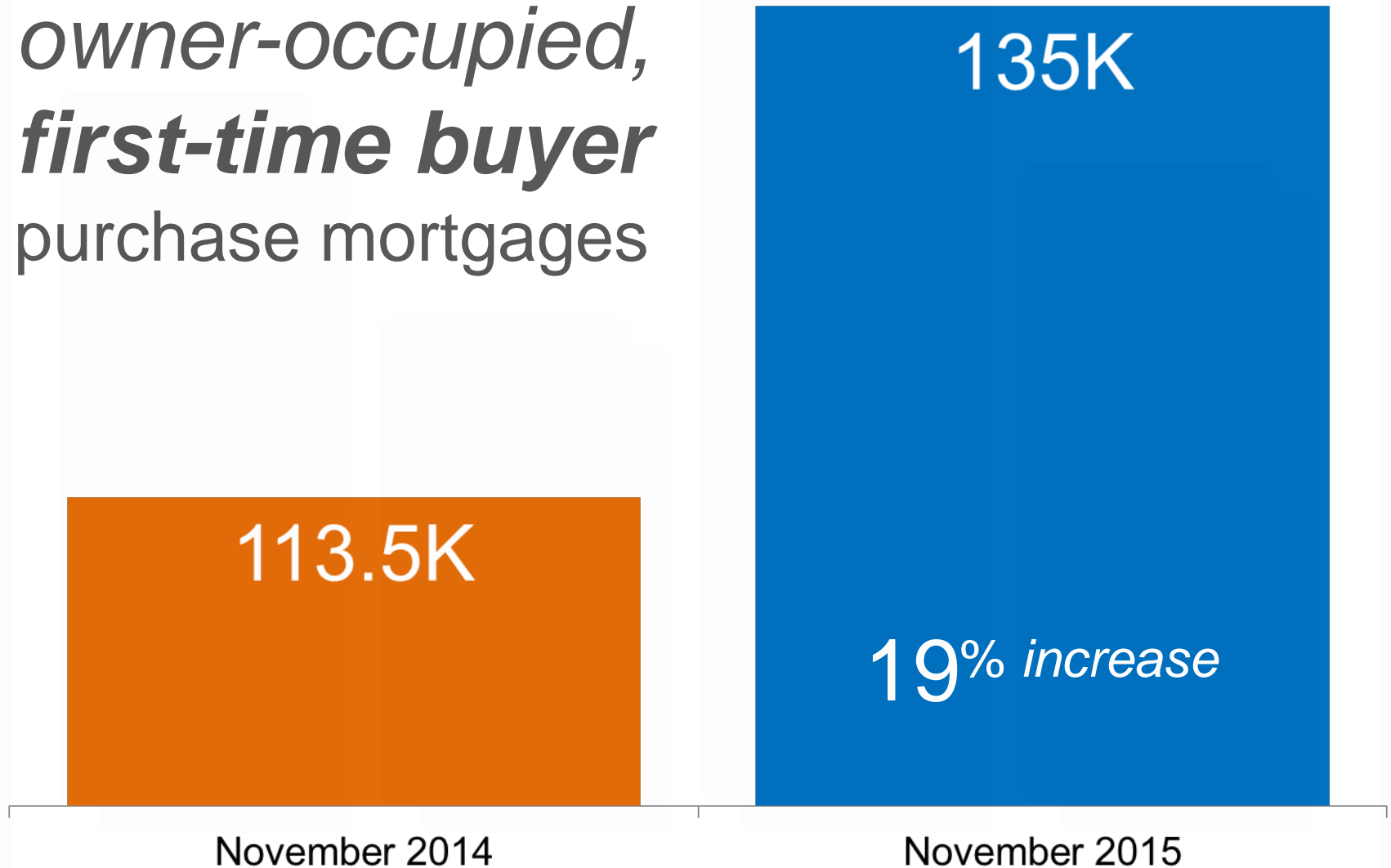
First Time Home Buyers

52%

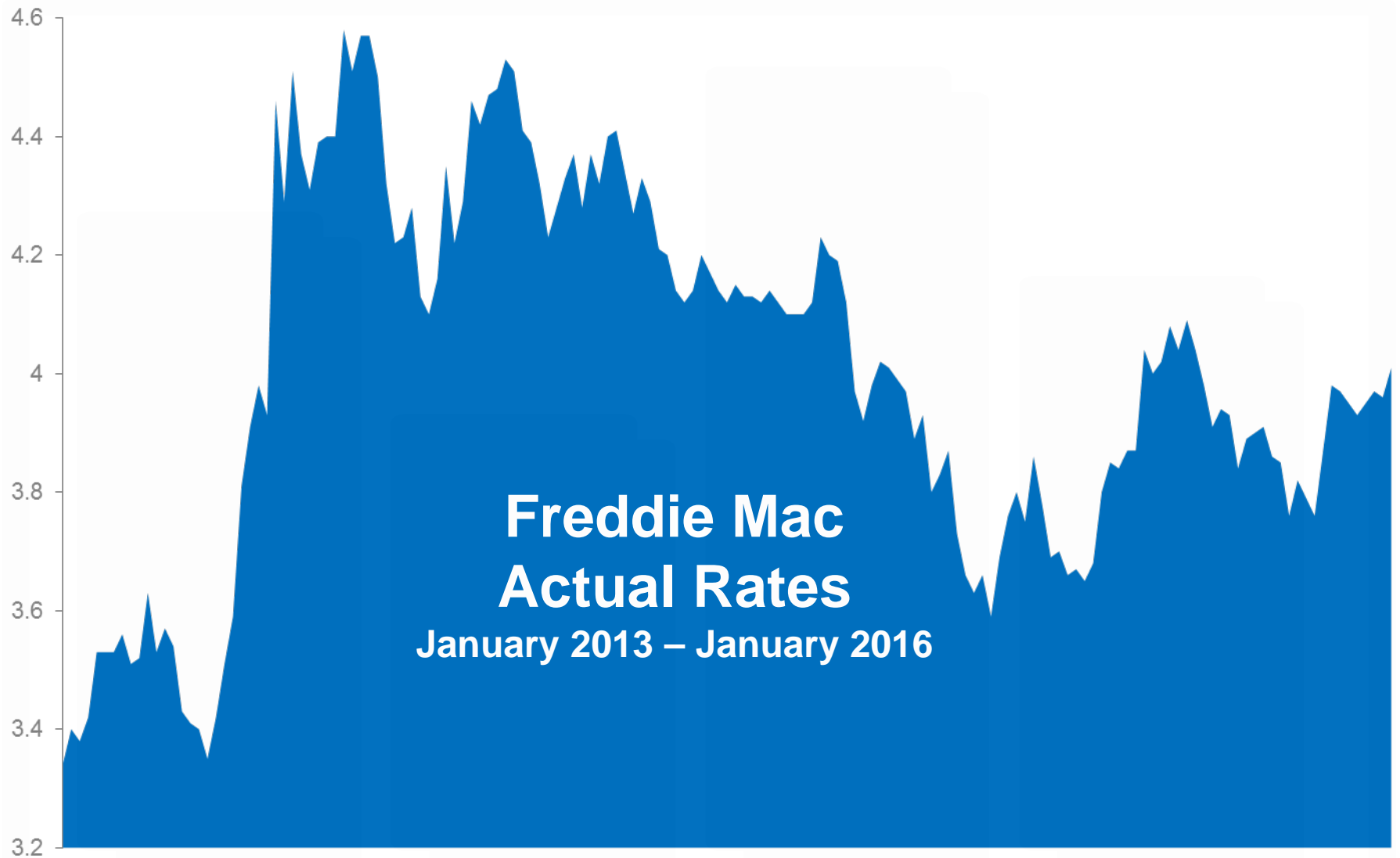
of all buyers were first time buyers this month

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

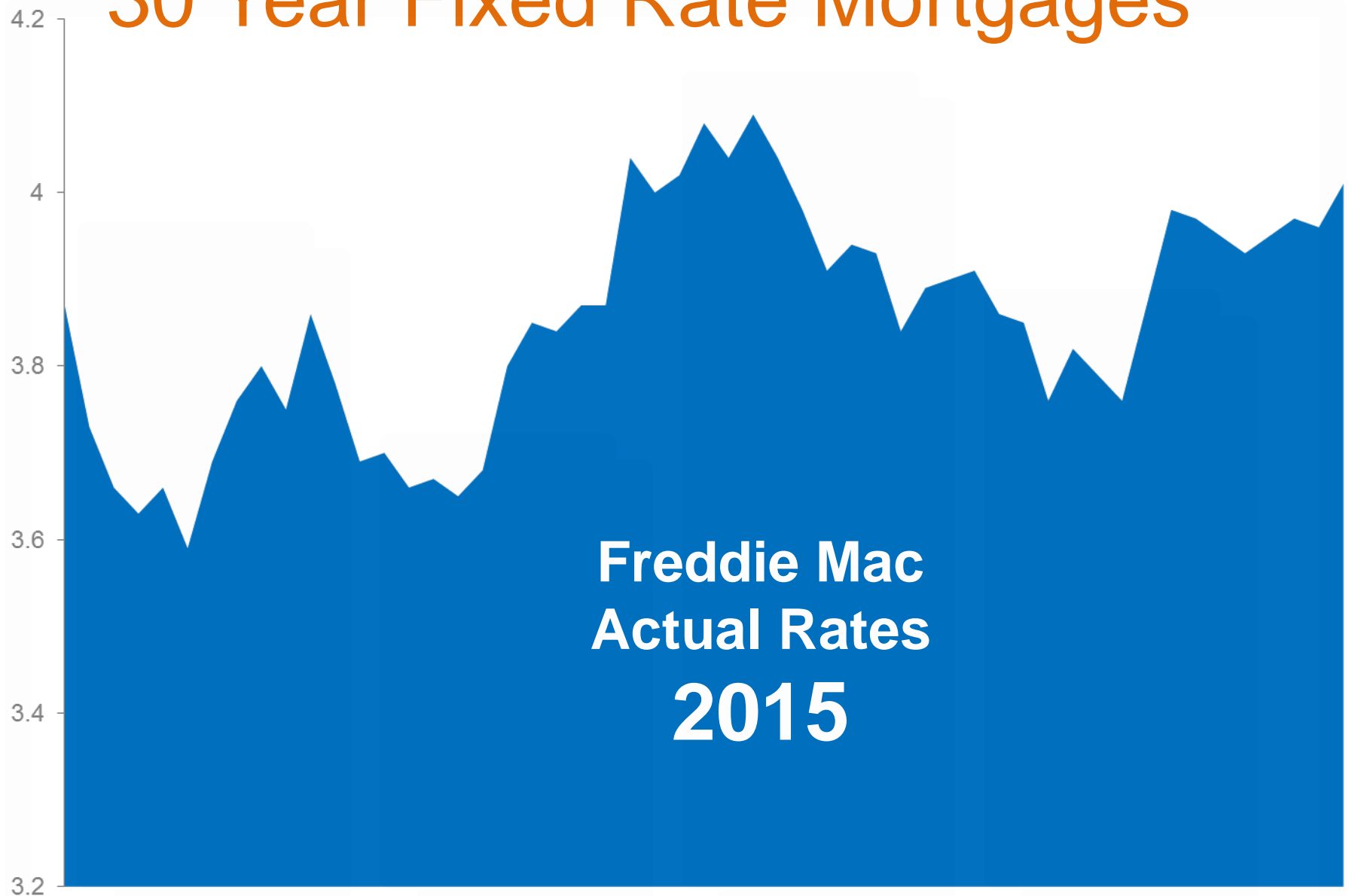
Number of primary
owner-occupied,
first-time buyer
purchase mortgages



30 Year Fixed Rate Mortgages



30 Year Fixed Rate Mortgages

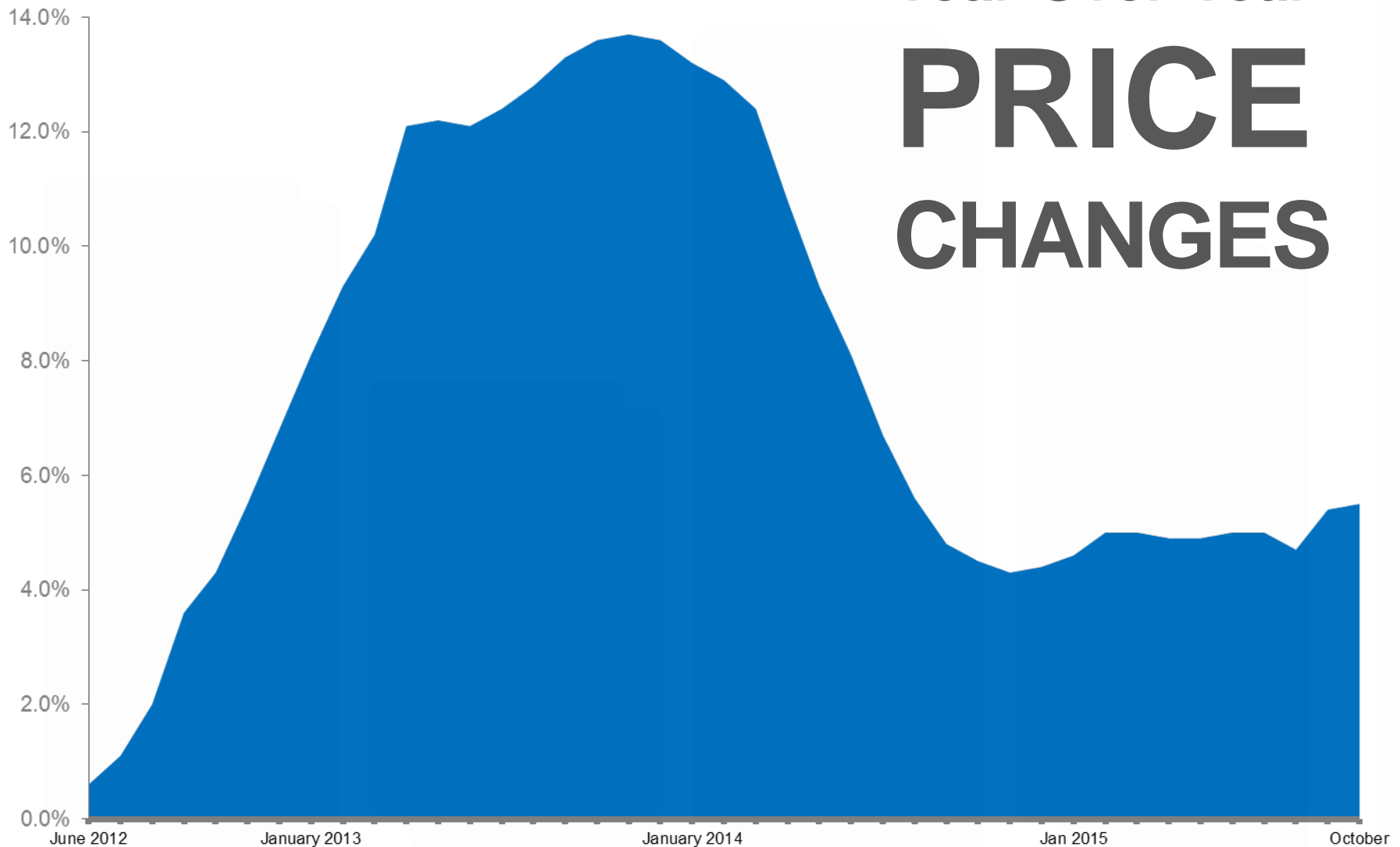


A puzzle of a US dollar bill, specifically the portrait of George Washington. Two red blocks are placed on the puzzle pieces. The text 'Home Prices' is overlaid on the right side of the image.

Home Prices

Case Shiller

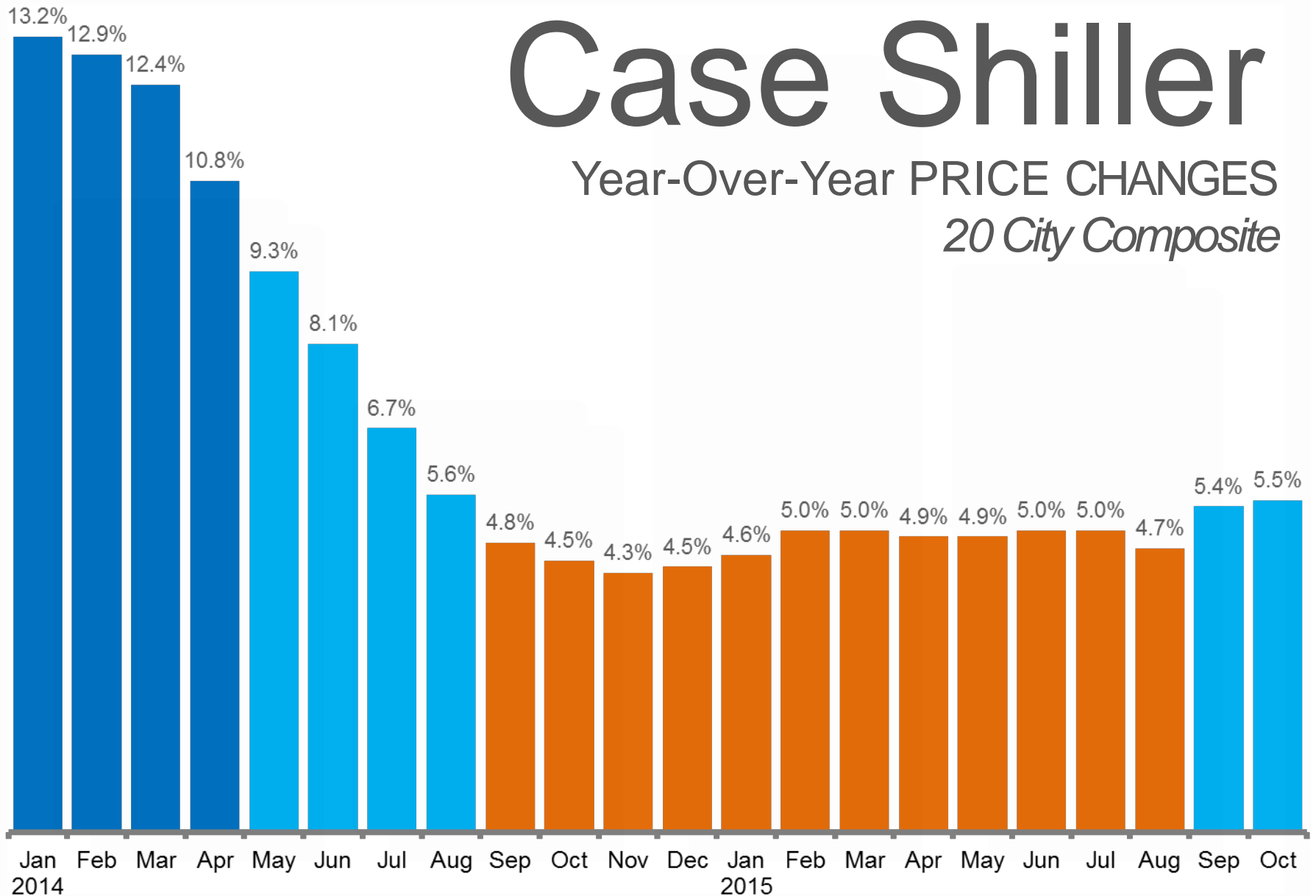
Year-Over-Year **PRICE CHANGES**



Case Shiller

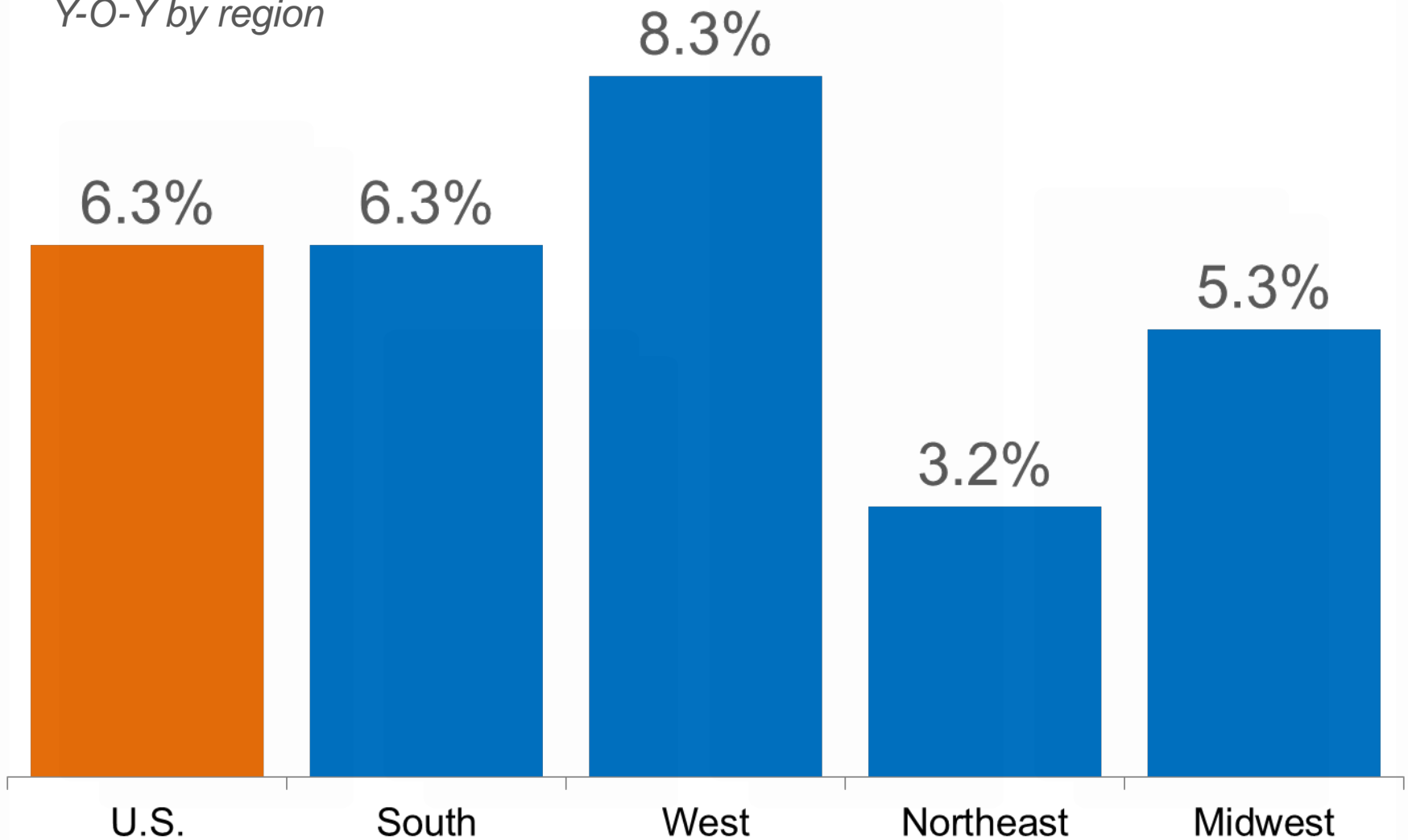
Year-Over-Year PRICE CHANGES

20 City Composite



EXISTING Home Prices

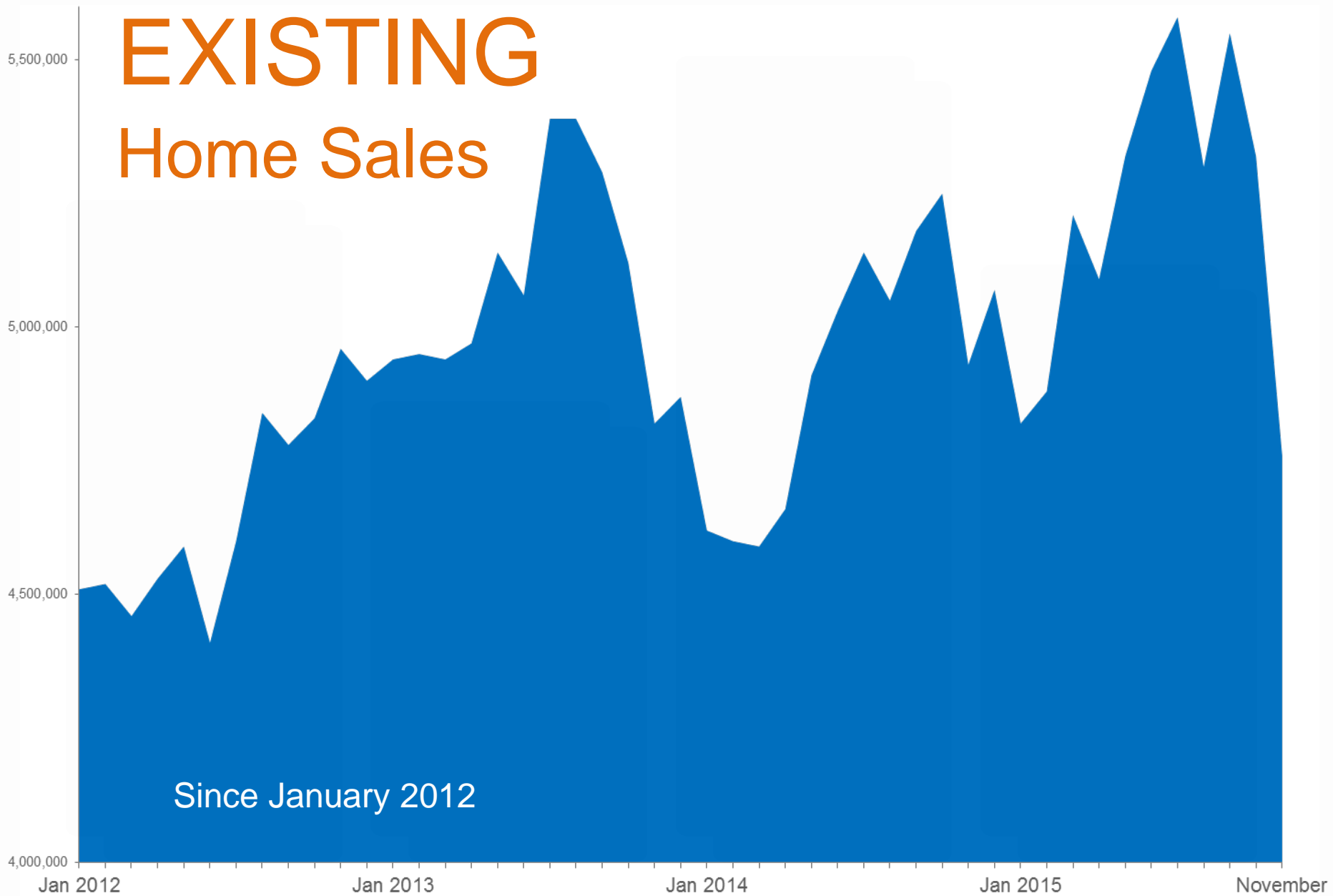
Y-O-Y by region





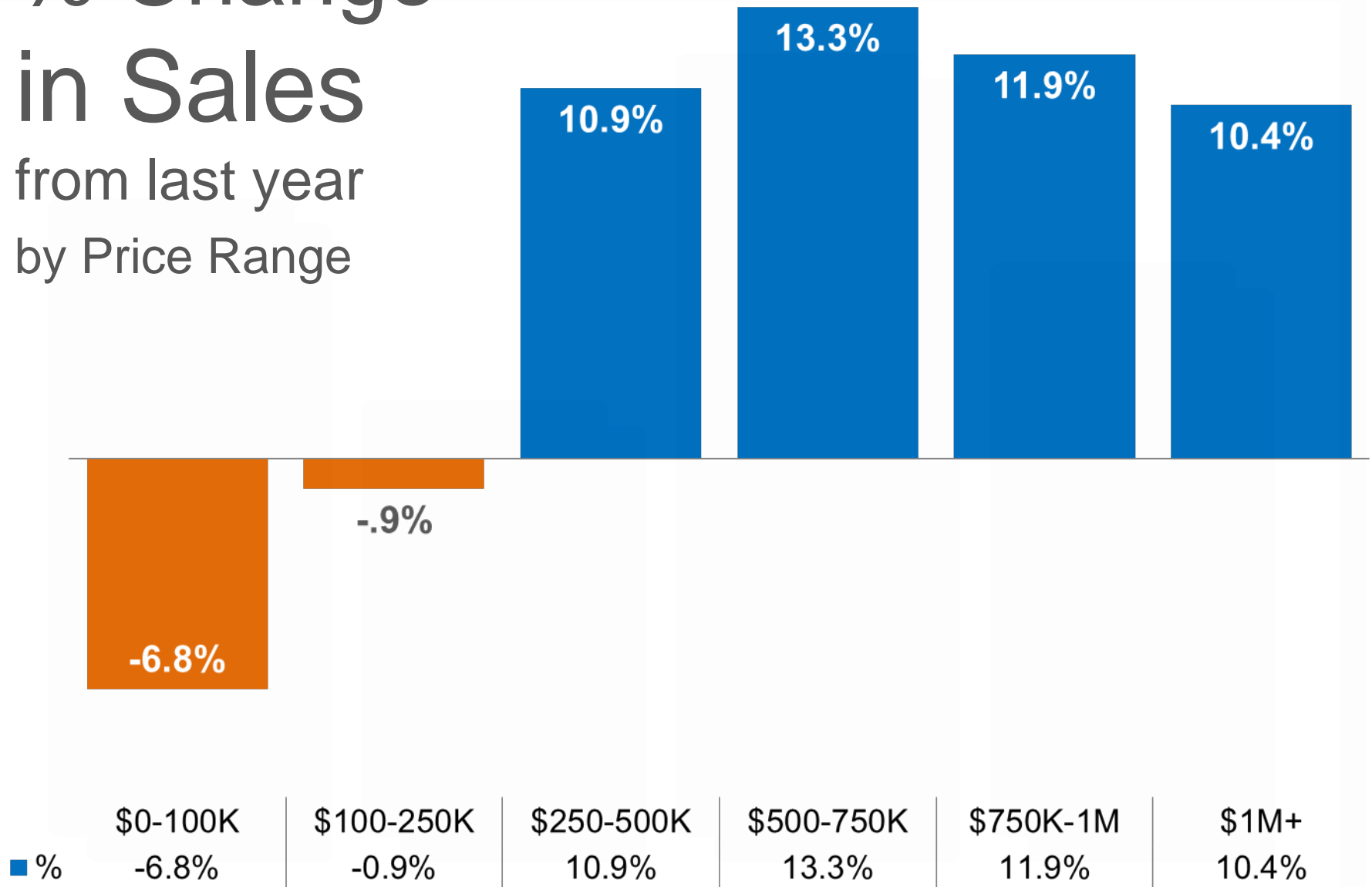
EXISTING Home Sales

Since January 2012



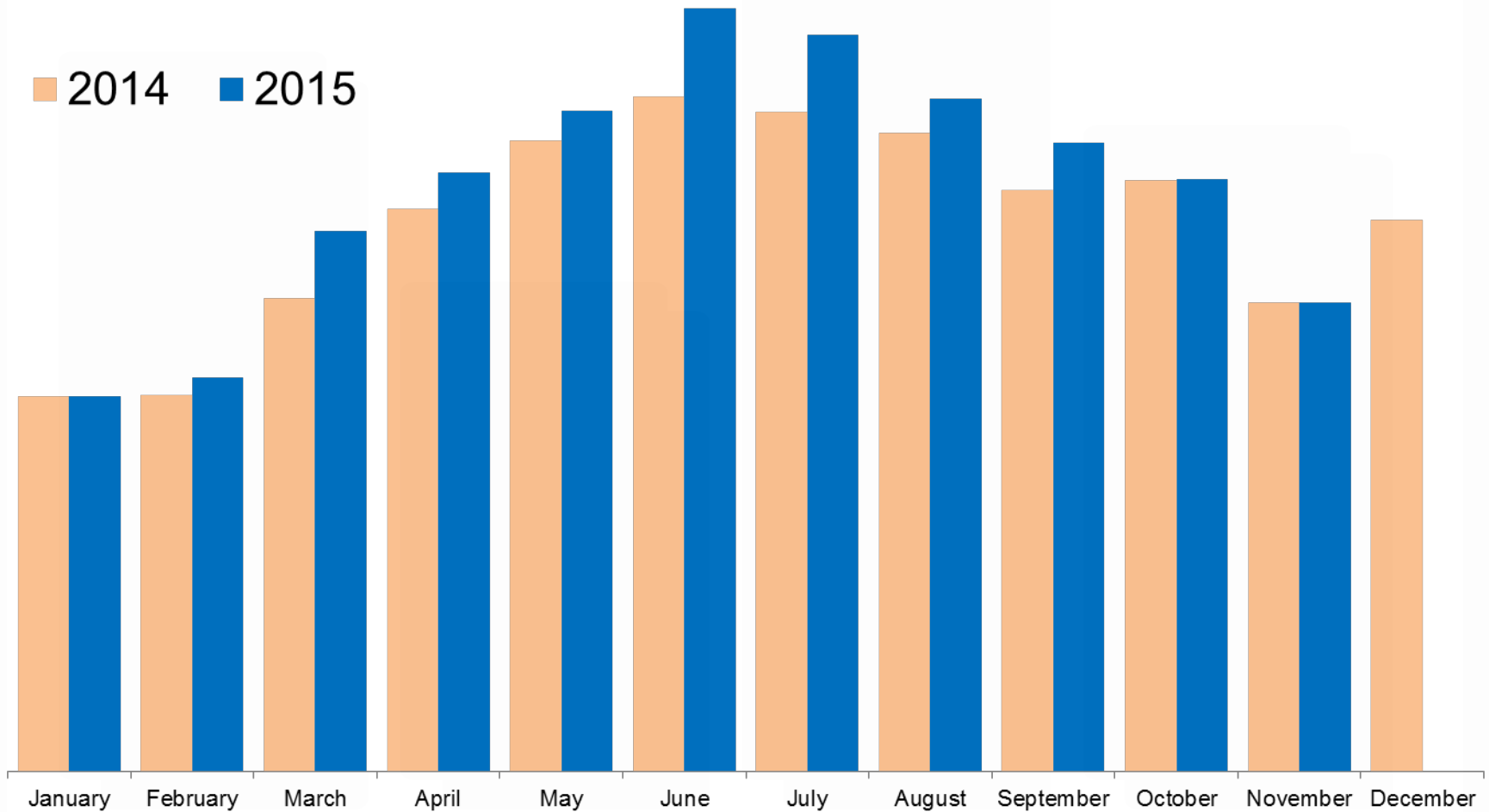
% Change in Sales

from last year
by Price Range



Existing Home Sales

in thousands



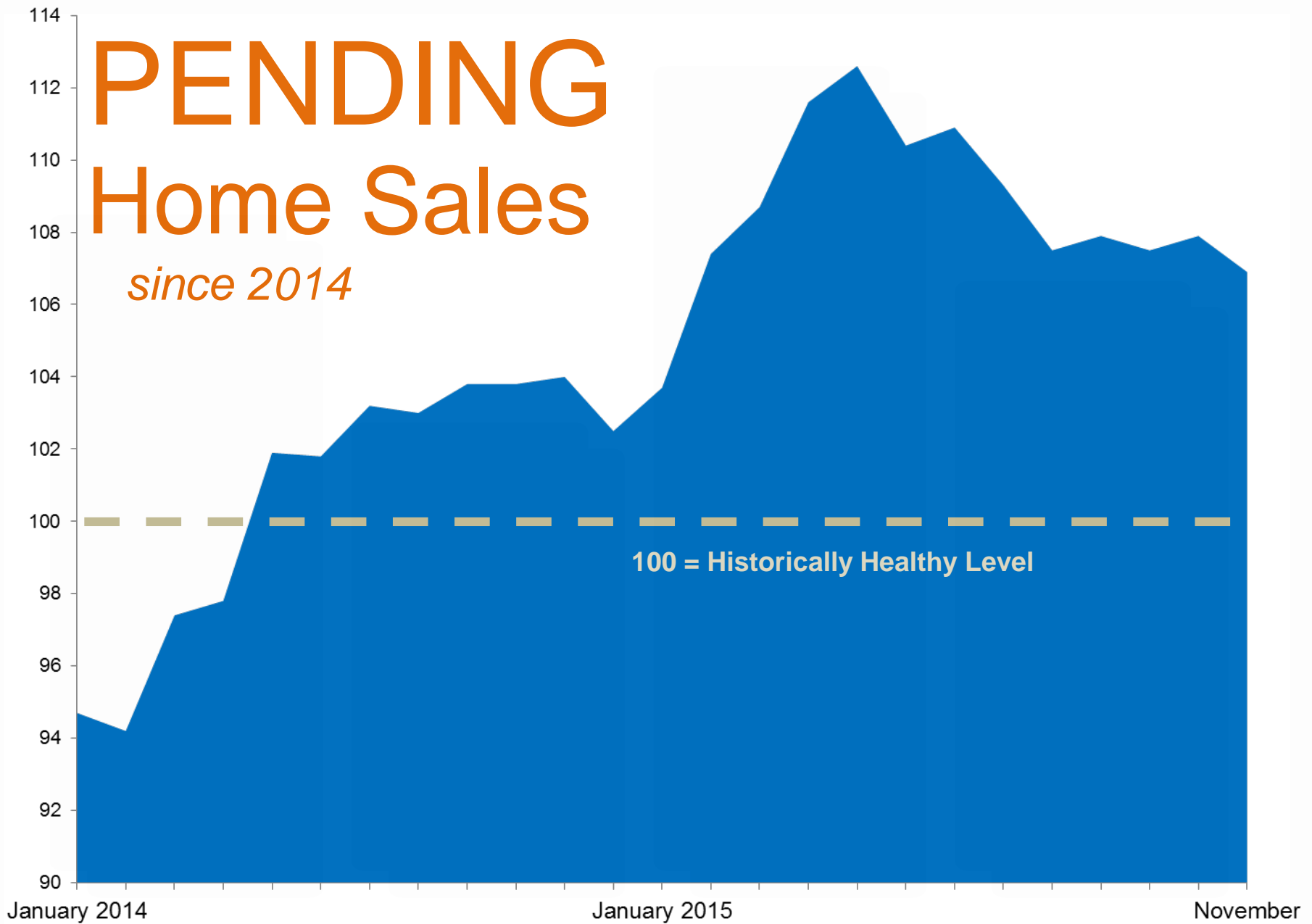
PENDING Home Sales

since 2012



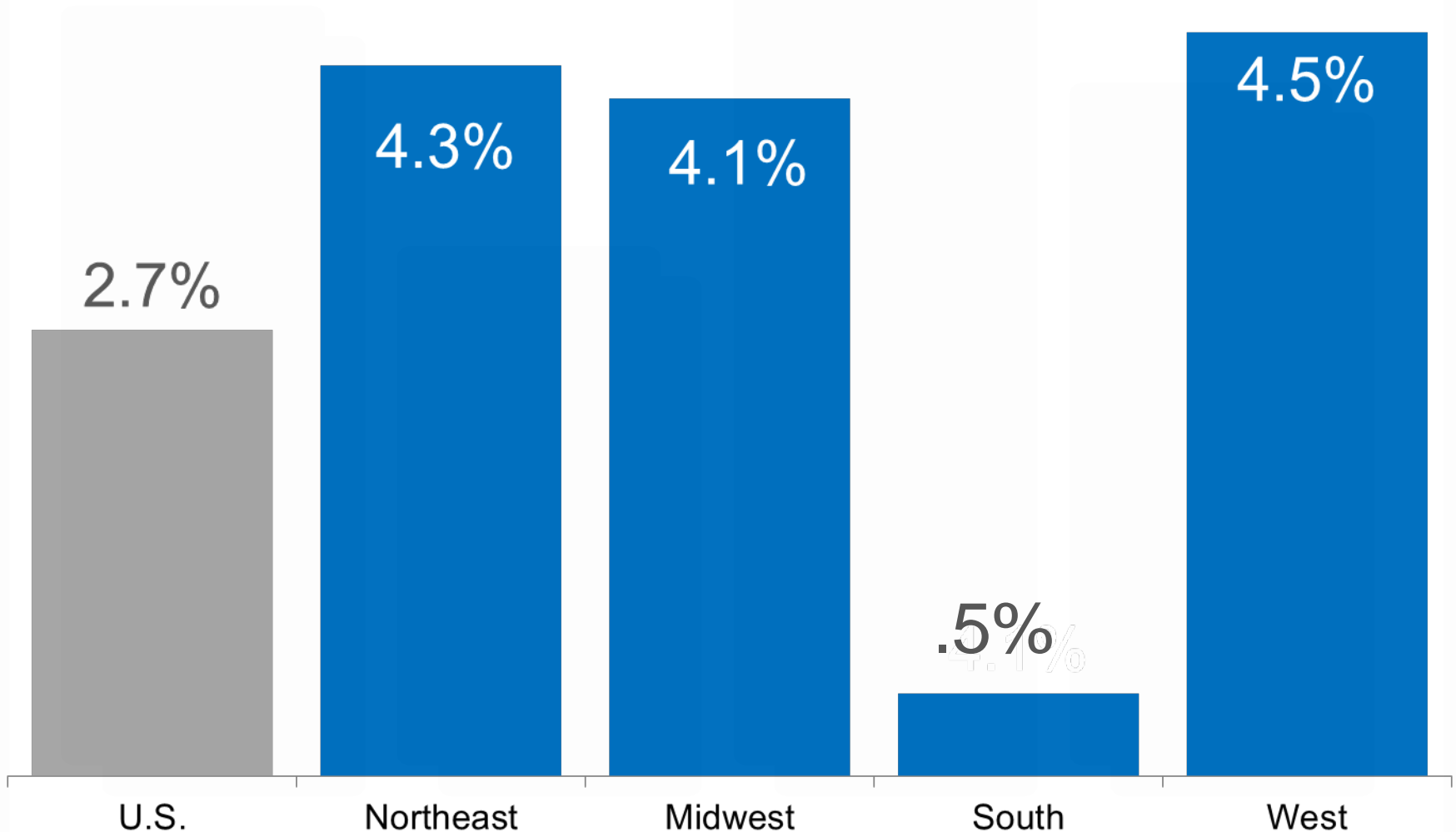
PENDING Home Sales

since 2014



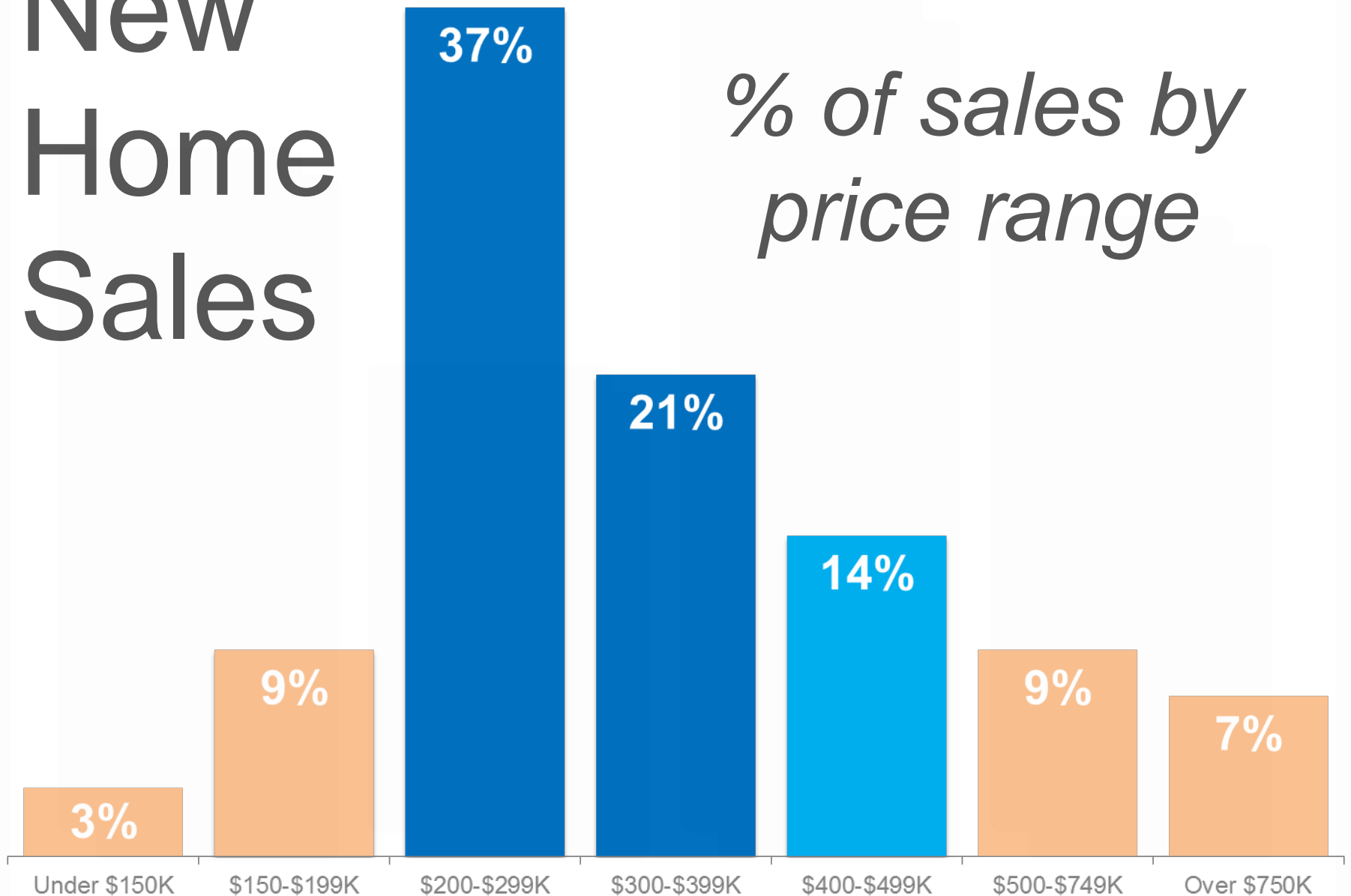
PENDING Home Sales

Year-over-Year by region



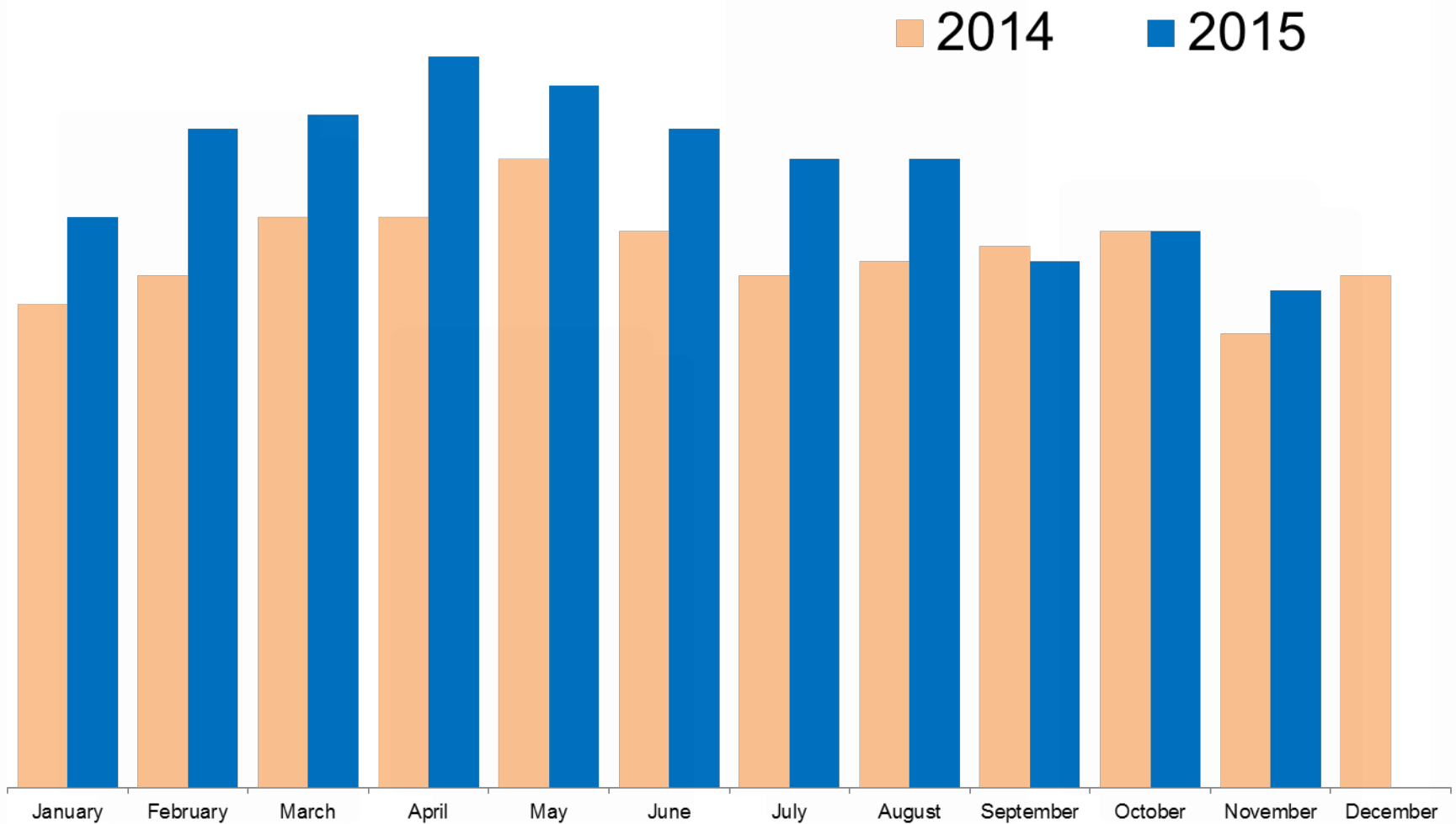
New Home Sales

% of sales by price range



New Home Sales

in thousands



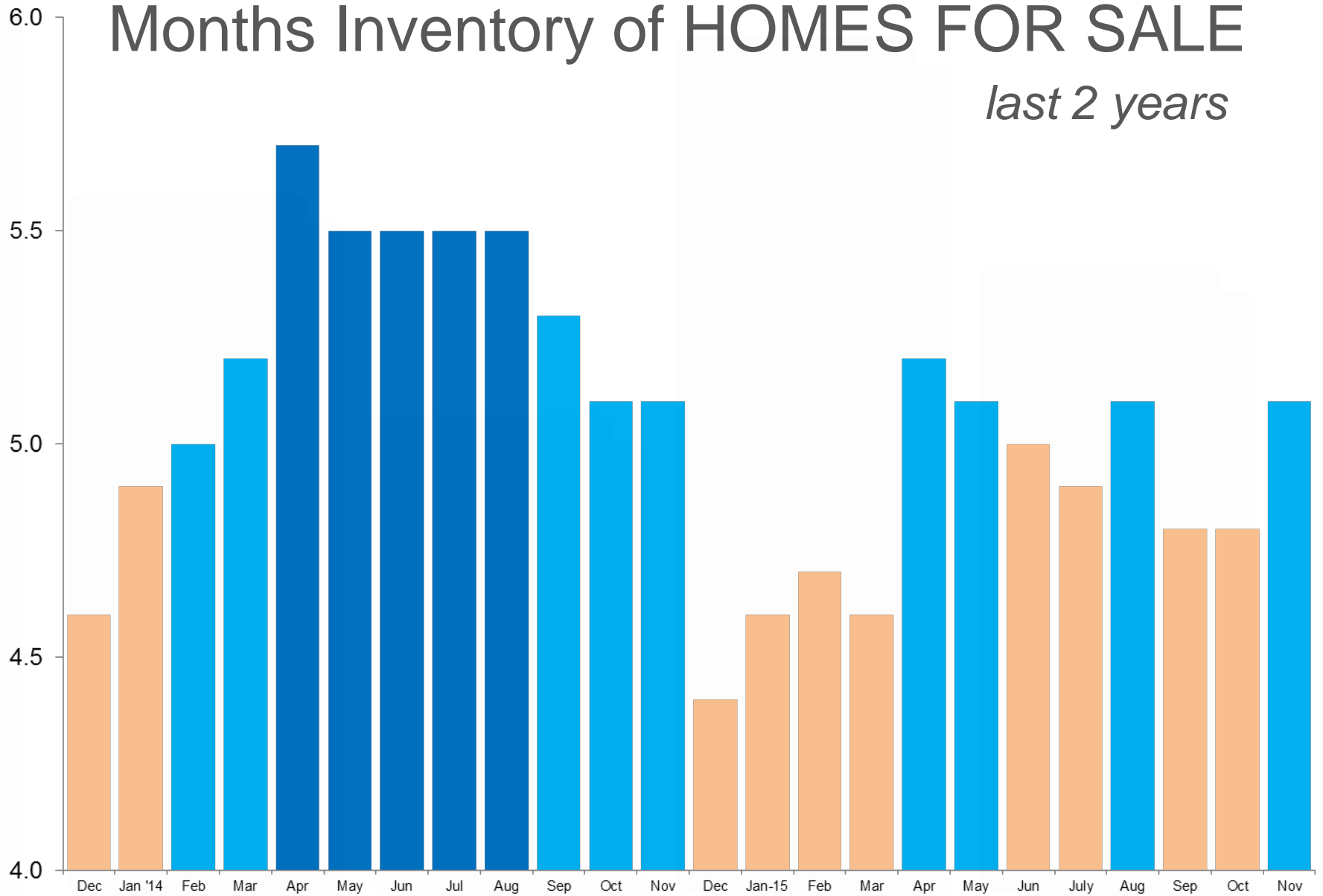


Months Inventory of **HOMES FOR SALE** *2011 - Today*



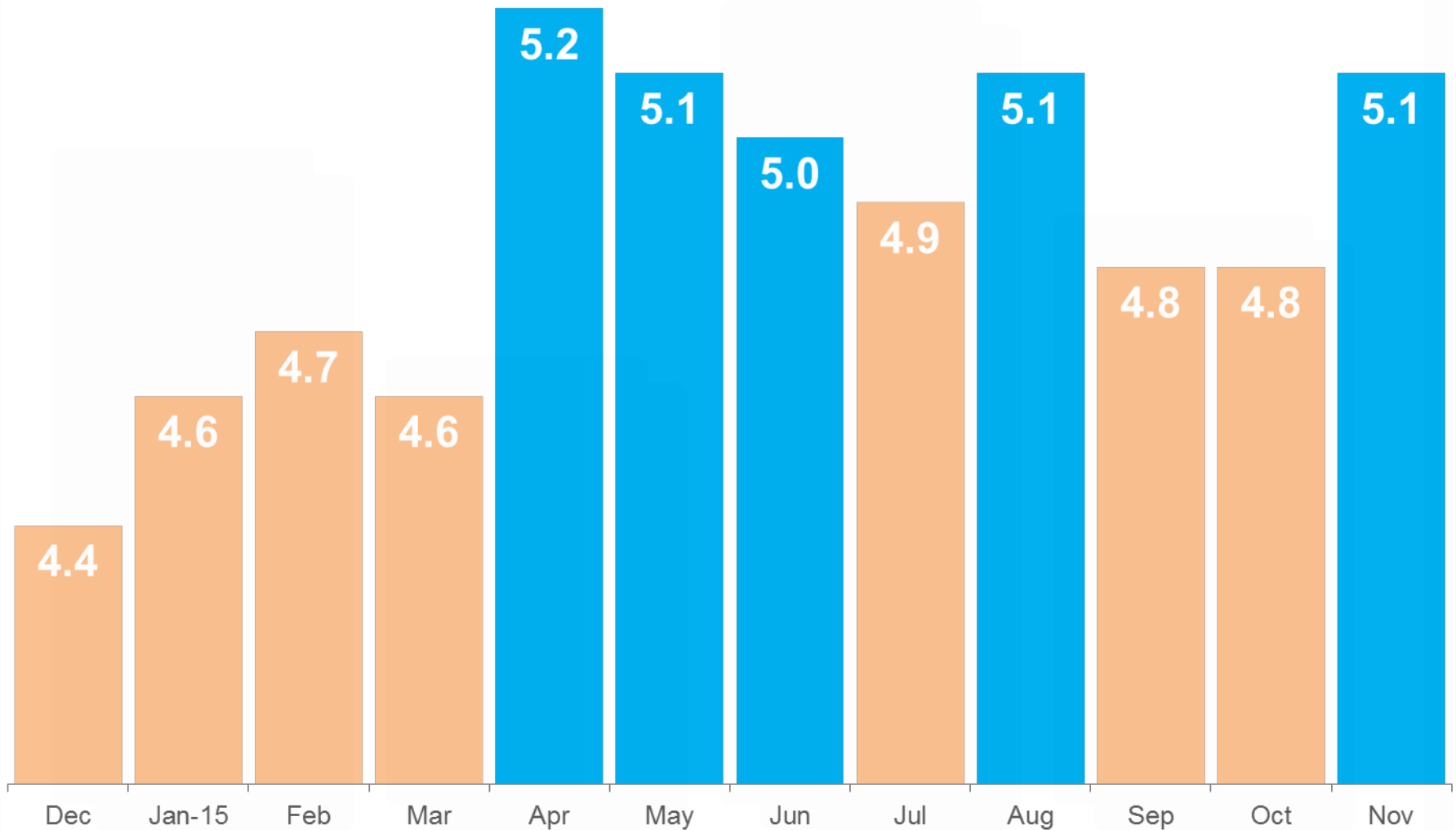
Months Inventory of HOMES FOR SALE

last 2 years



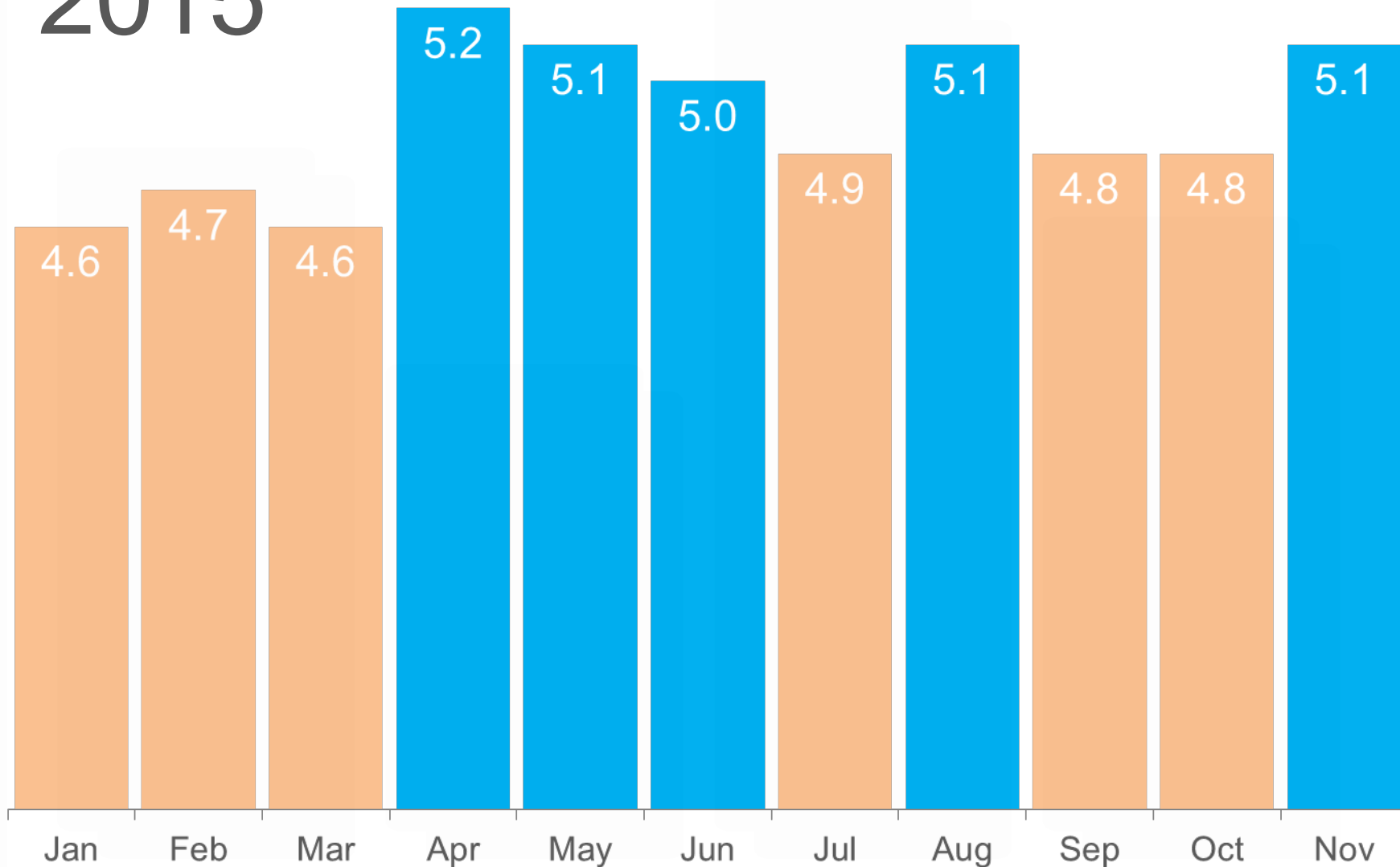
Months Inventory of HOMES FOR SALE

last 12 months



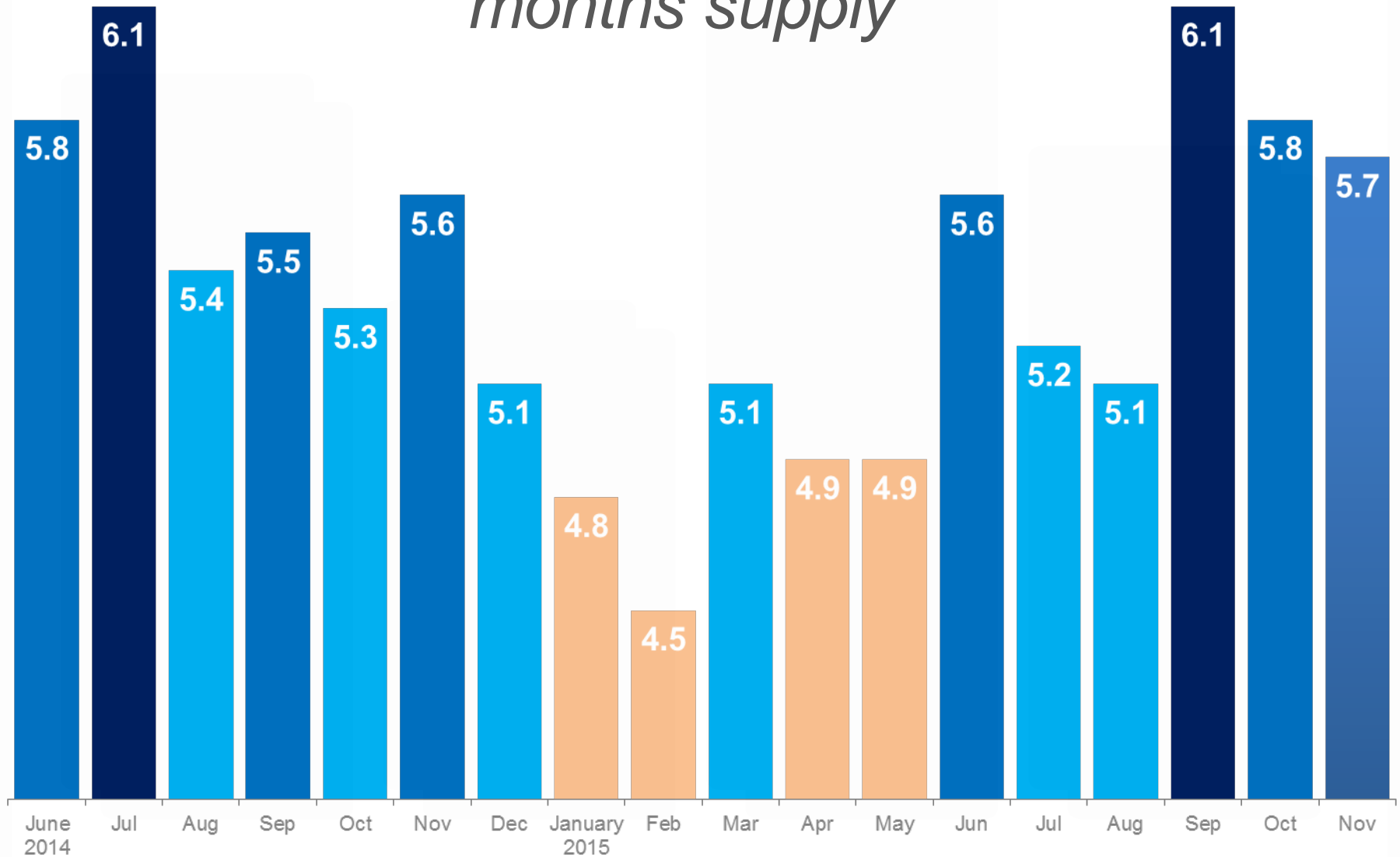
Months Inventory of HOMES FOR SALE

2015



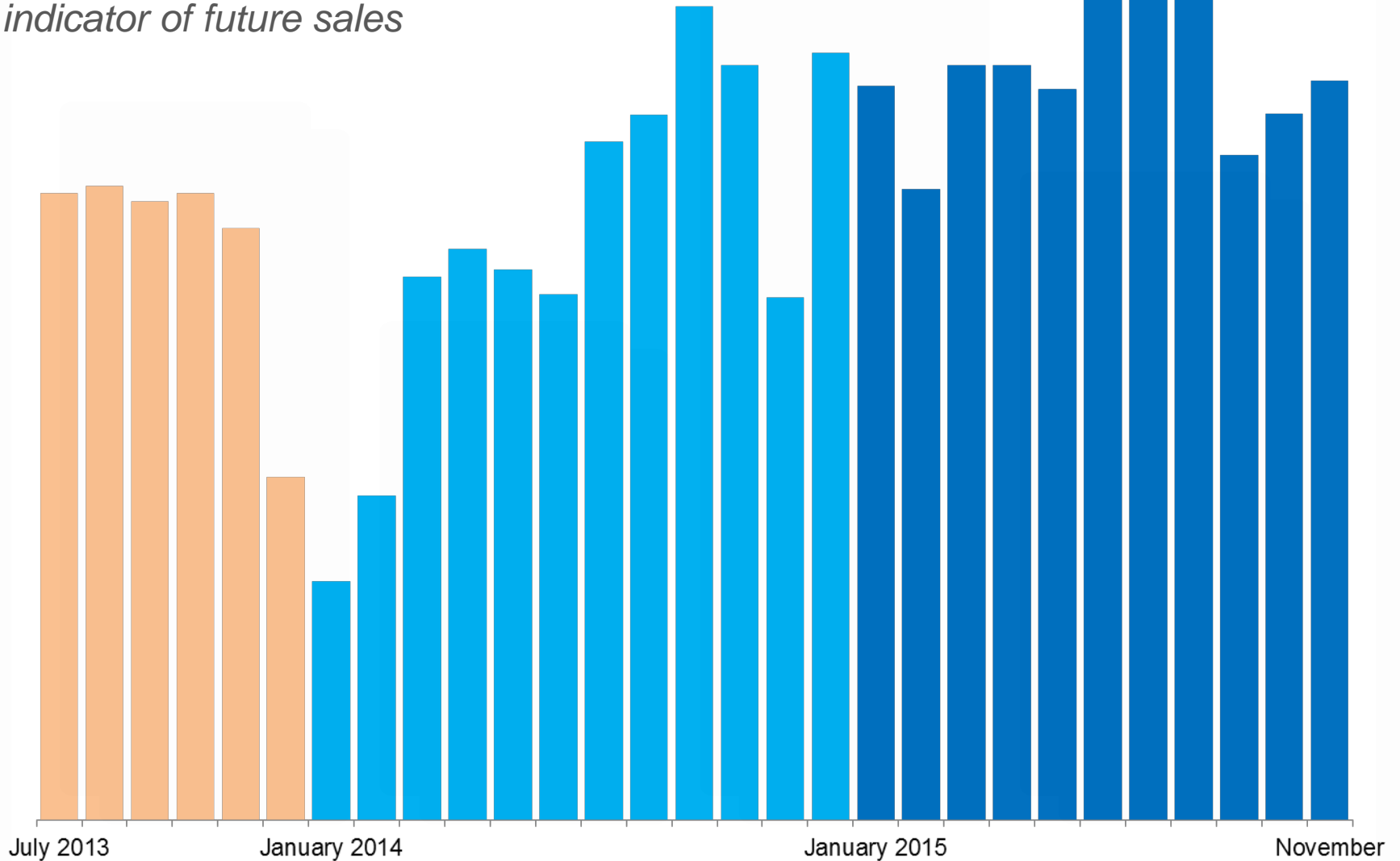
New Home Inventory

months supply



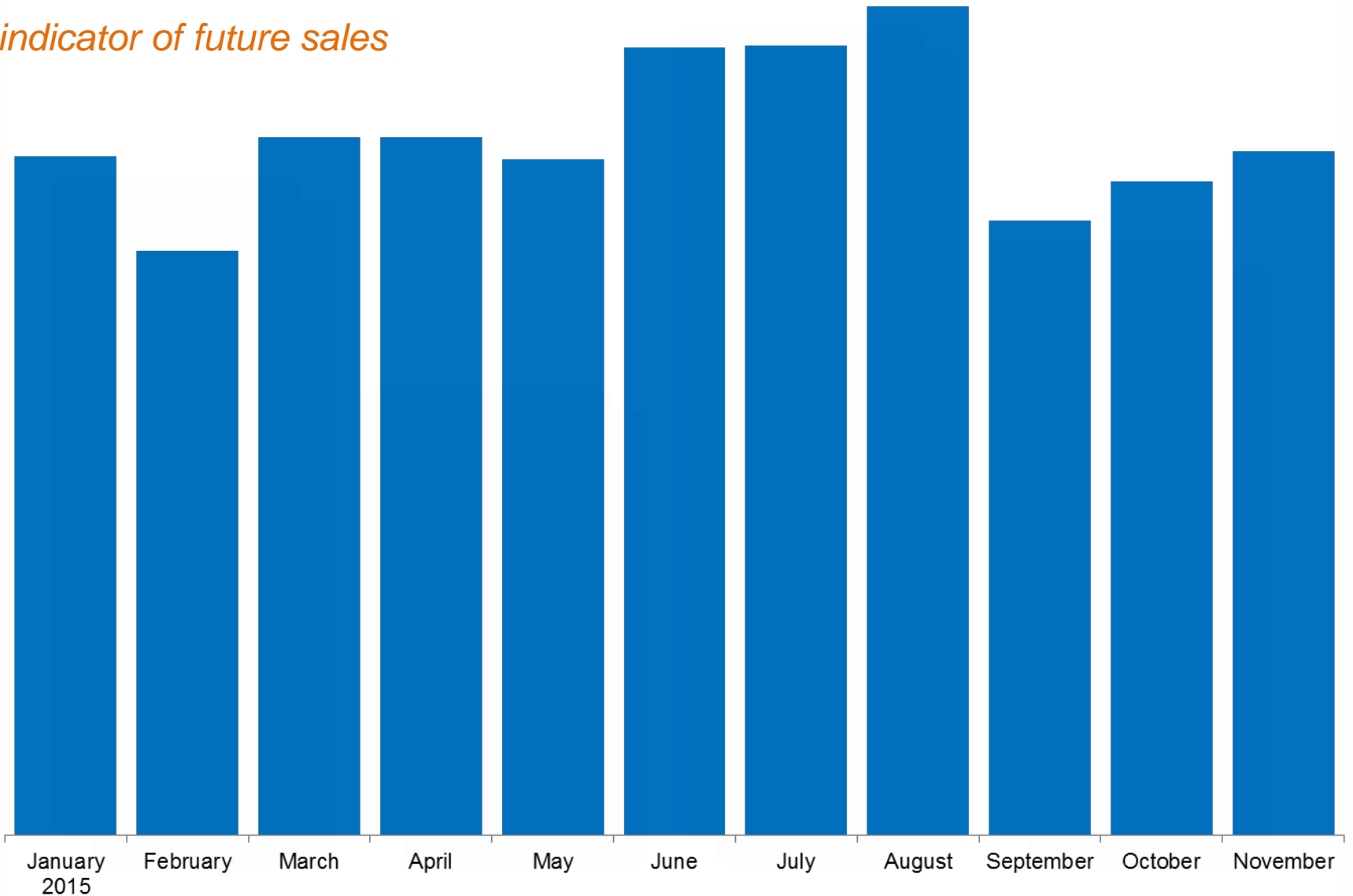
Foot Traffic

indicator of future sales



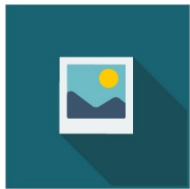
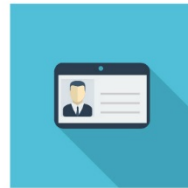
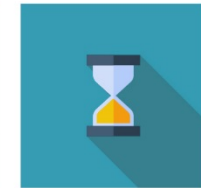
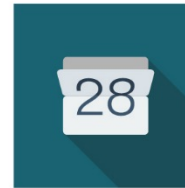
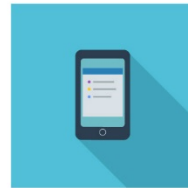
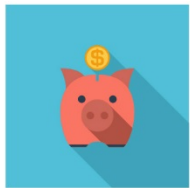
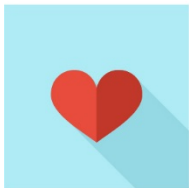
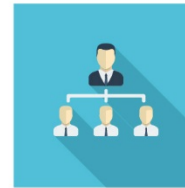
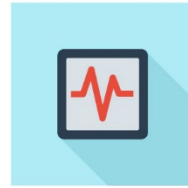
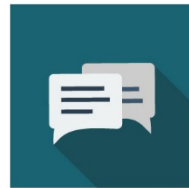
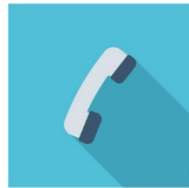
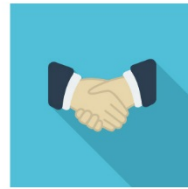
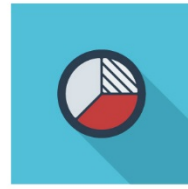
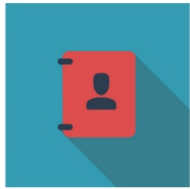
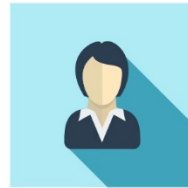
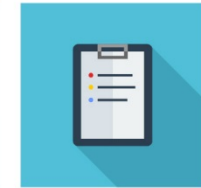
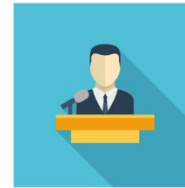
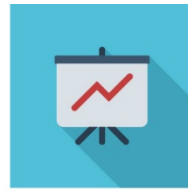
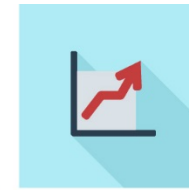
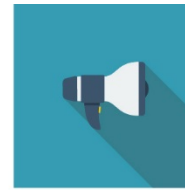
Foot Traffic

indicator of future sales



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JANUARY 2016

