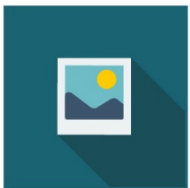
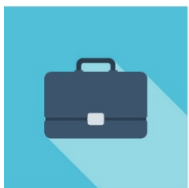
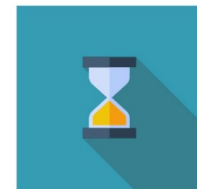
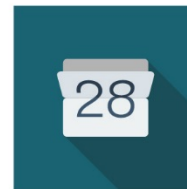
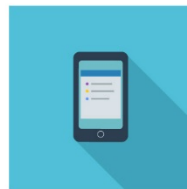
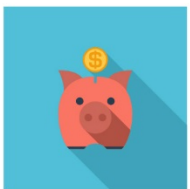
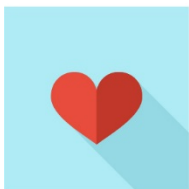
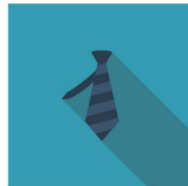
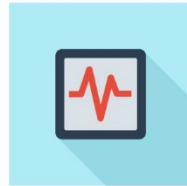
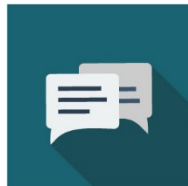
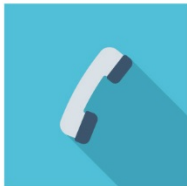
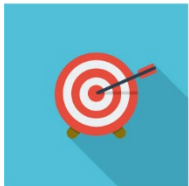
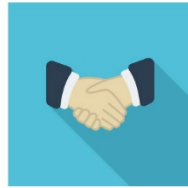
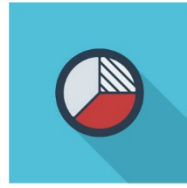
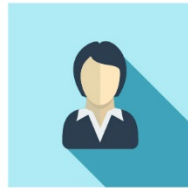
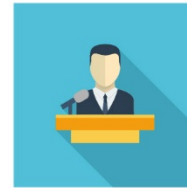
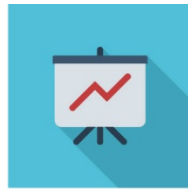
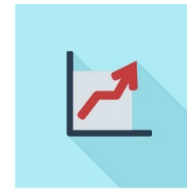
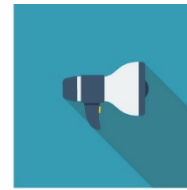
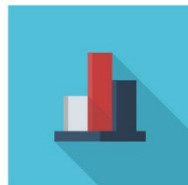
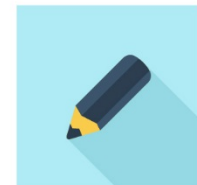
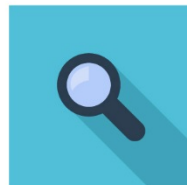
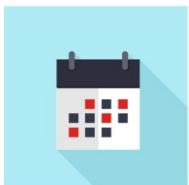


KEEPING CURRENT MATTERS

WWW.KEEPINGCURRENTMATTERS.COM



FEBRUARY 2016



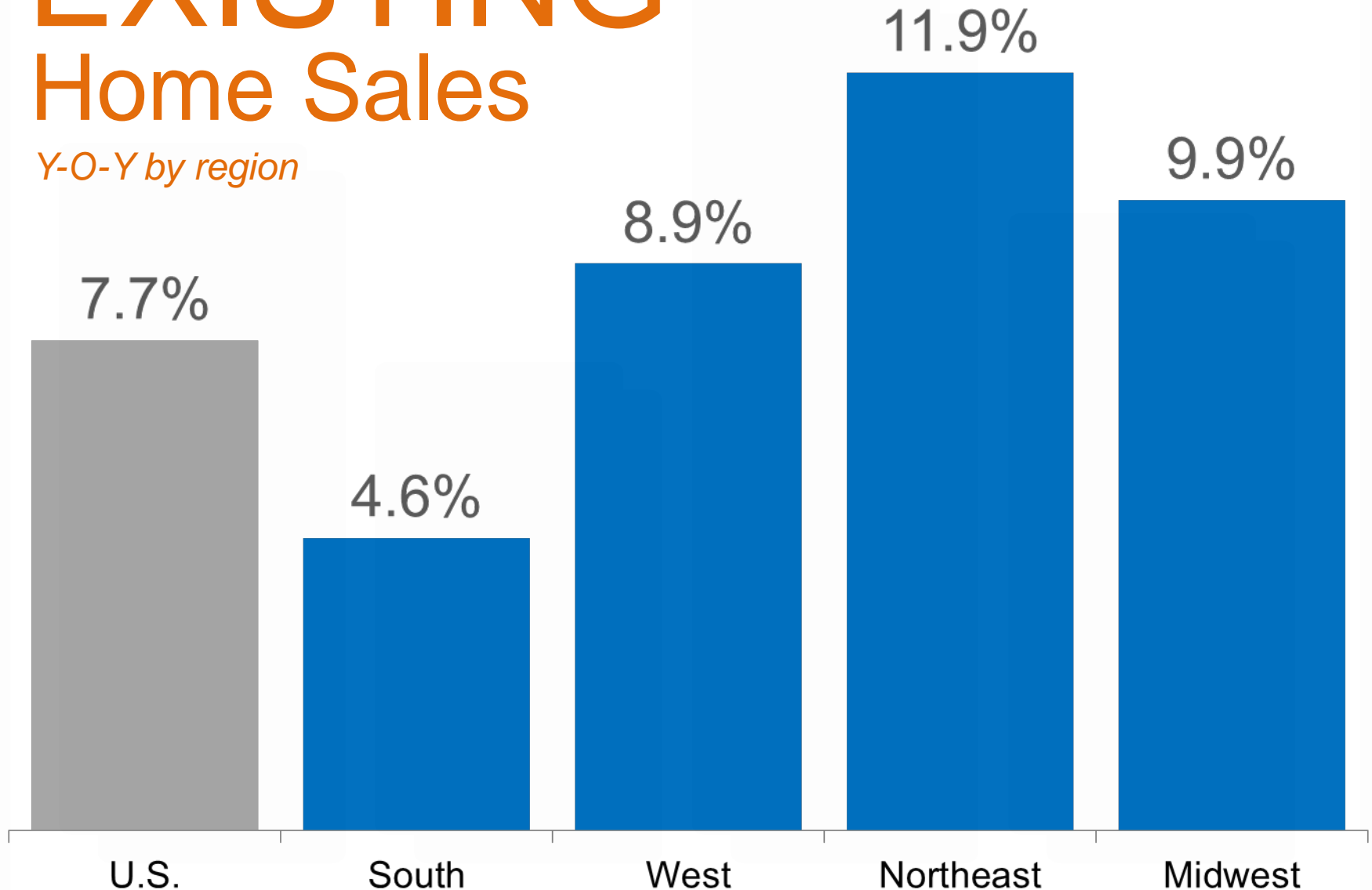
EXISTING Home Sales

Since January 2014

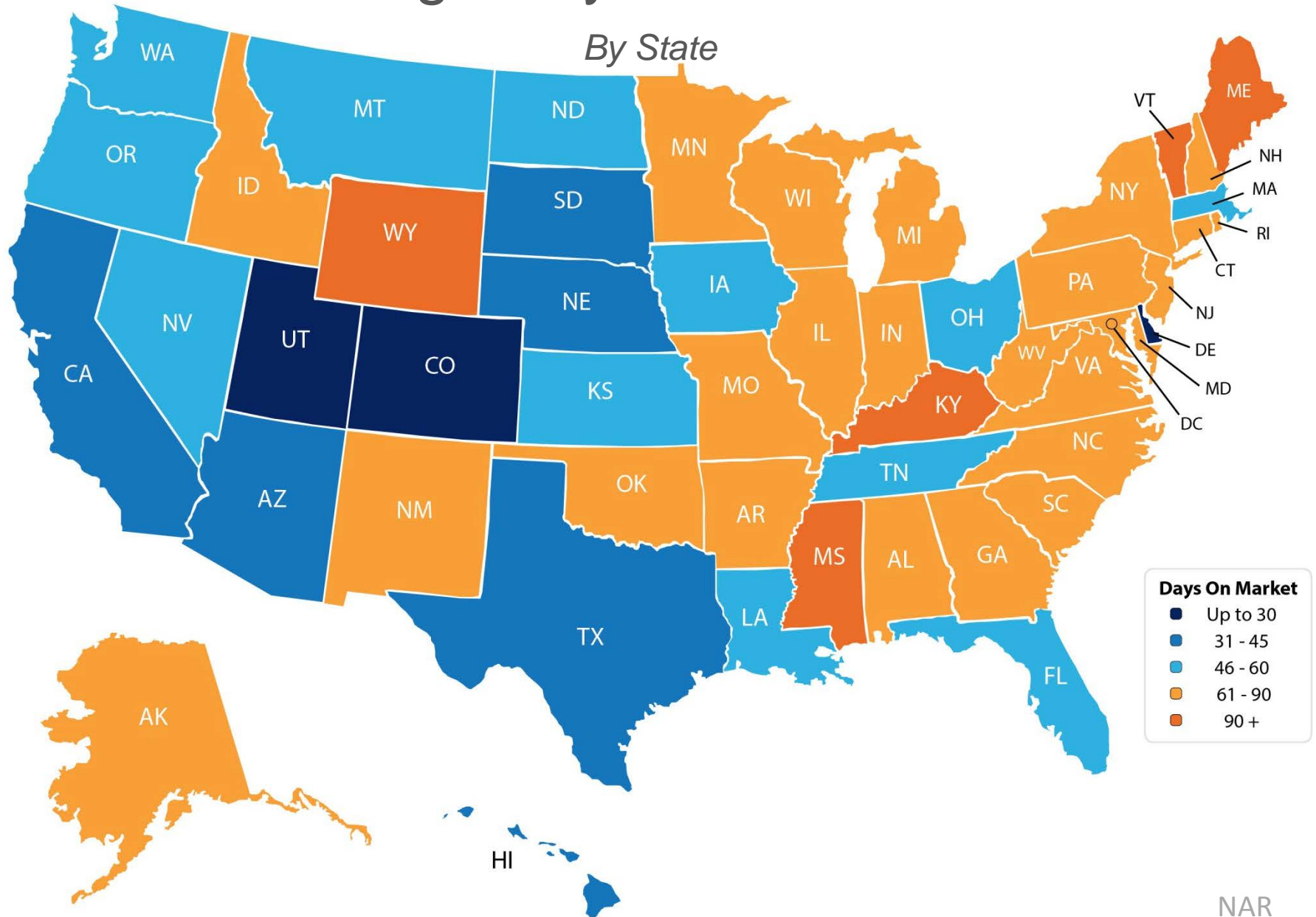


EXISTING Home Sales

Y-O-Y by region

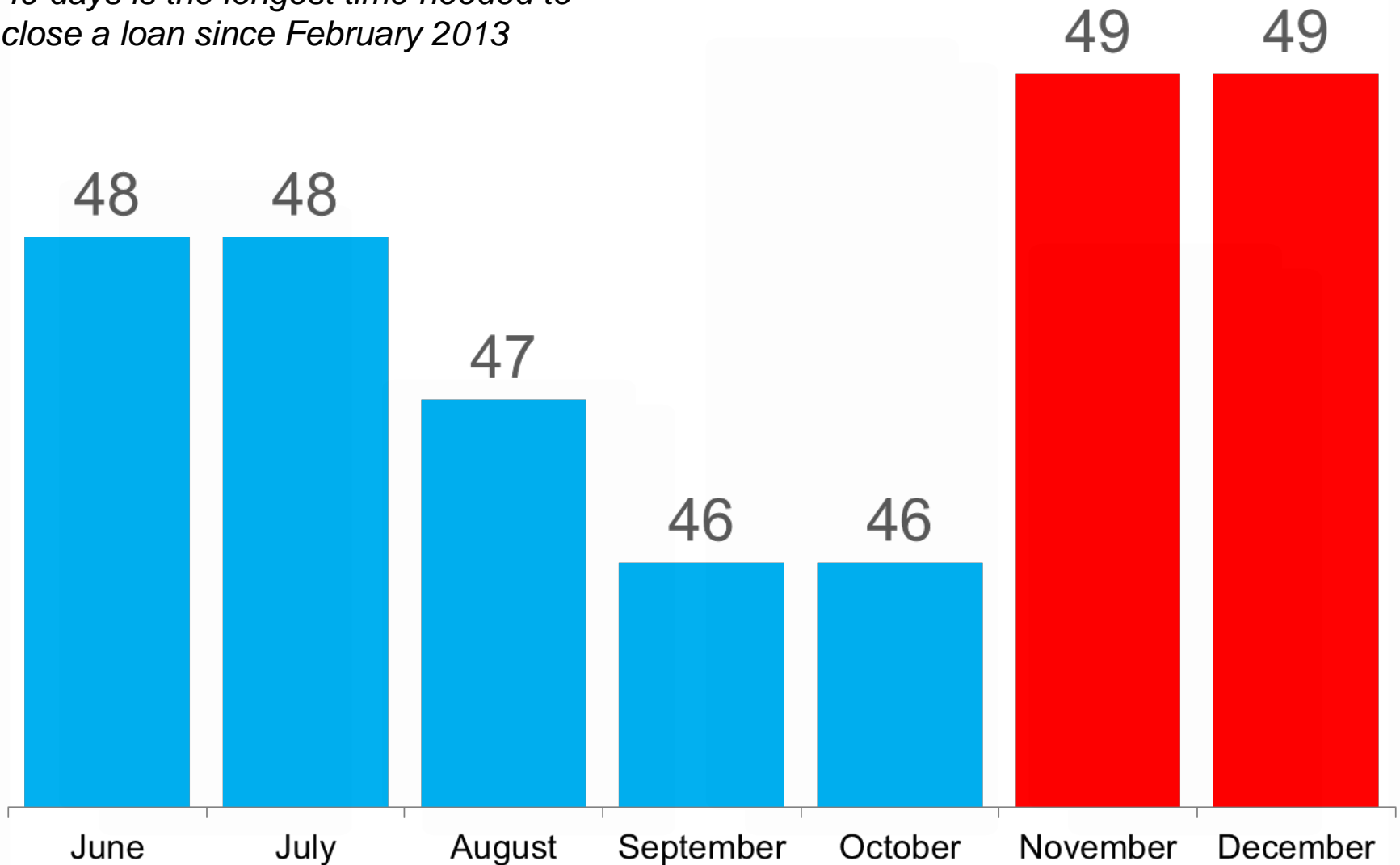


Average Days on the Market



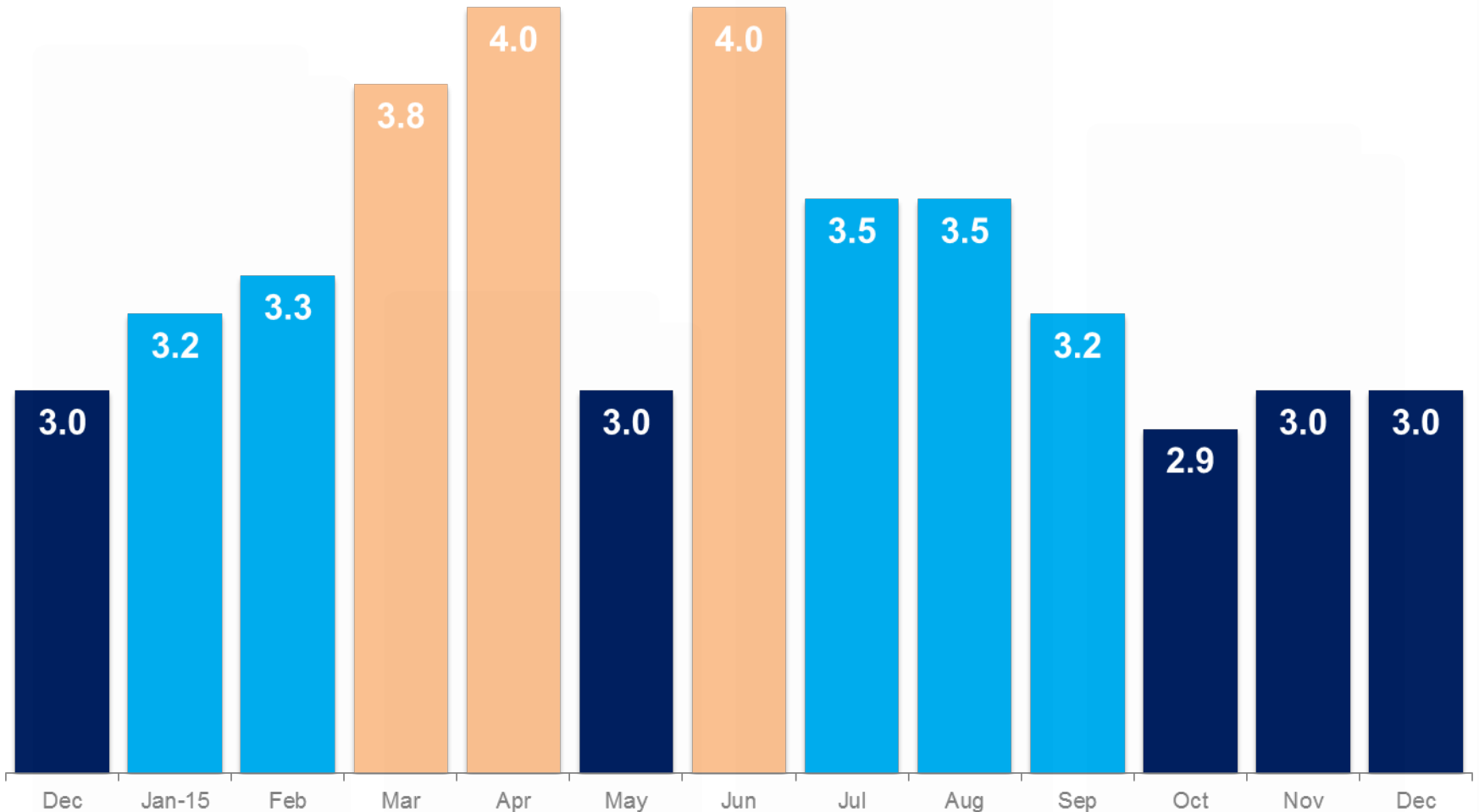
Average days needed to close a loan...

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



New Homes Selling Fast

(median months from completion to sold)



Overall, a resilient U.S. economy and very solid job growth in recent years made 2015 a great rebound year for the housing market.



Existing-home sales were at the highest pace (5.26 million) since 2006 (6.48 million) and the Pending Home Sales Index came in at an average of 108.8, the highest annual reading since... you guessed it: 2006 (111.7).

NAR

With the December report on housing starts and permits, preliminary totals for 2015 are now available. Total housing starts at 1.11 million were up 10.8% in 2015 compared to 2014.



Single-family starts were up 10.4% to 715,300. All four census regions also experienced increases in single-family starts for 2015.

NAHB

“All indicators point to this spring being the busiest since 2006...

but we'll need to see inventory grow more robustly this year to satisfy these buyers.”

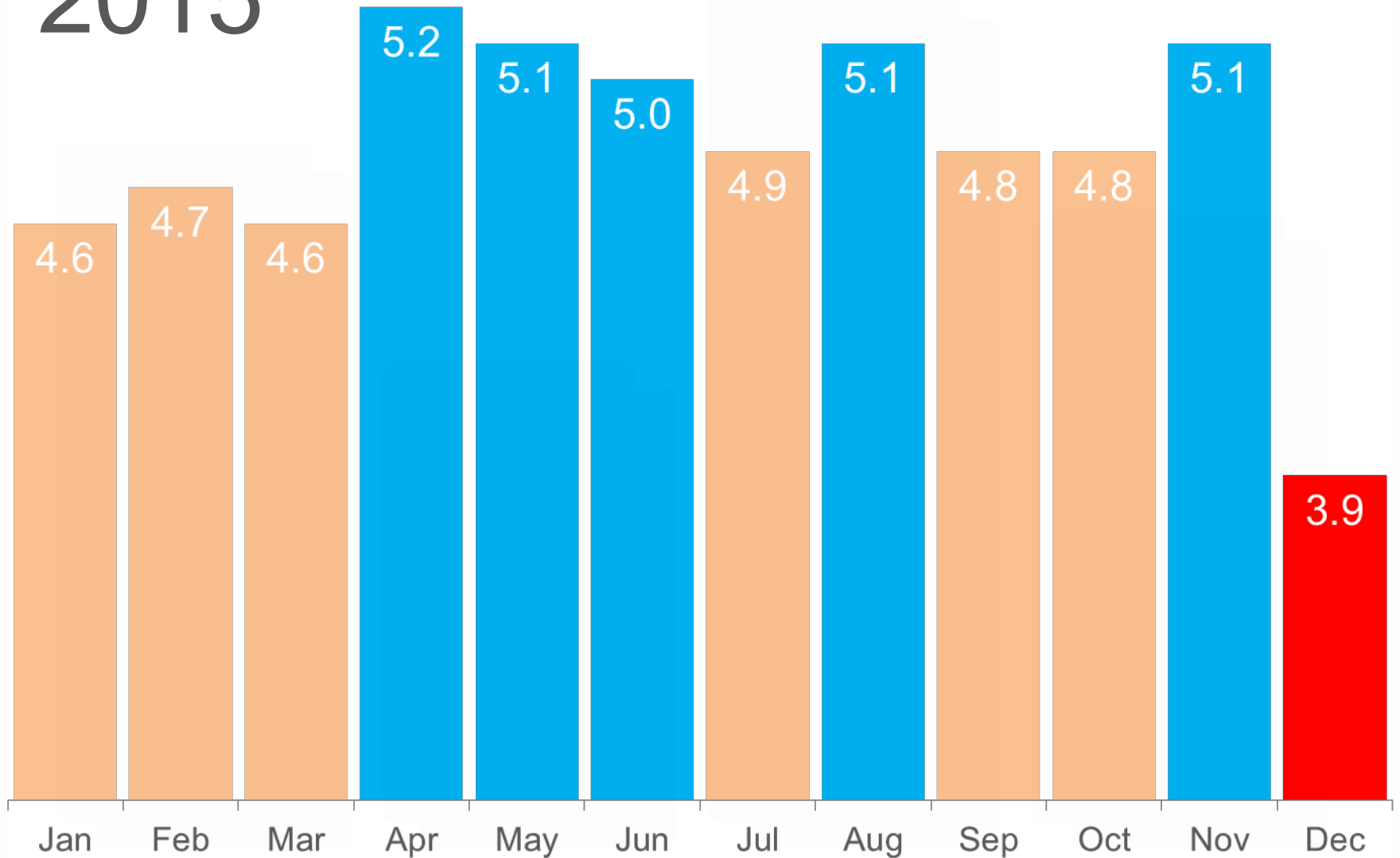


Jonathan Smoke

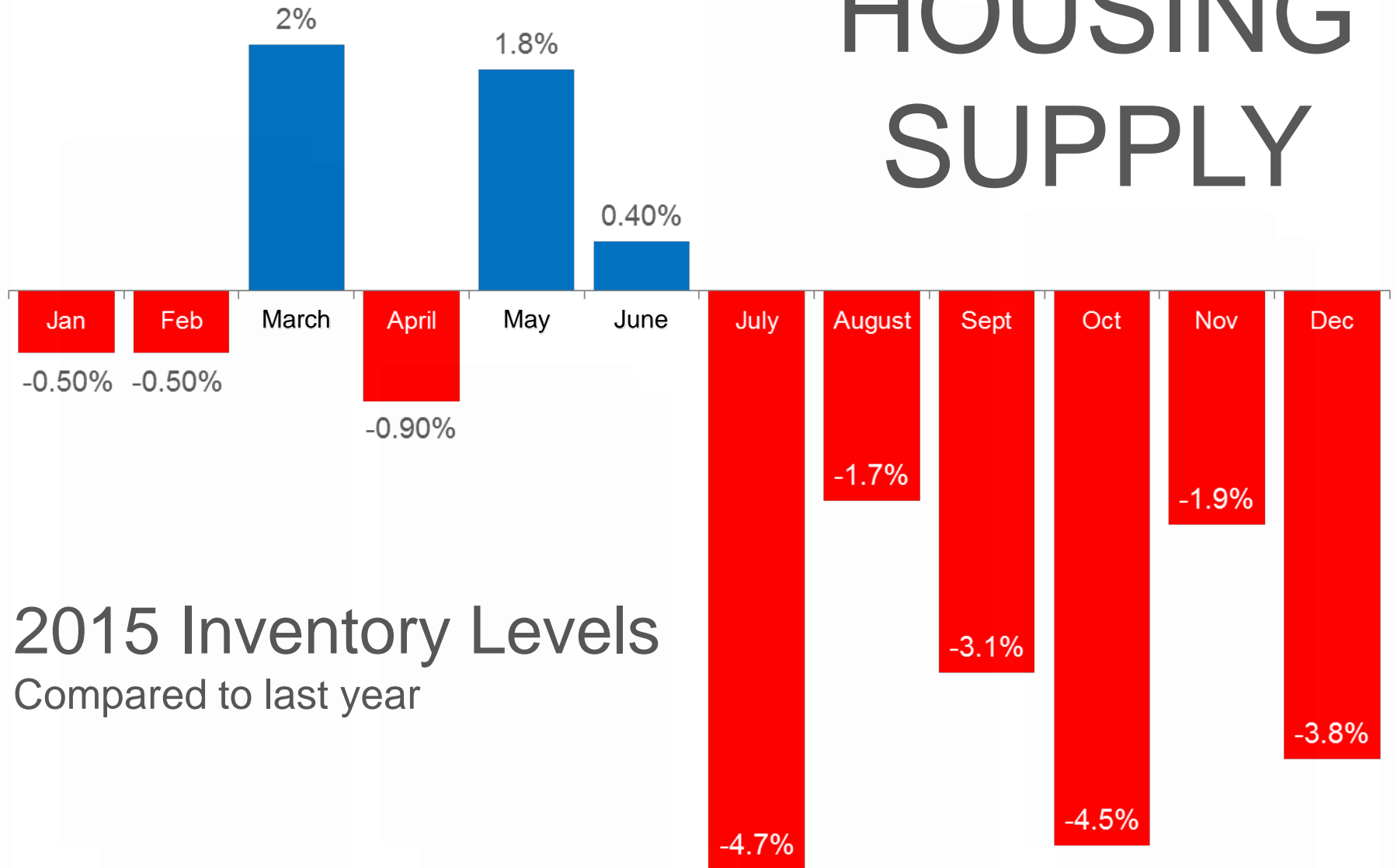
Realtor.com Chief Economist

Months Inventory of HOMES FOR SALE

2015

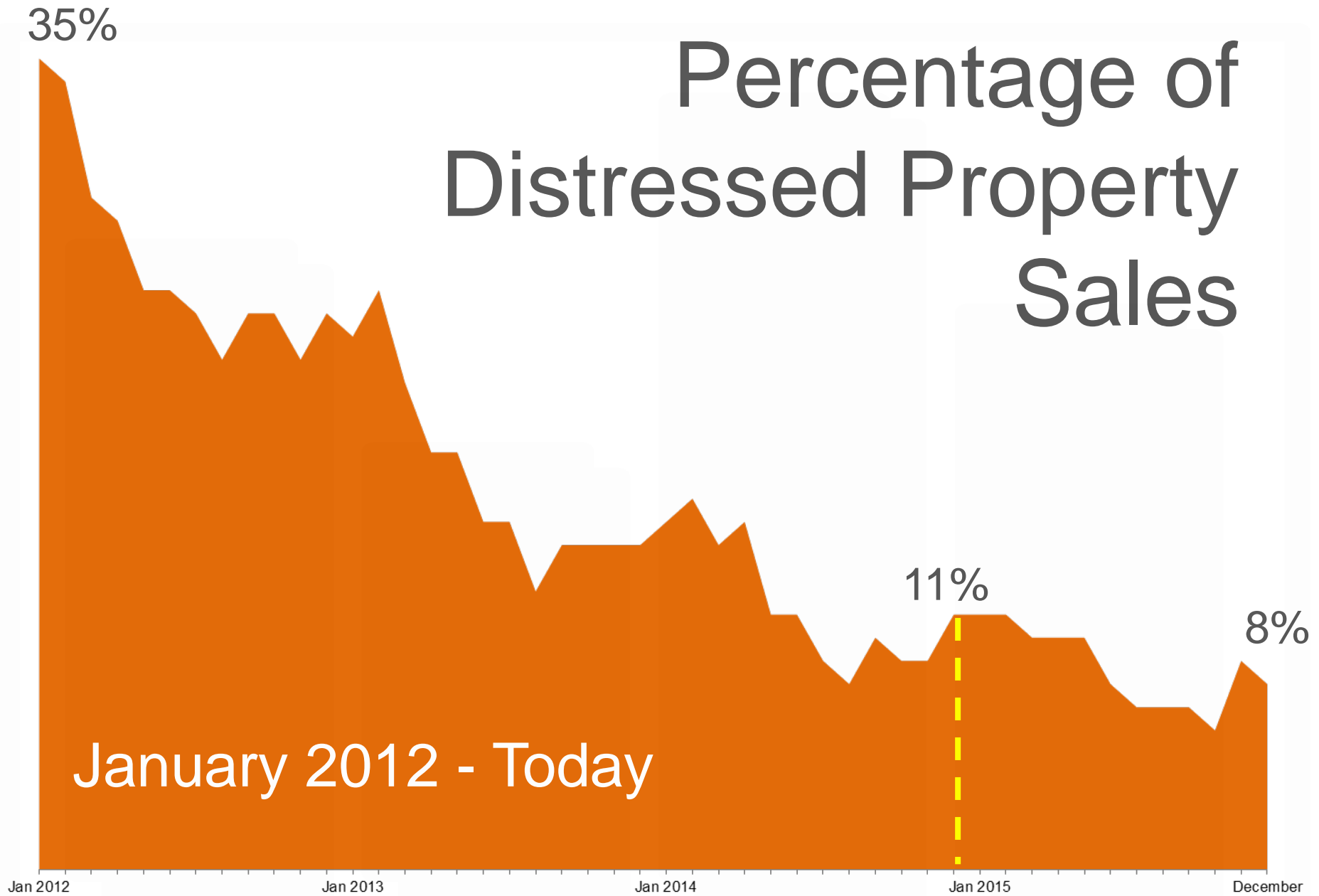


HOUSING SUPPLY

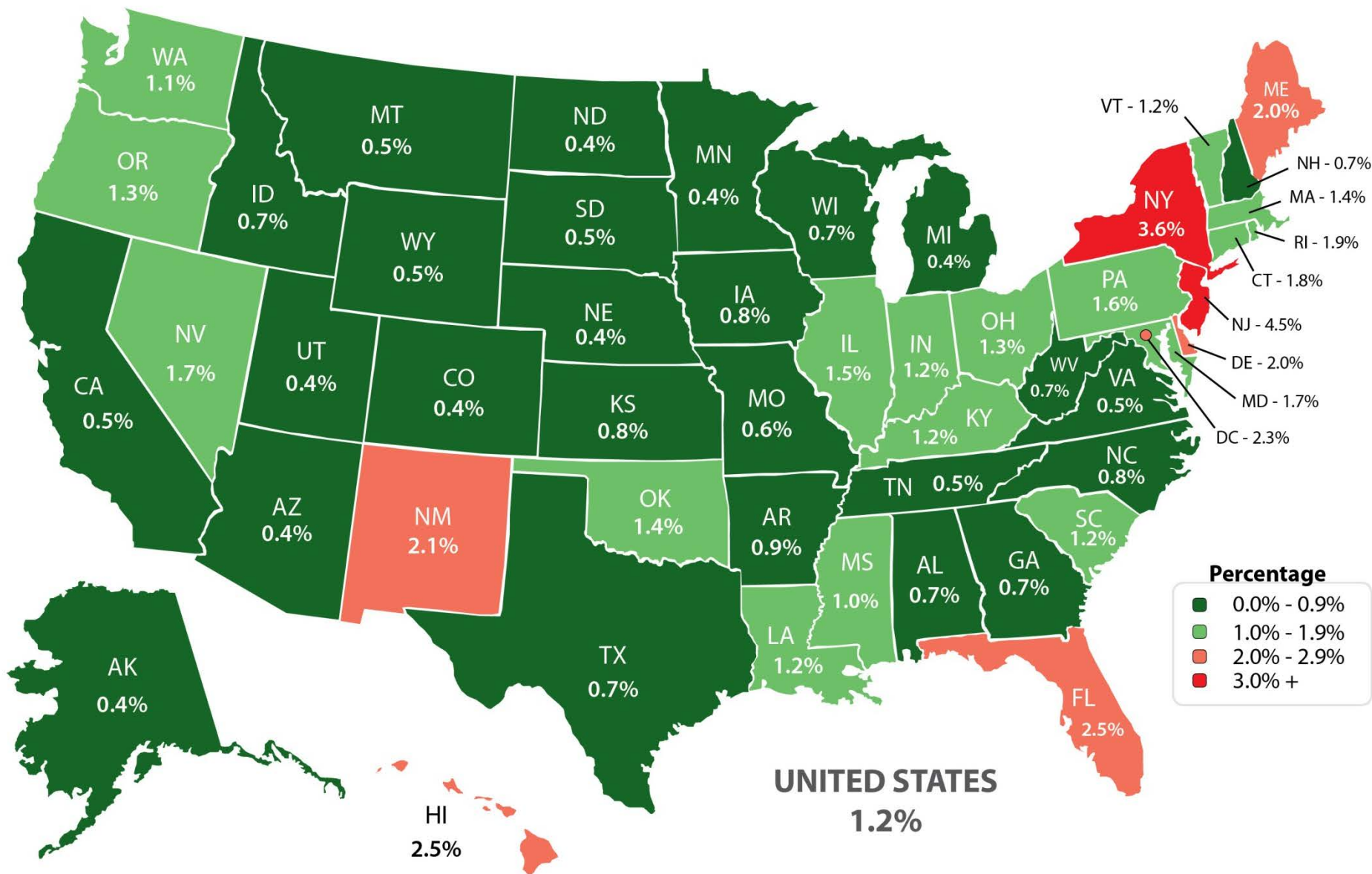


2015 Inventory Levels
Compared to last year

Percentage of Distressed Property Sales

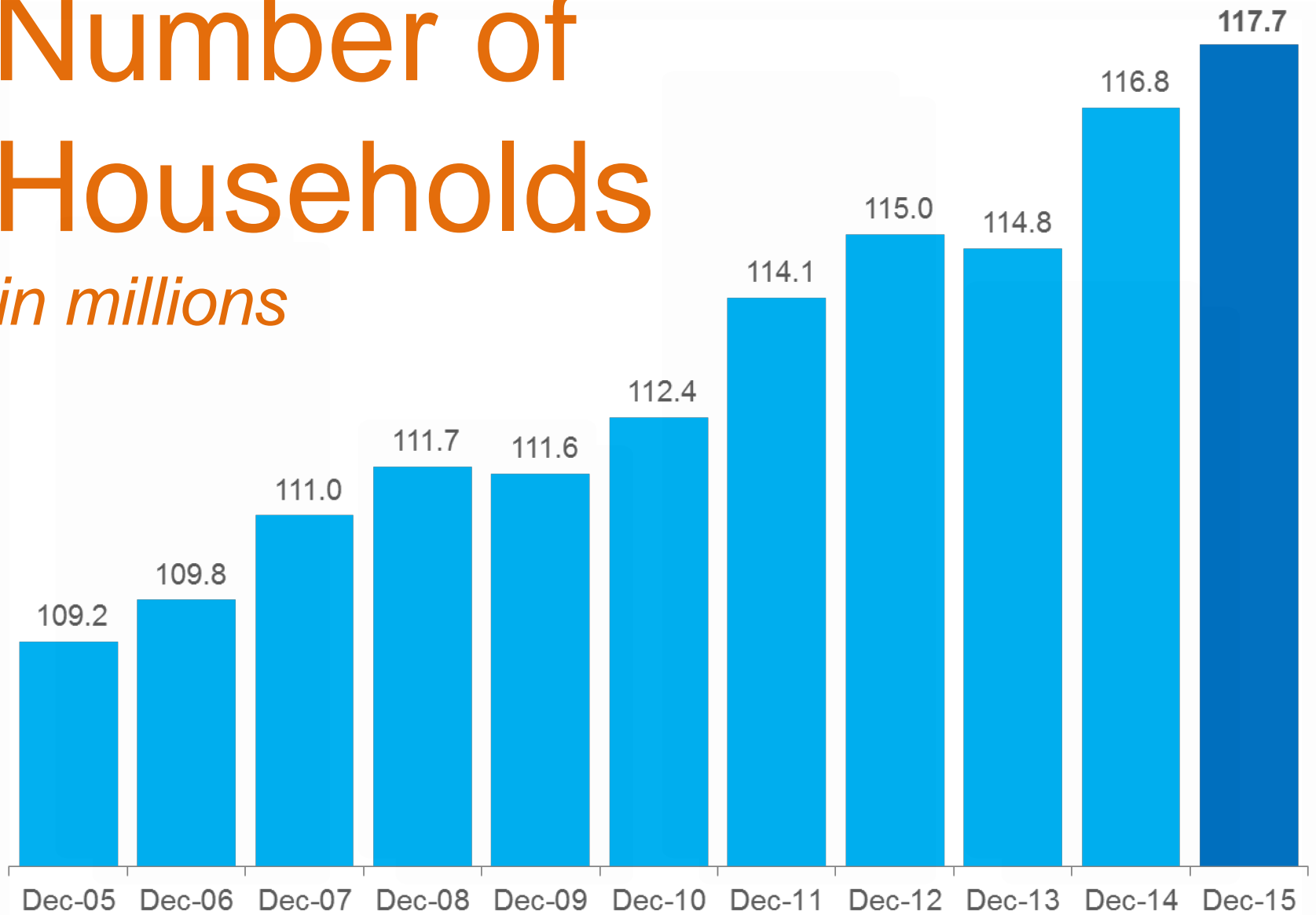


Foreclosure Inventory by State



Number of Households

in millions



First Time Home Buyers

57% 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

Typical First Time Buyers	Percent of All First Time (FT) Buyers	Household Income	Median Age (in years)
All FT Buyers	100%	\$69,400	31
Married Couple	56%	\$77,500	31
Single Female	18%	\$49,400	32
Single Male	11%	\$58,100	30
Unmarried Couple	13%	\$74,600	28
Other	2%	\$63,800	45

Median Asking RENT *since 1988*



Boomerang Buyers Re-entering the Housing Market

2016

300,000

2017

500,000

2018

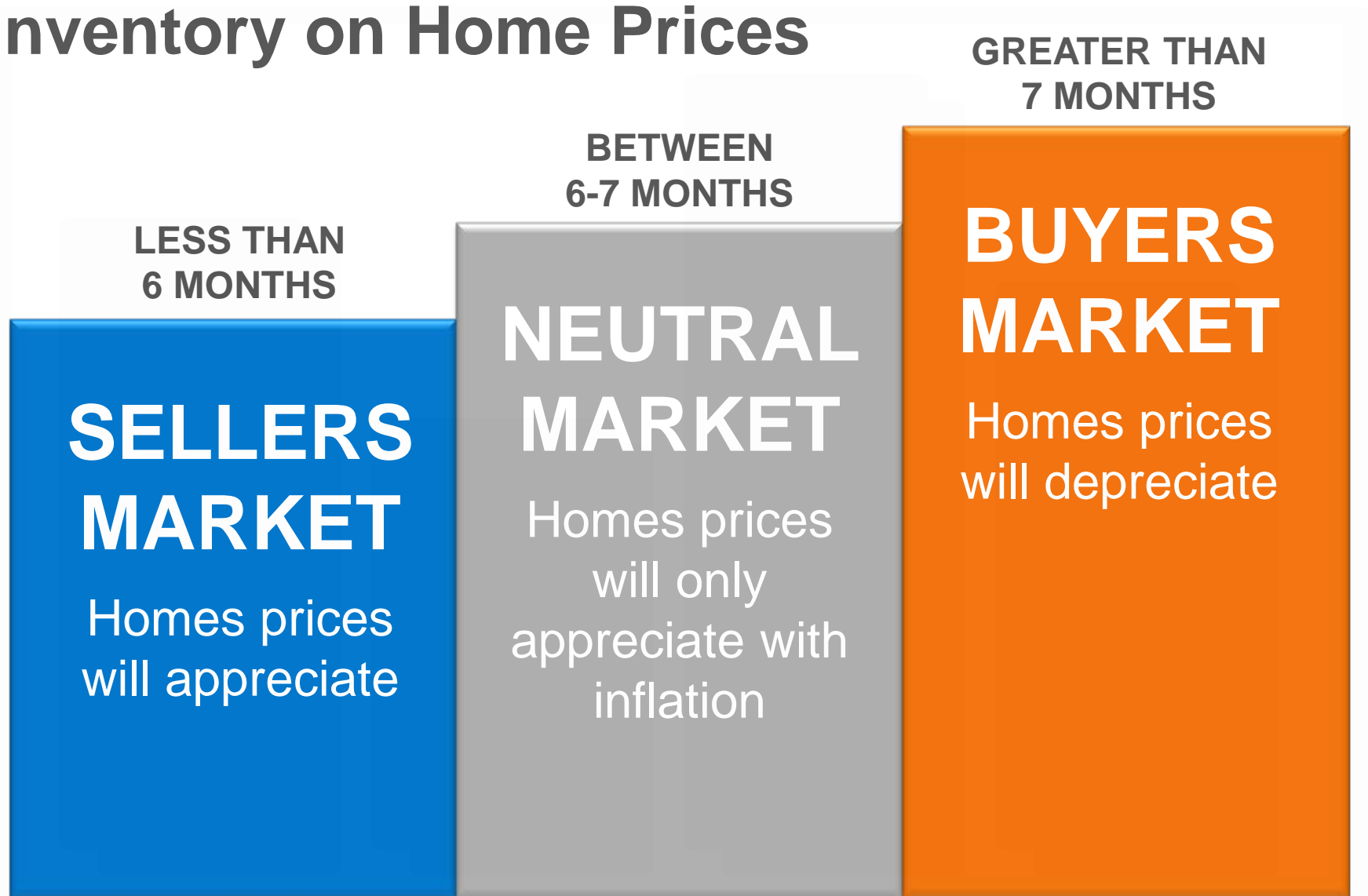
400,000

2019

300,000

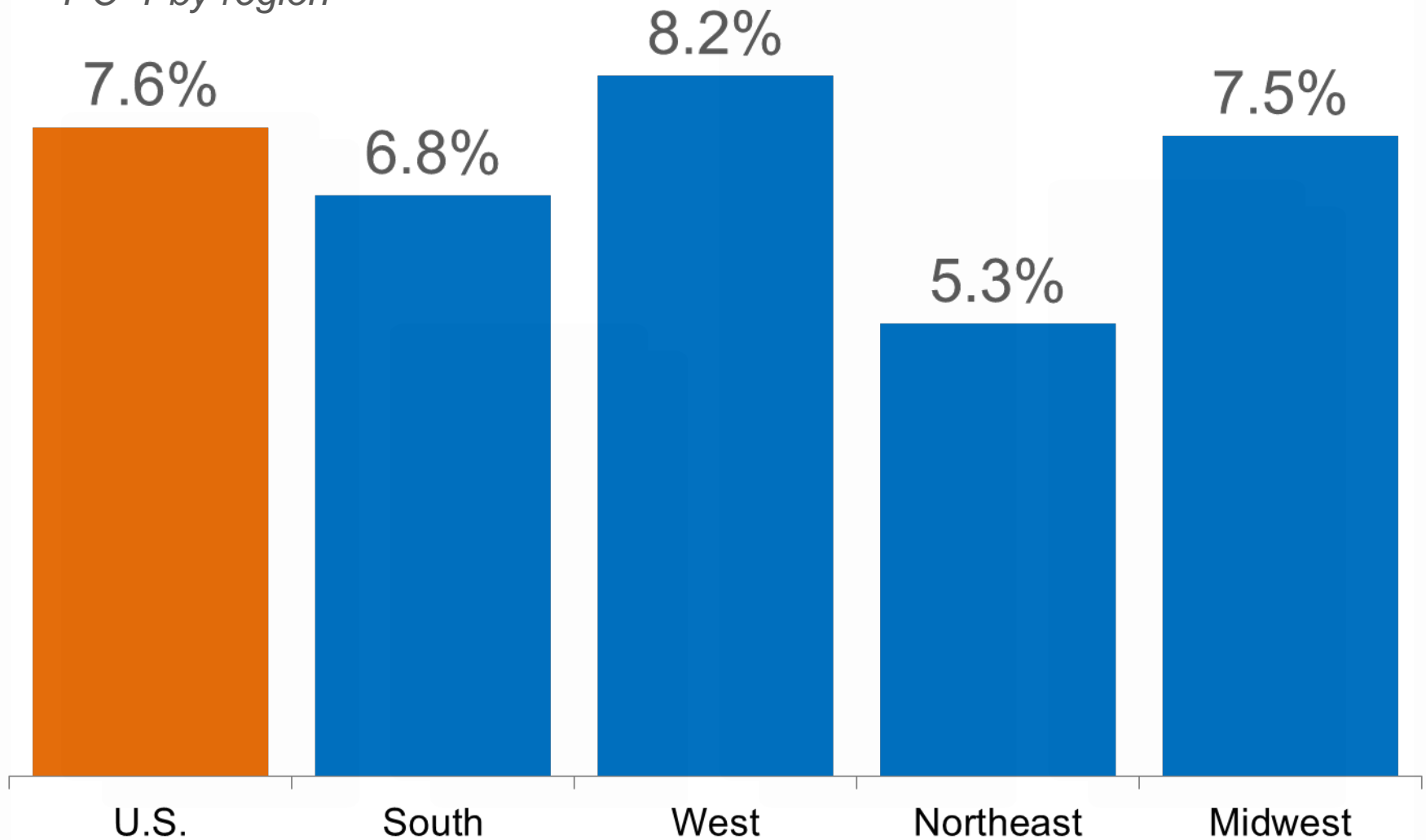
**Boomerang Buyer is defined as someone who was 60+ days past due on a mortgage loan, lost their mortgage through foreclosure, short sale or other non-satisfactory closure, or had a mortgage loan modification between the Bubble and Burst.*

The Impact of Monthly Housing Inventory on Home Prices

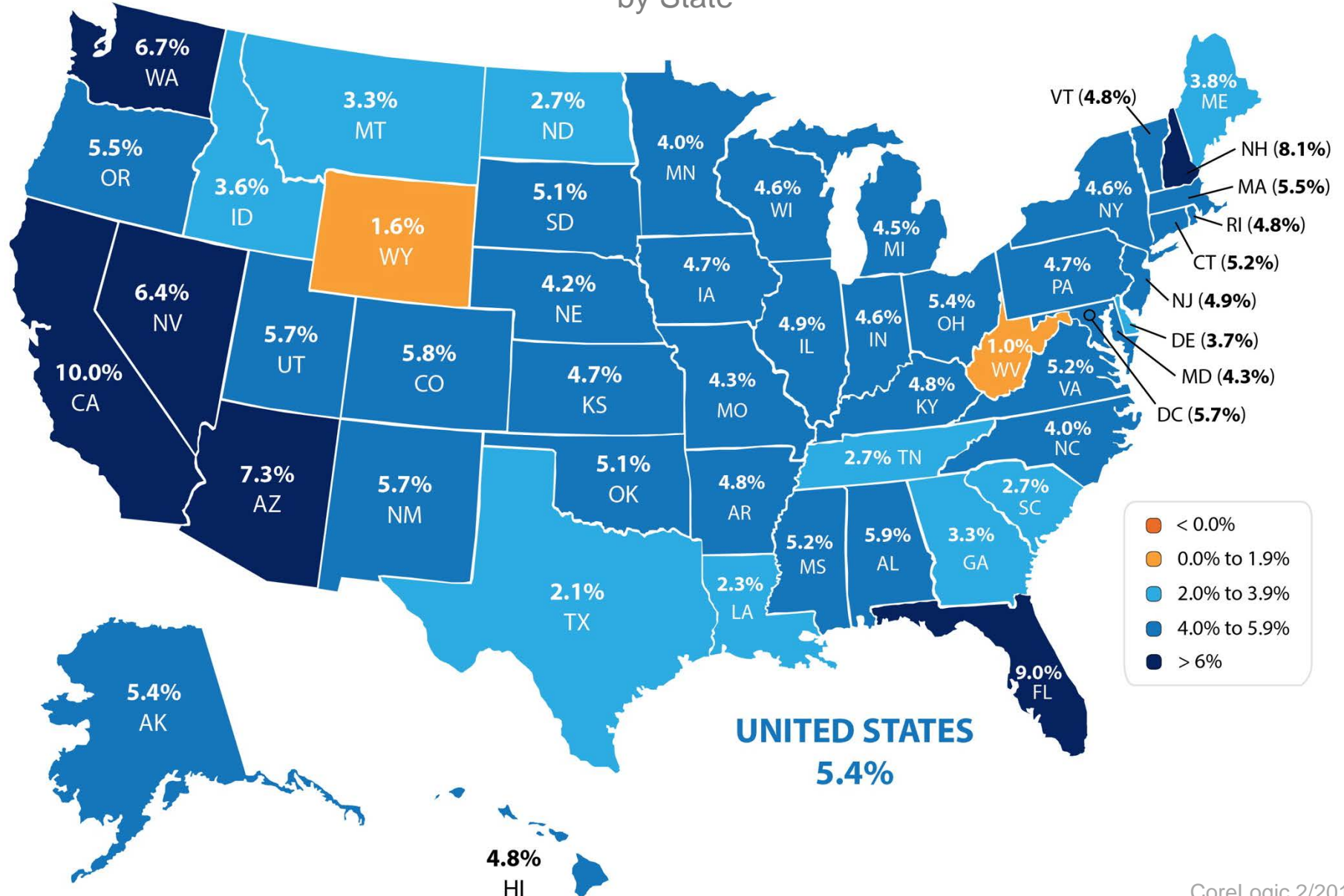


EXISTING Home Prices

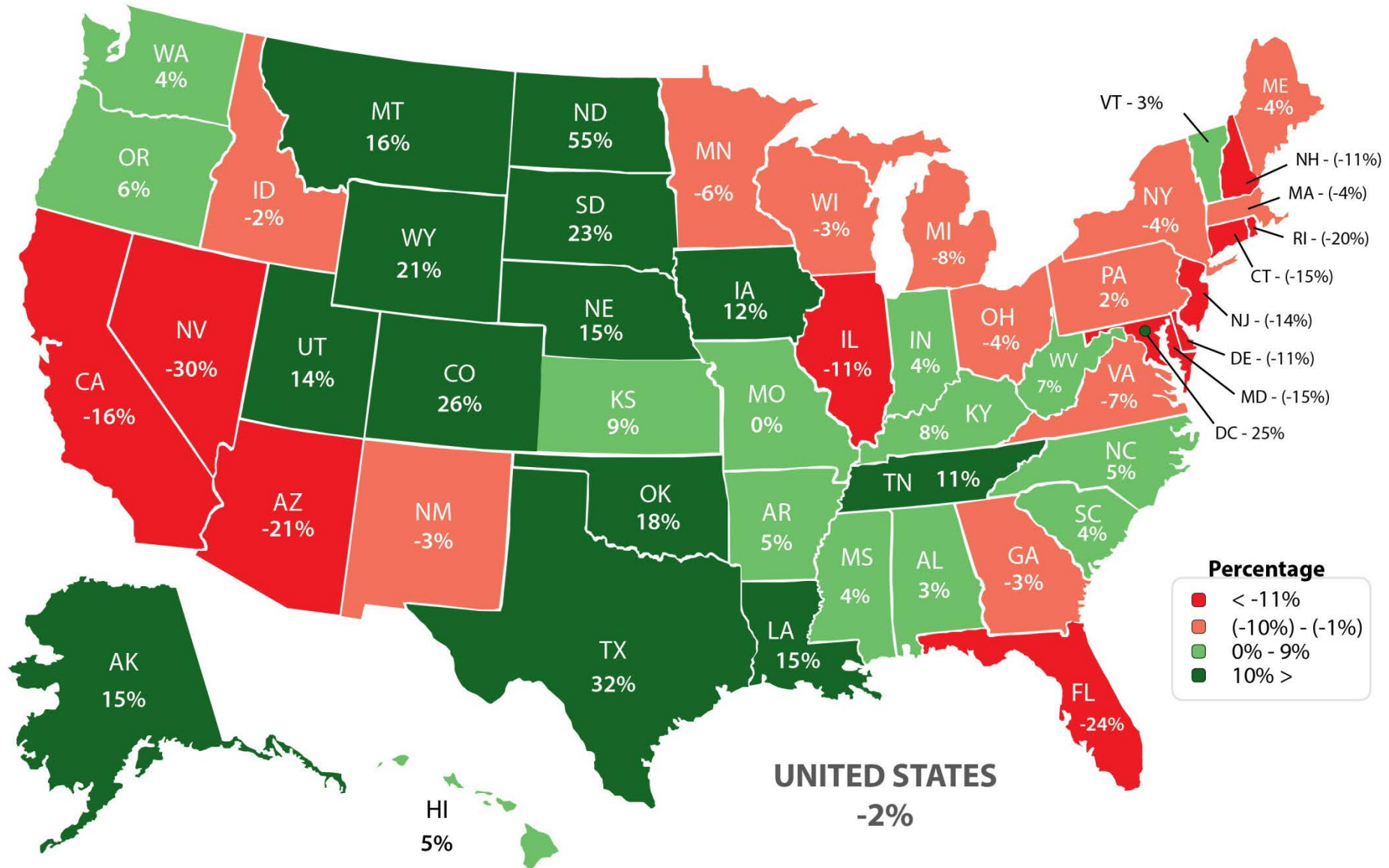
Y-O-Y by region



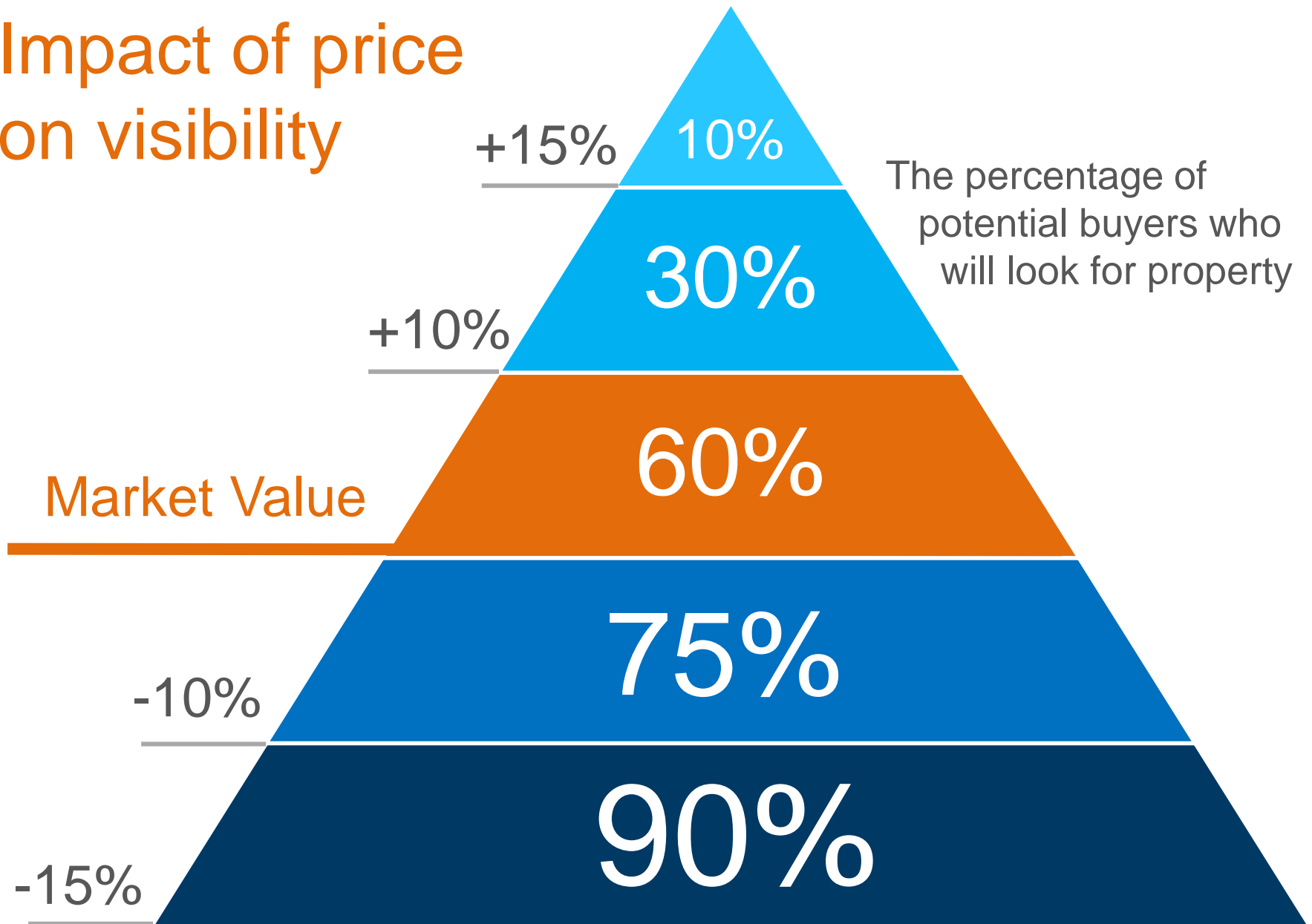
Forecasted Year-Over-Year % Change in Price by State



Prices Since June 2006



Impact of price on visibility



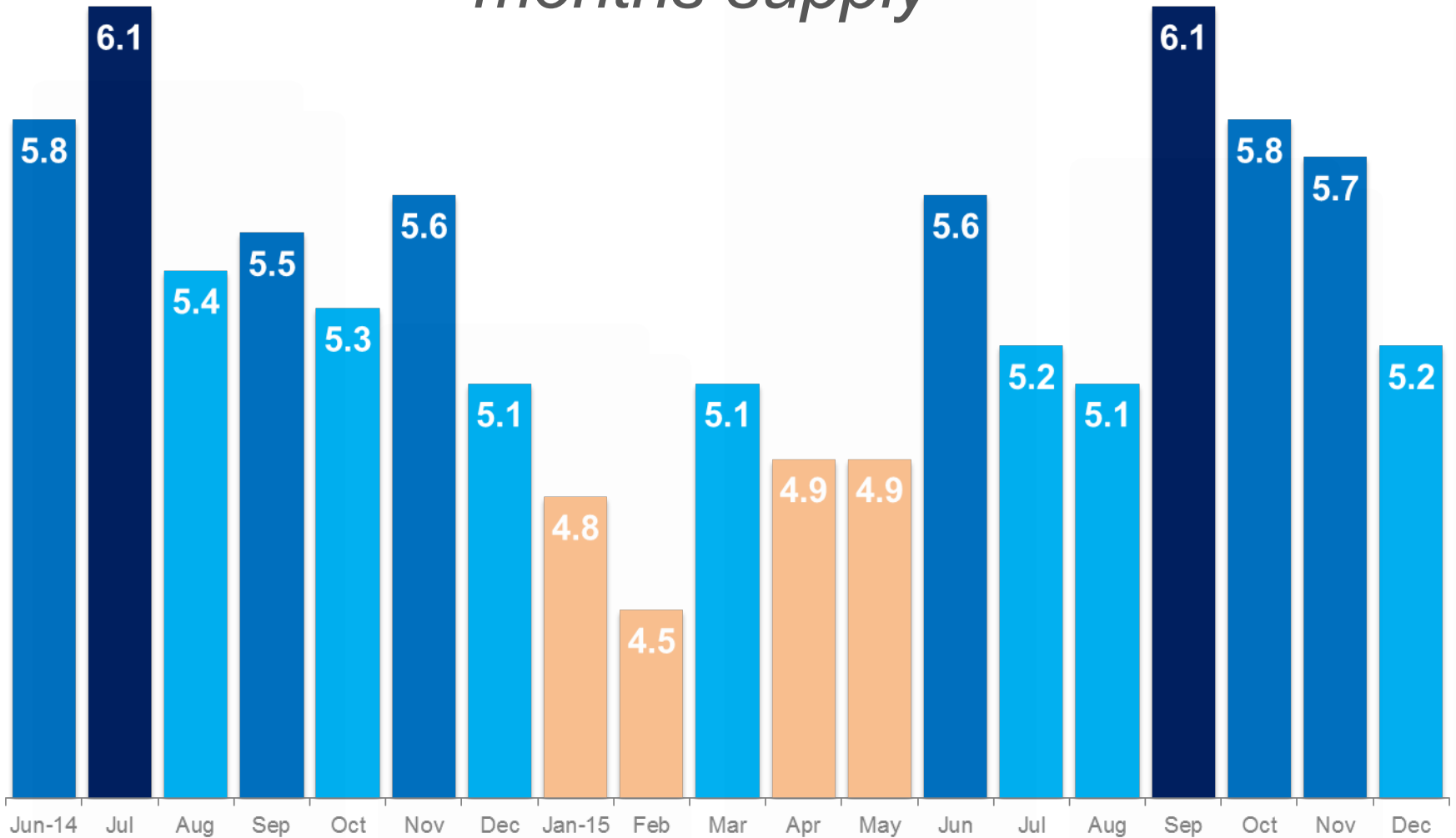
Q: When do most listings come on the market?



A: The 2nd Quarter of each Year

New Home Inventory

months supply



23%

Negative Equity ($>0\%$)

Perceived/Actual

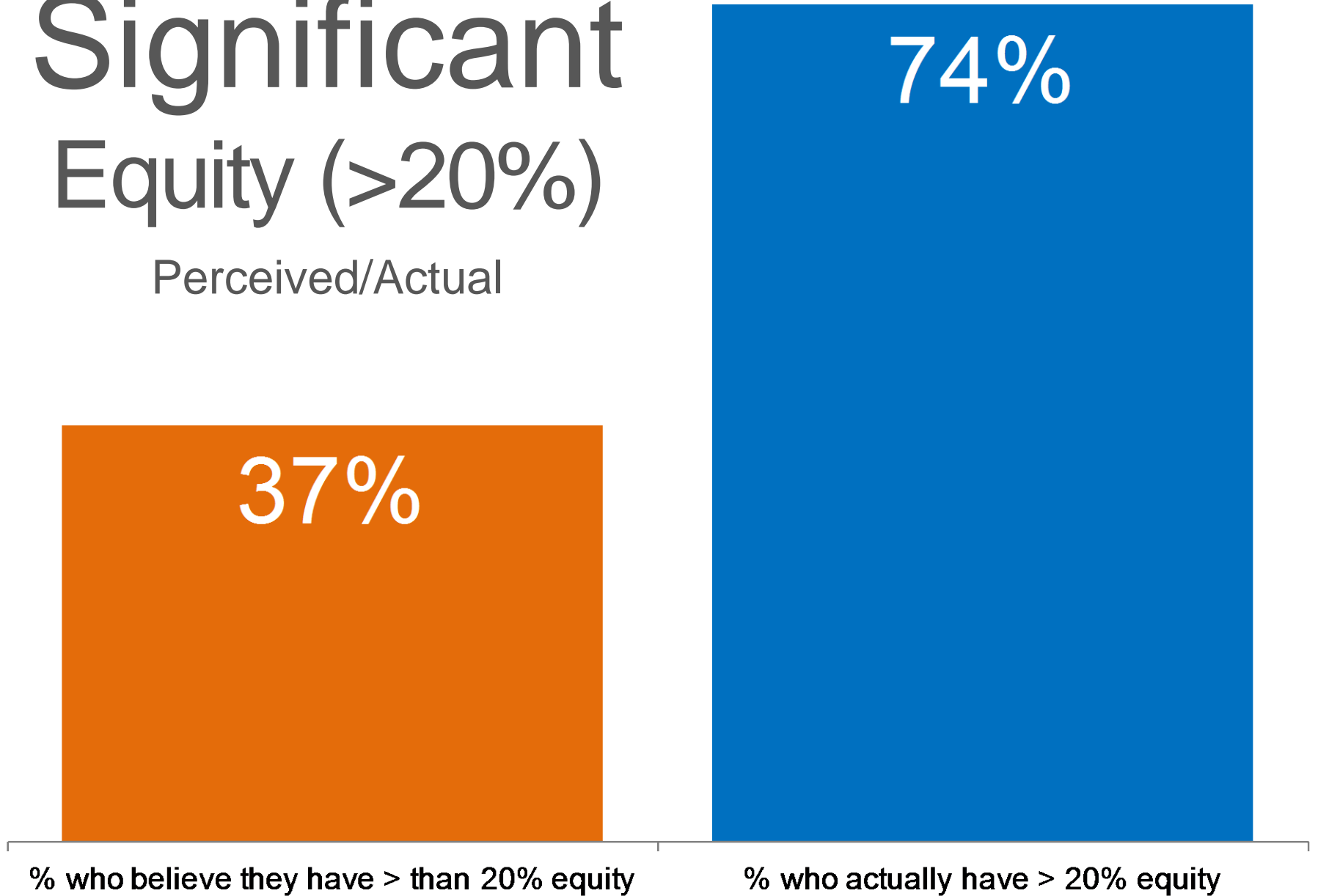
8%

% who believe they are negative in equity

% actually in negative equity

Significant Equity (>20%)

Perceived/Actual

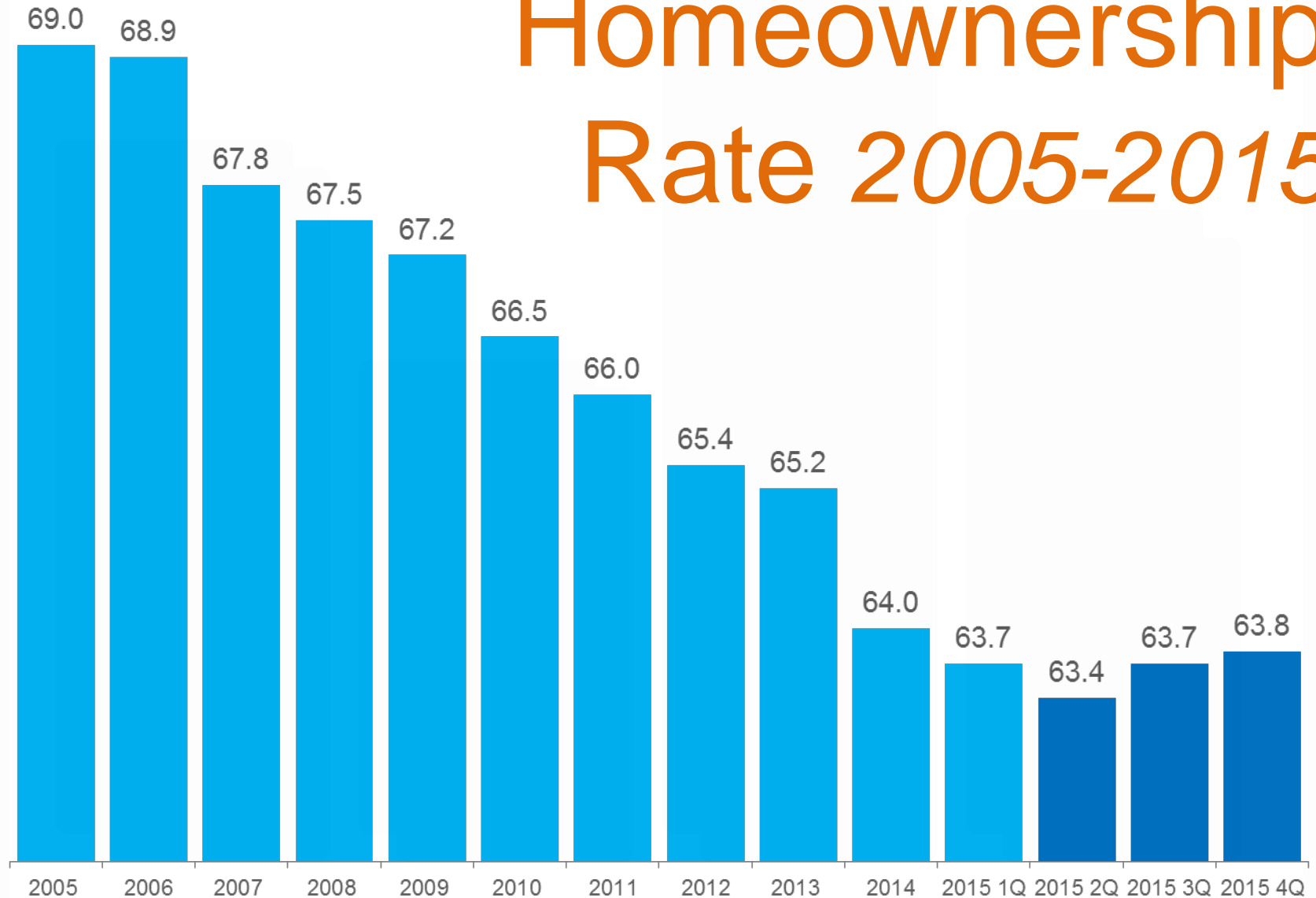


By the end of 2015,
about 12.6 million
properties – or 22.5%
of all properties with a
Mortgage - were considered
“equity rich,” having at least
50 percent equity.



Realtor Magazine

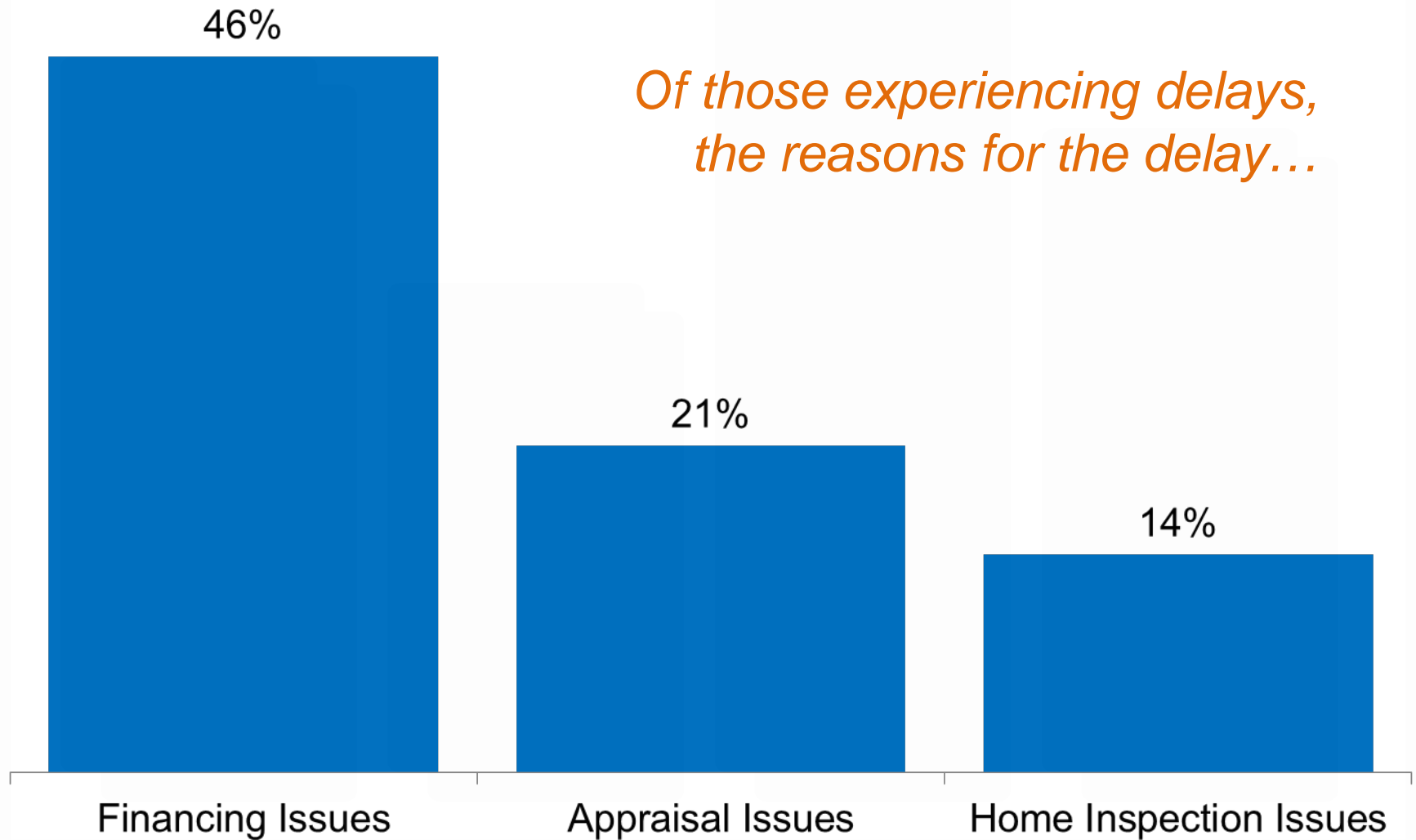
Homeownership Rate 2005-2015



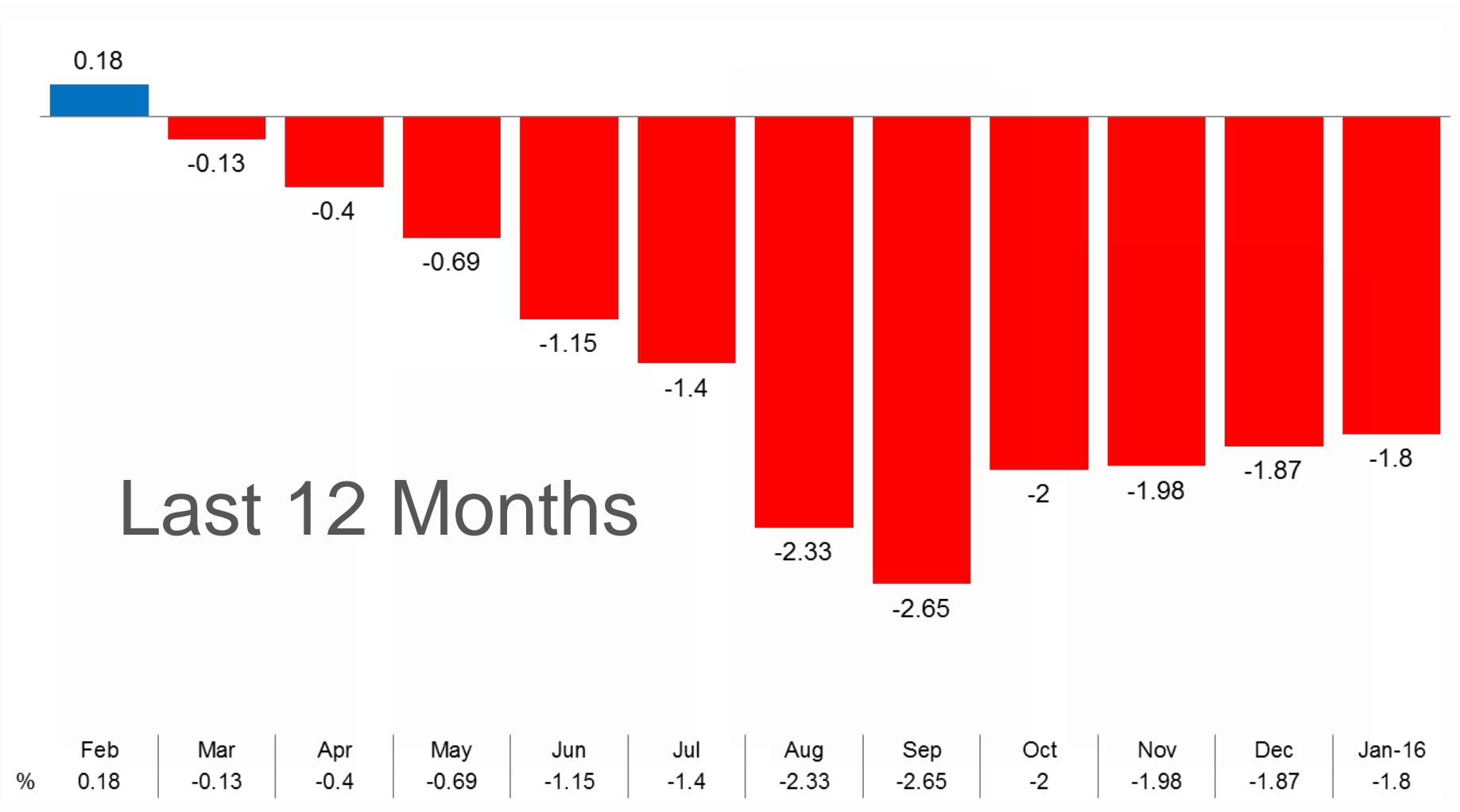
Homeownership Rate = % of Households who are Owners



32% of all Home Transactions Experience Delays



Appraiser Home Value Opinions Compared to Homeowner Estimates



INTEREST RATES



Mortgage Rate Projections

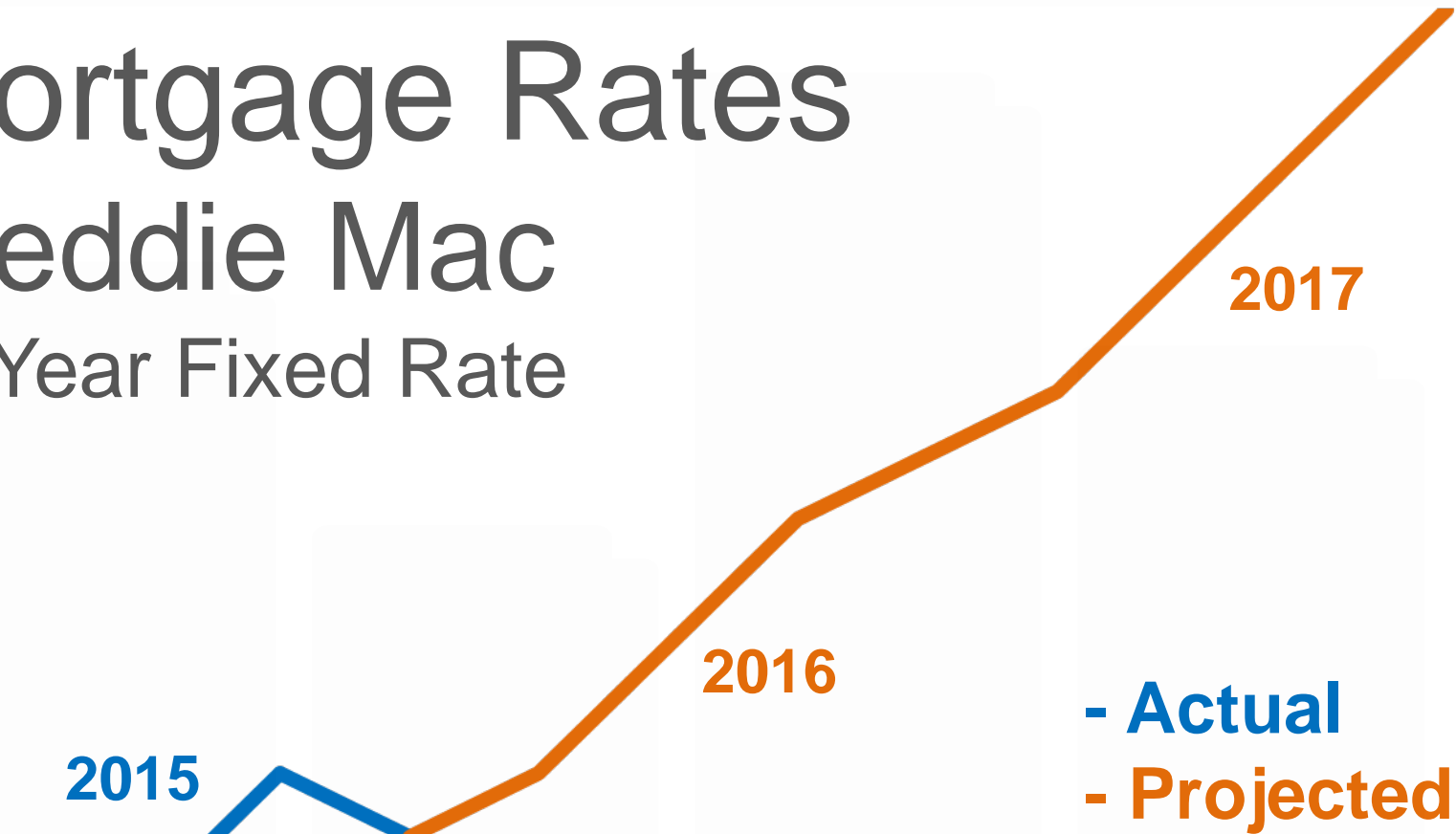


Quarter	Fannie Mae	Freddie Mac	MBA	NAR	Average of all four
2016 2Q	4.1%	4.2%	4.2%	4.2%	4.18%
2016 3Q	4.1%	4.4%	4.4%	4.4%	4.33%
2016 4Q	4.2%	4.5%	4.6%	4.7%	4.50%
2017 1Q	4.2%	4.6%	4.7%	4.8%	4.58%

Mortgage Rates

Freddie Mac

30 Year Fixed Rate



	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Rate	3.7	3.8	4	3.9	4	4.2	4.4	4.5	4.6	4.8	5	5.2

“In many markets, mortgage rates would have to be 7, 8, 9, even 10% for the cost of owning to roughly equate to the cost of renting.

So the financial advantage for home ownership will still persist even if mortgage rates rise.”

Ralph McLaughlin
Chief Economist at Trulia



The Difference Your Interest Rate Makes

You Work Hard For The Money You Spend On Housing

If you wanted to
keep your mortgage
payment under
\$1,000 a month



INTEREST
RATE (JAN)



MORTGAGE
PAYMENT*



11.50%

\$995.24



7.54%

\$996.78



4.00%

\$997.80

HERE'S THE PRICE OF THE HOME YOU COULD AFFORD

\$100,500

\$142,000

\$209,000

Interest Rates have come a long way in 30 years. Securing a mortgage now while rates are still low means you can get more house for your money. **Even a small increase in rates drastically impacts your budget.**

**Mortgage Payment is Principal & Interest Only*

Source: Freddie Mac

“If at today’s interest rates and house prices they can find the house that can fit their budget, they should buy.”



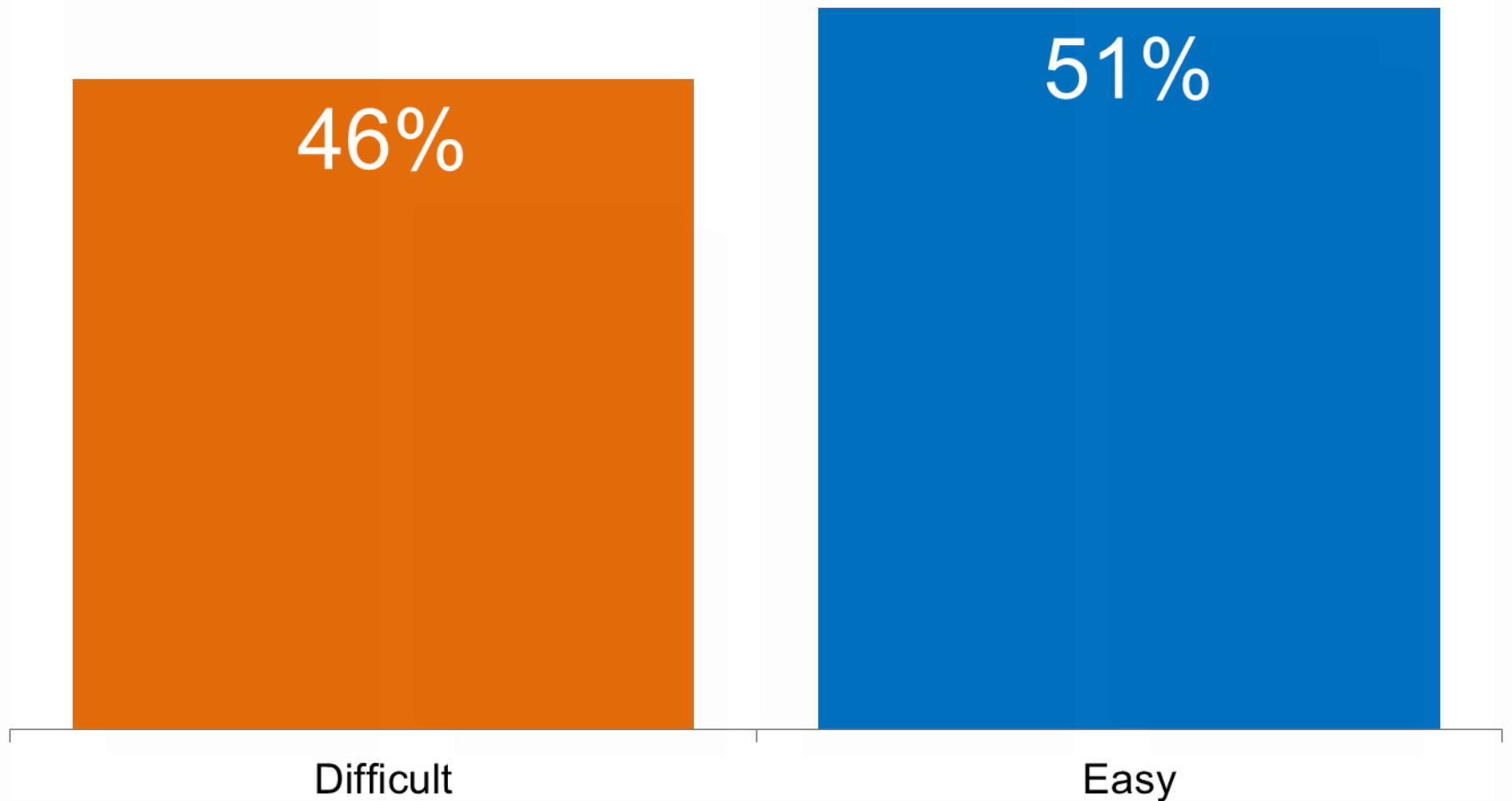
Doug Duncan

Fannie Mae’s Senior VP and Chief Economist

Mortgage Credit Availability



Respondents who think it would be ...
to get a home mortgage today.



A recent Fannie Mae survey found that consumers have limited understanding of what it takes to qualify for a mortgage, and most believe the requirements are tougher than they are.



When asked about key mortgage qualification criteria (such as down payment percentage, credit score, and debt-to-income ratio), roughly half of consumers selected “don't know” or provided an incorrect answer.

This research suggests that there are too many eligible homebuyers sitting on the sidelines due to misperceptions or anxiety about being turned down for a loan.



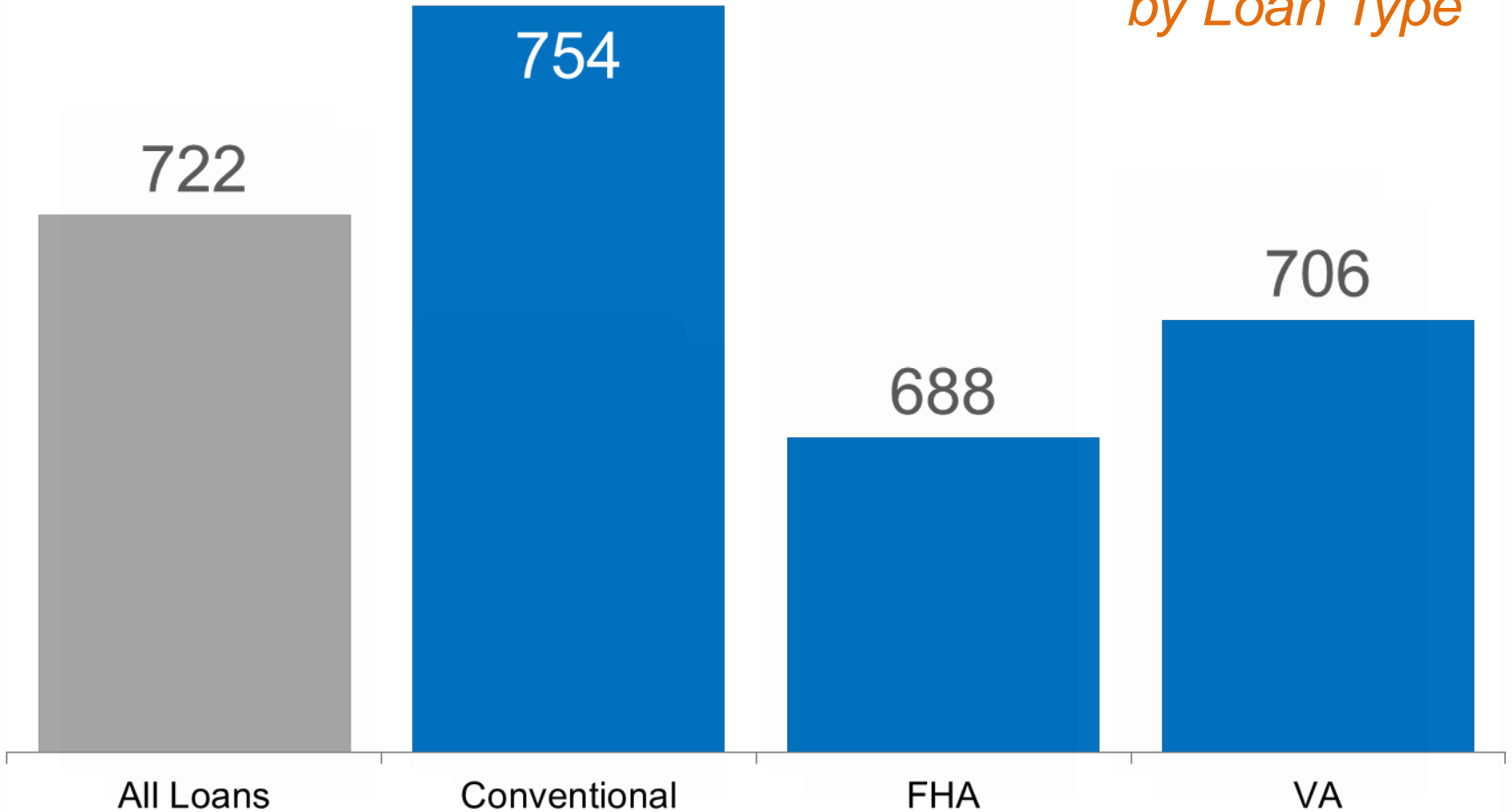
Fannie Mae

Mortgage Credit Availability



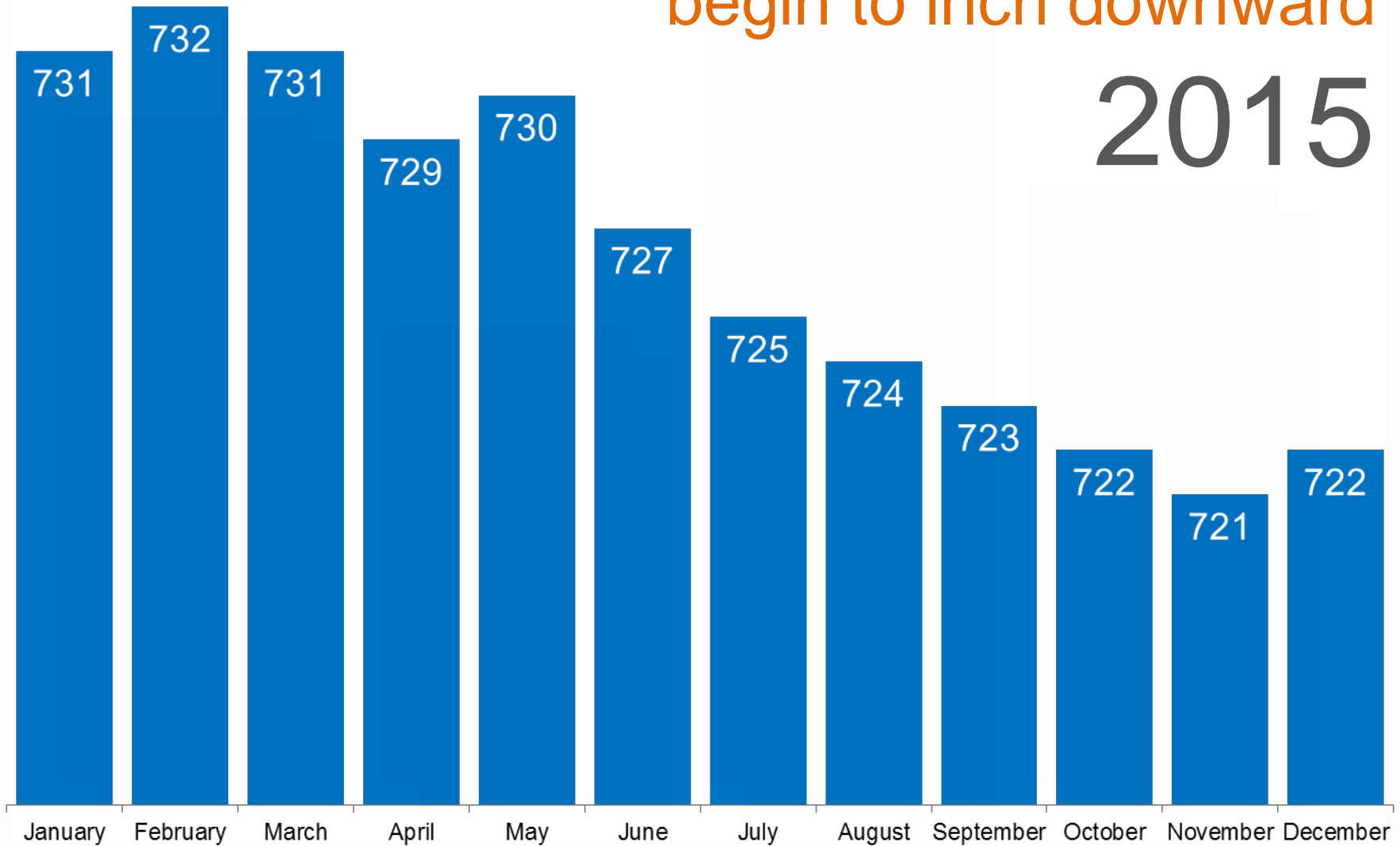
Average FICO Score

for Closed Purchase Loans
by Loan Type



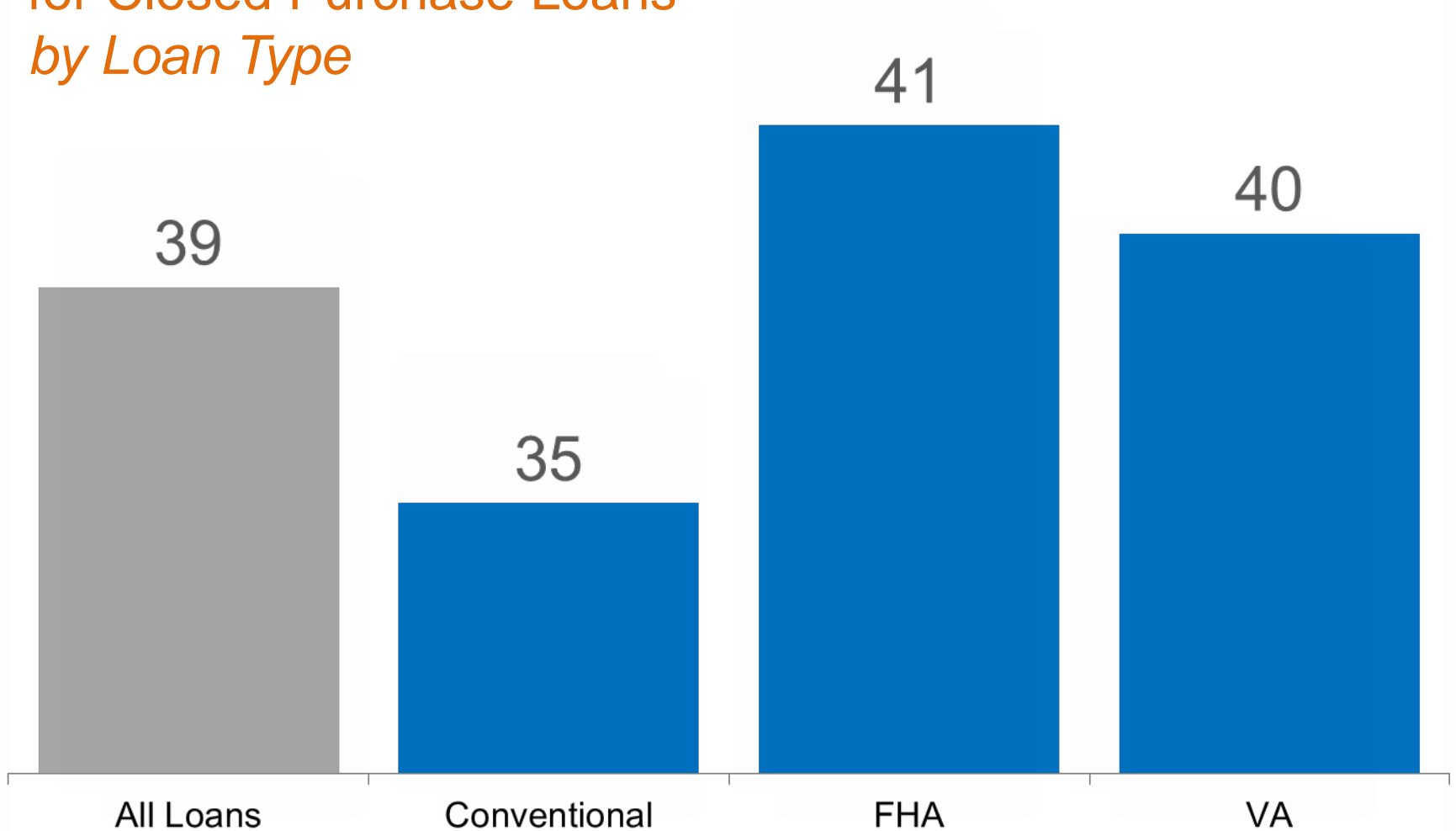
FICO Score Requirements begin to inch downward

2015



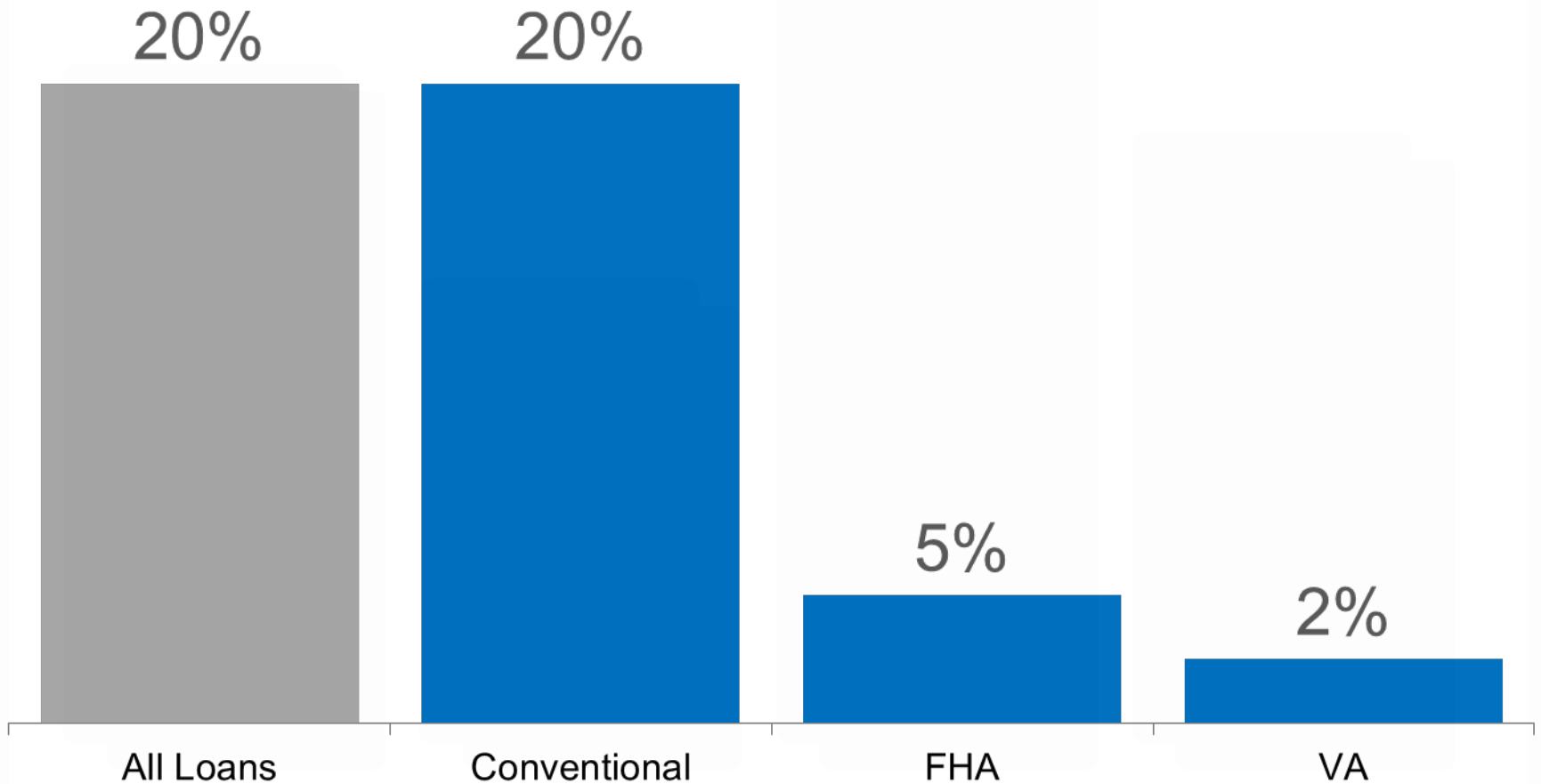
Average Back End DTI

for Closed Purchase Loans
by Loan Type

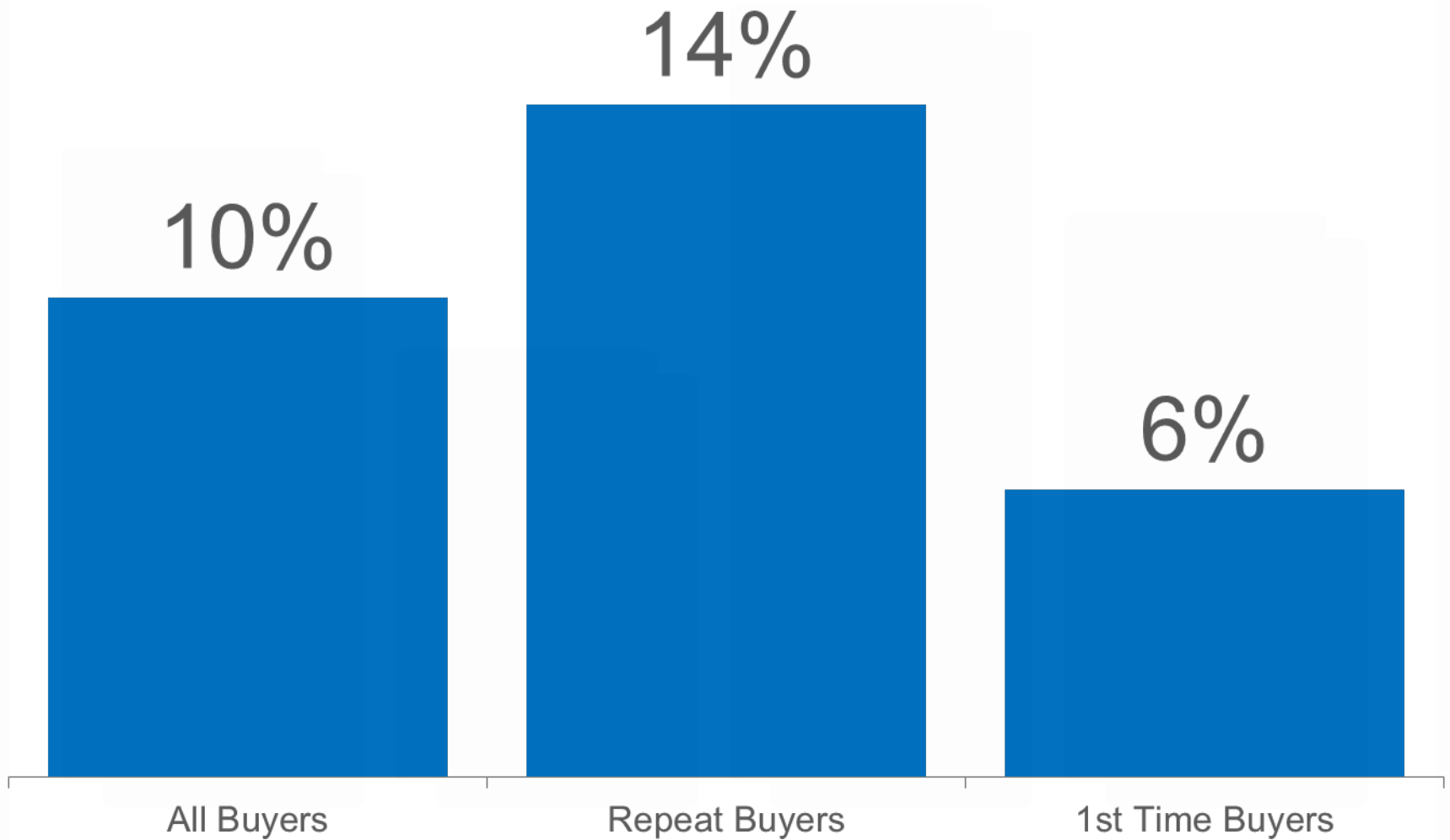


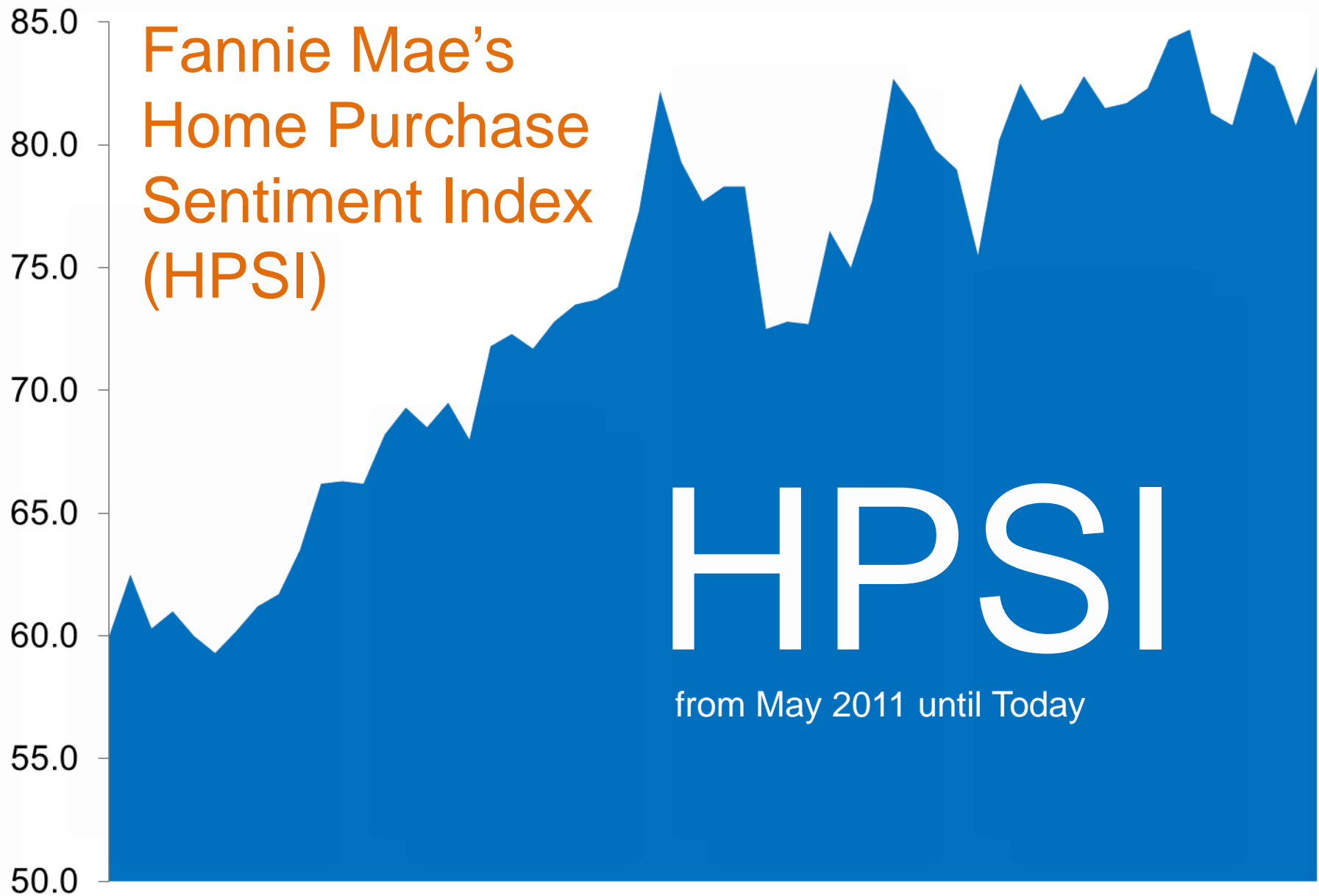
Average Down Payment

for Closed Purchase Loans
by Loan Type



Typical Down Payment

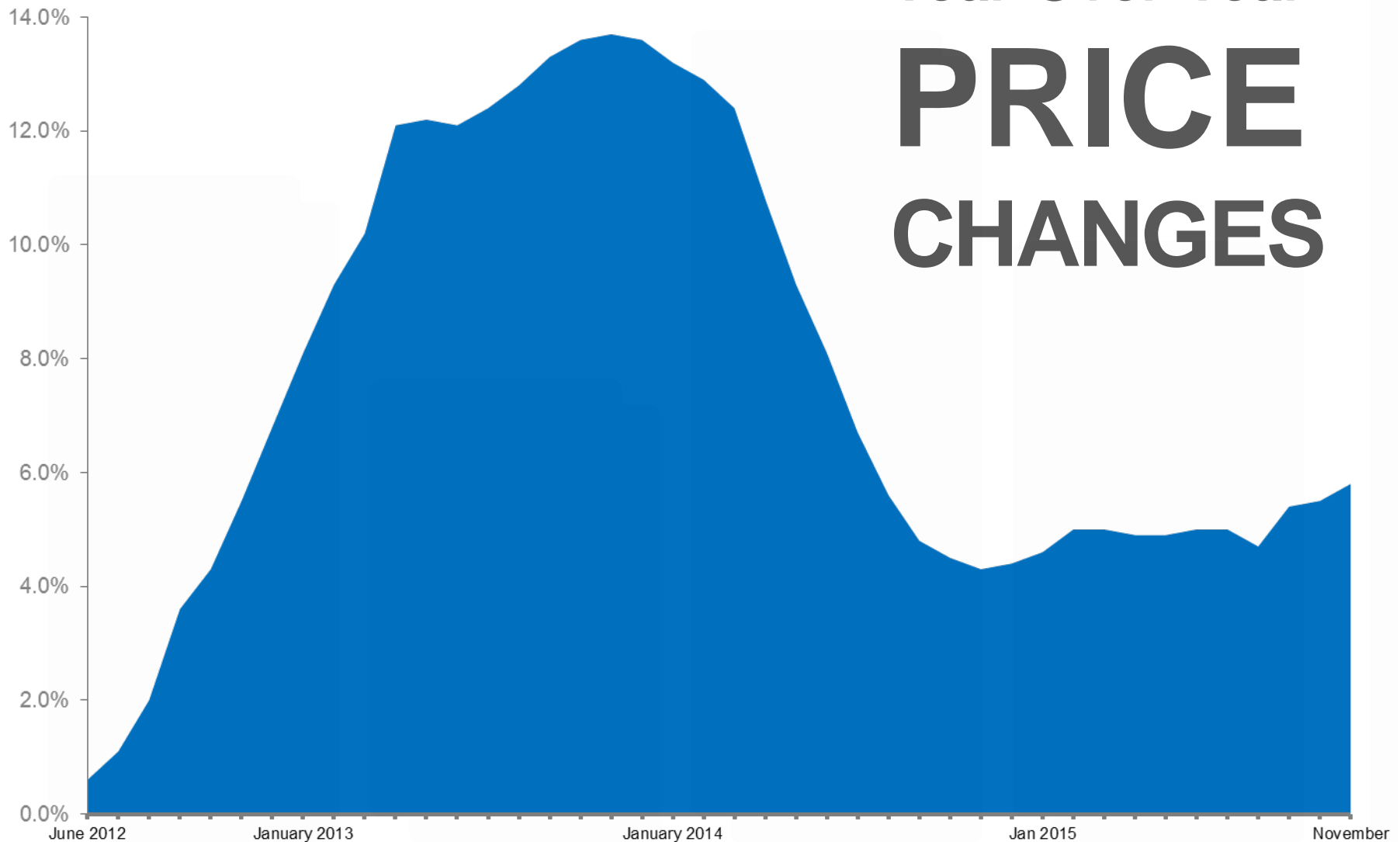




The HPSI distills results from Fannie Mae's consumer-focused National Housing Survey into a single, monthly, predictive indicator.

Case Shiller

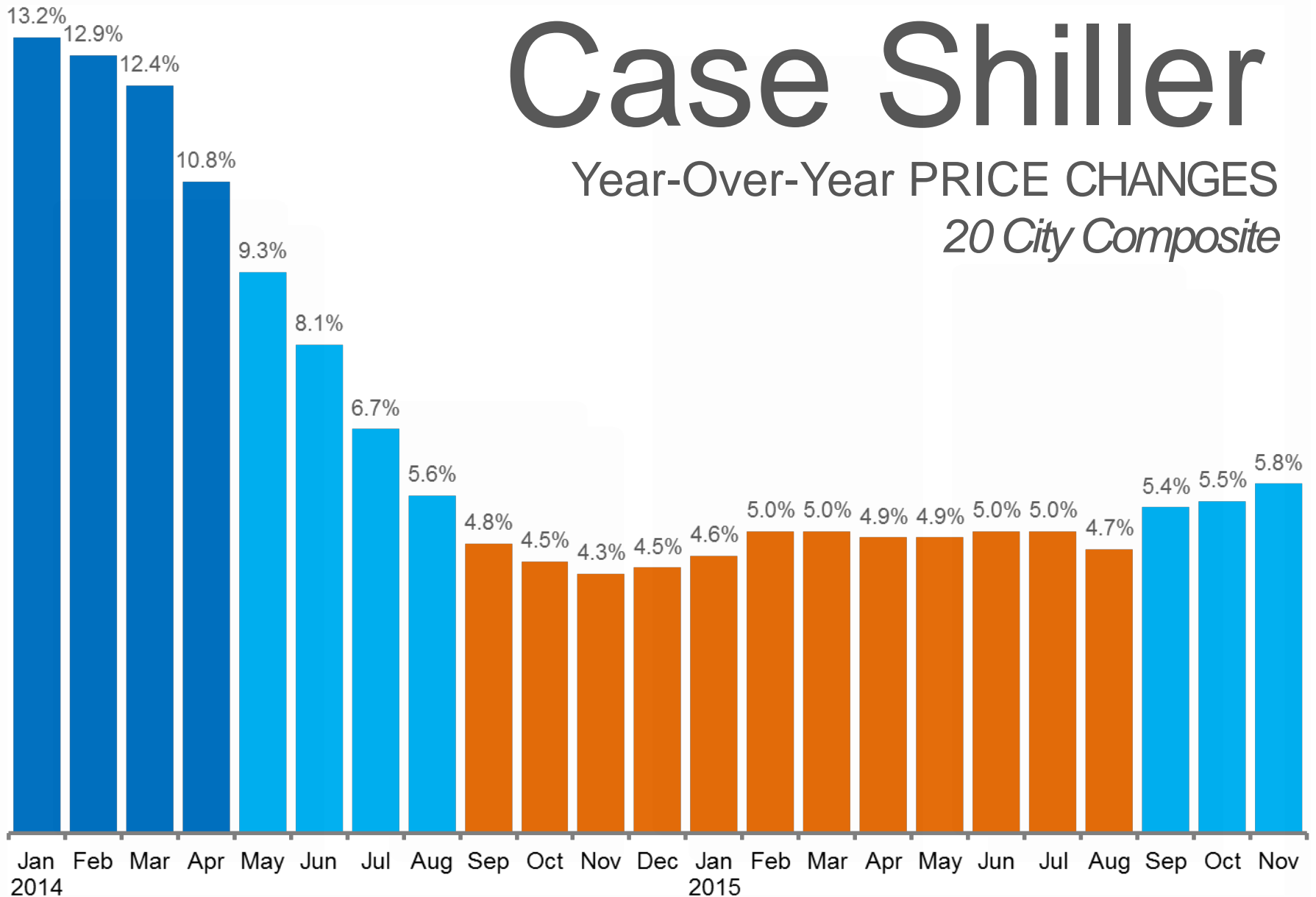
Year-Over-Year **PRICE CHANGES**



Case Shiller

Year-Over-Year PRICE CHANGES

20 City Composite



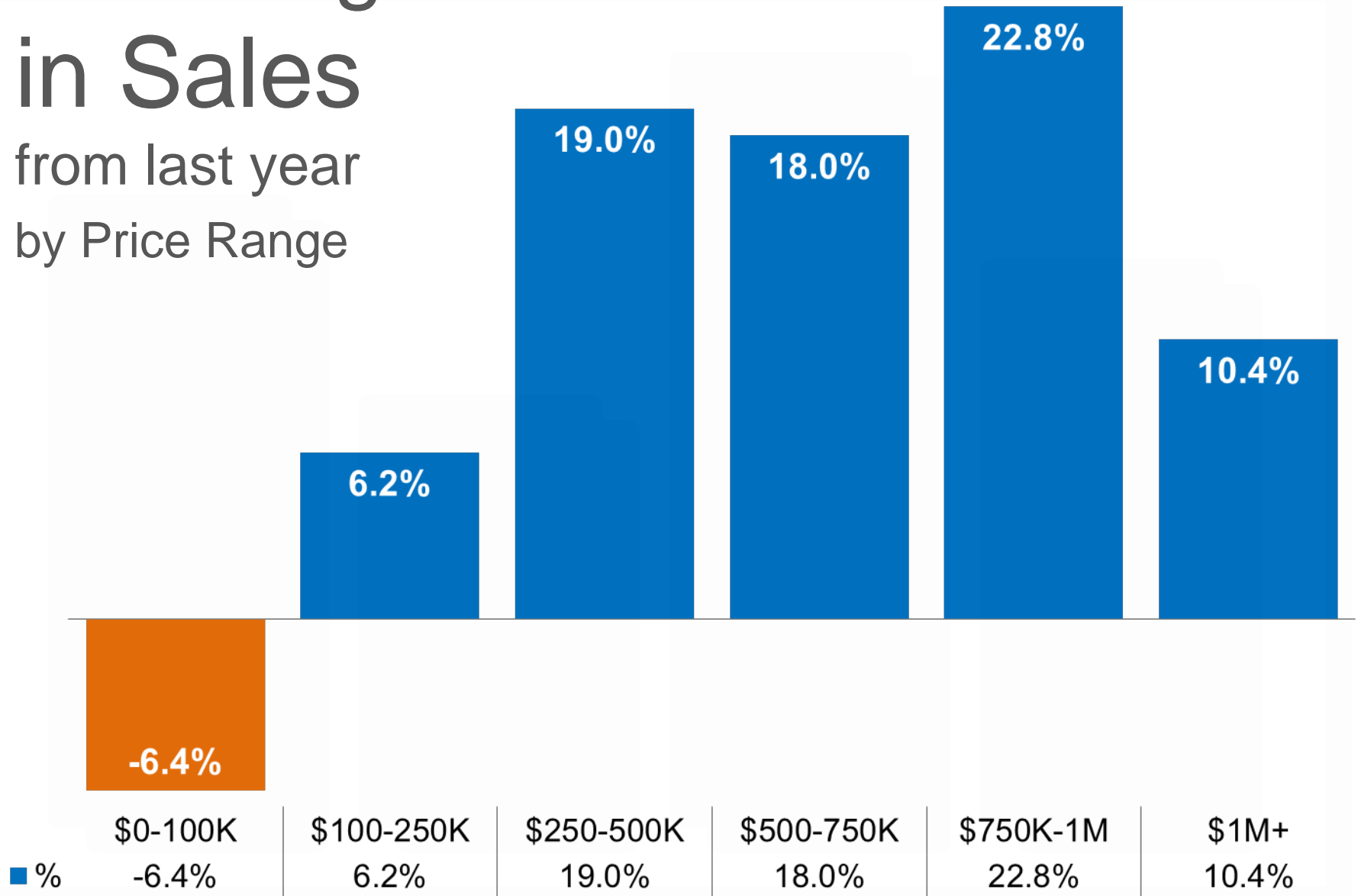
EXISTING Home Sales

Since January 2012



% Change in Sales

from last year
by Price Range



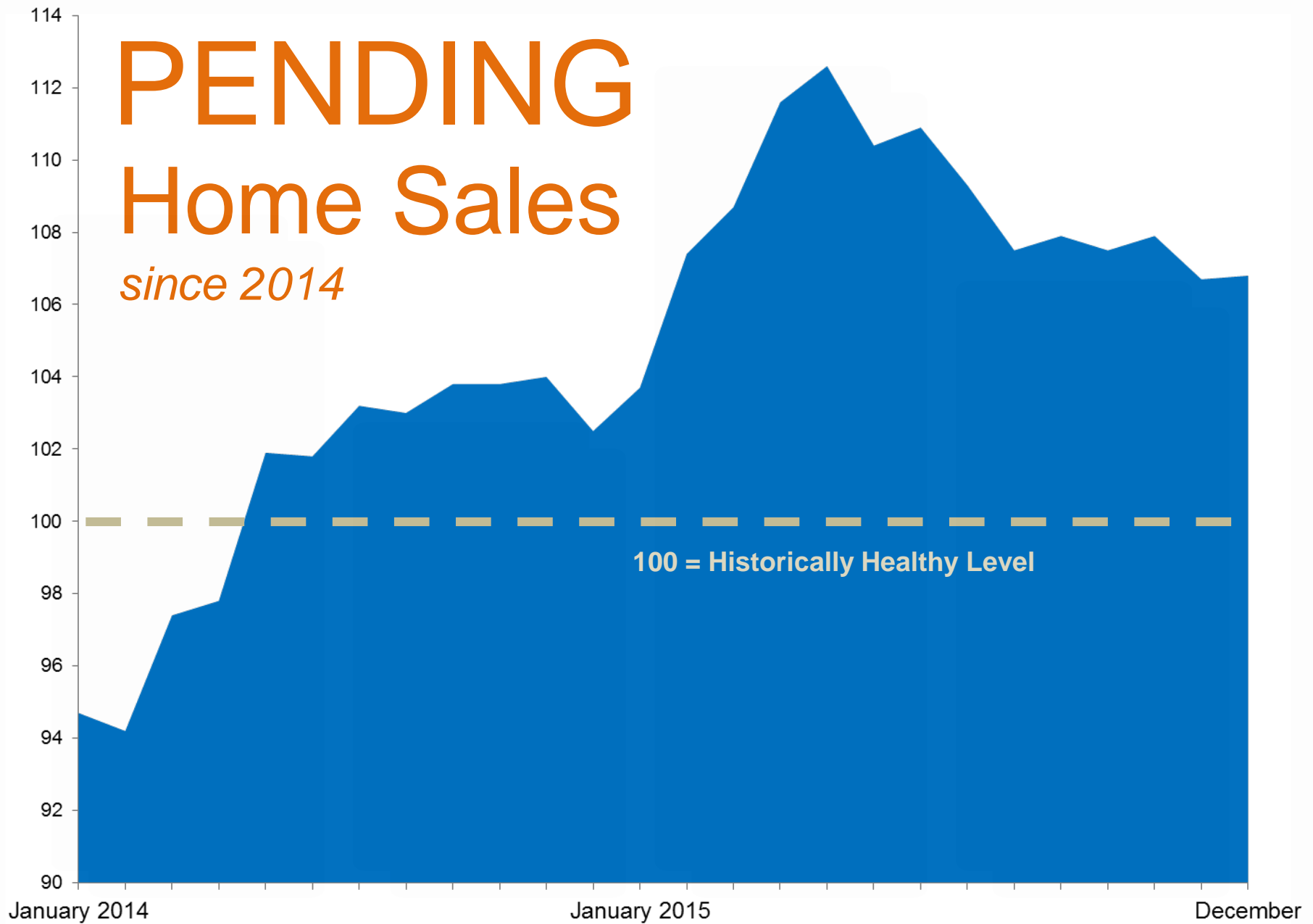
PENDING Home Sales

since 2012



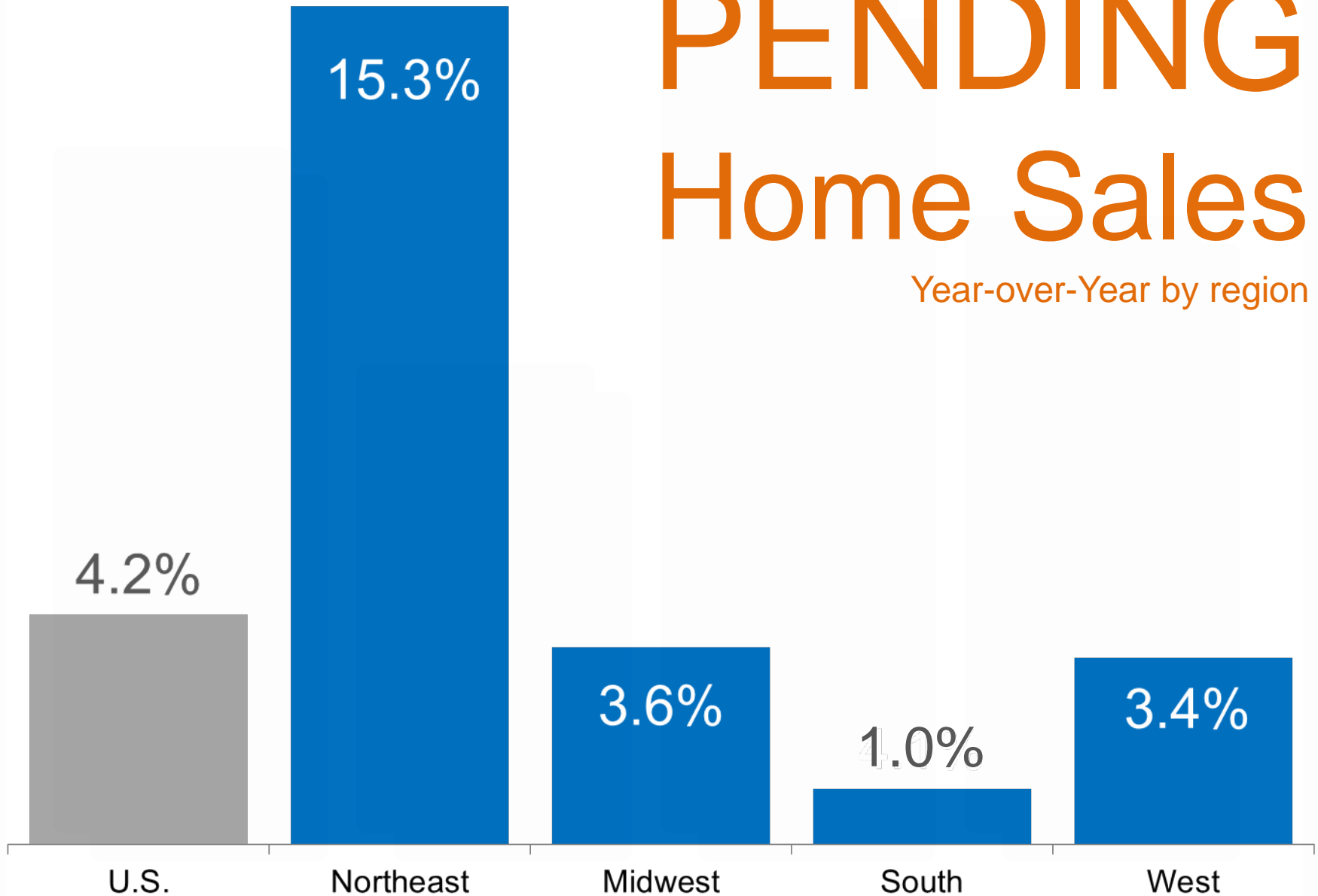
PENDING Home Sales

since 2014



PENDING Home Sales

Year-over-Year by region

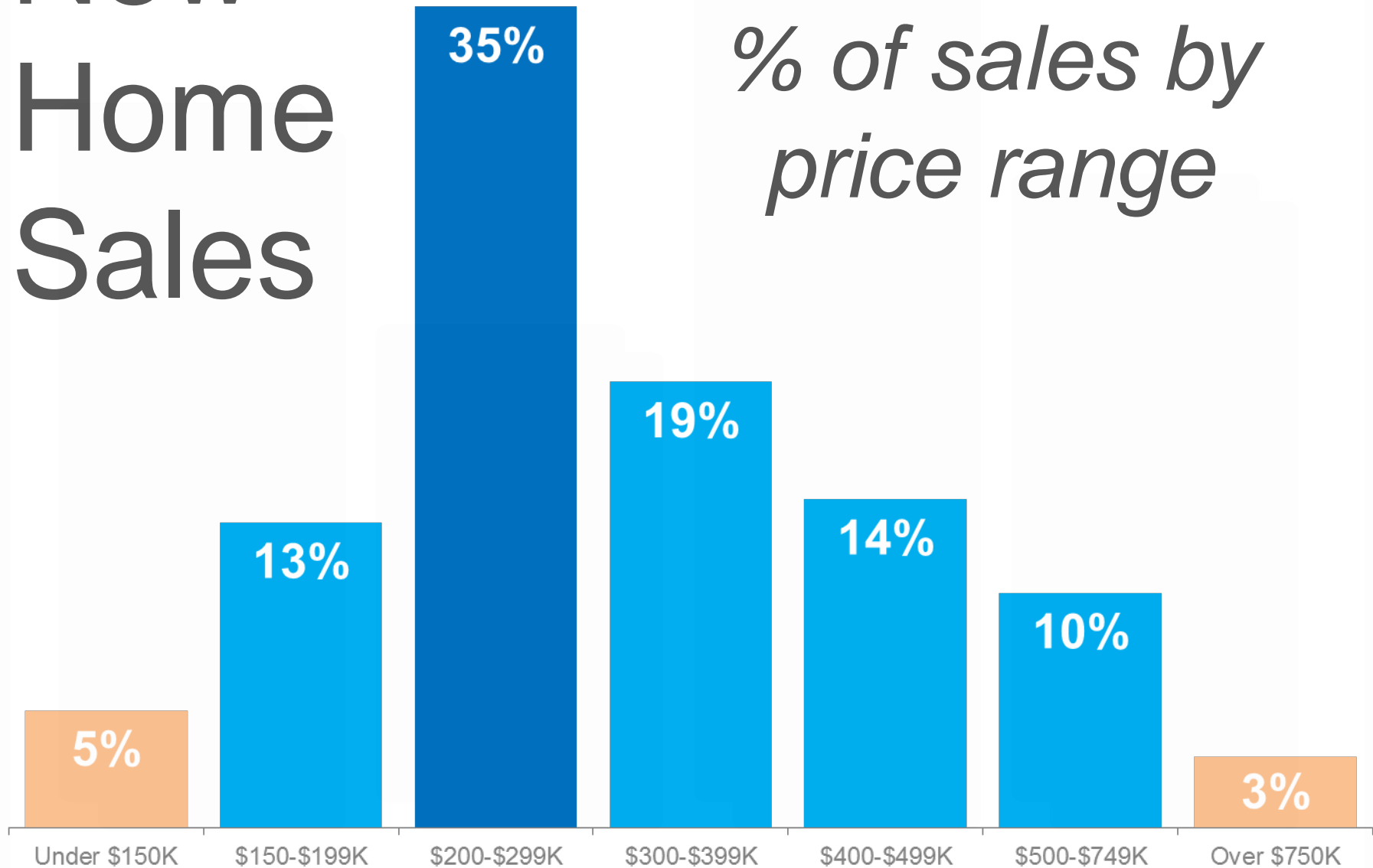


New Home Sales Annualized *in thousands*



New Home Sales

% of sales by price range



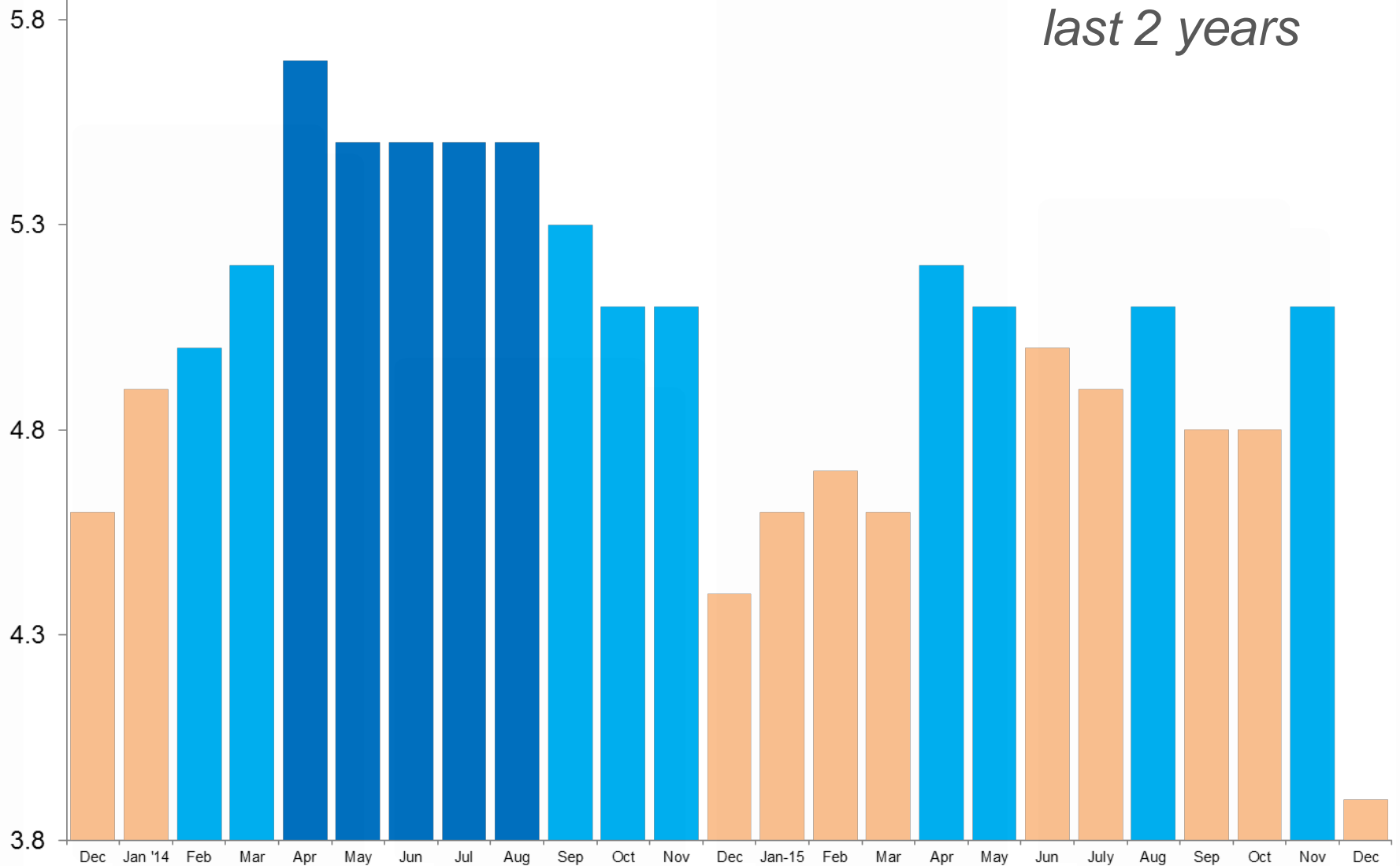
Months Inventory of **HOMES FOR SALE**

2011 - Today



Months Inventory of HOMES FOR SALE

last 2 years





Foot Traffic

indicator of future sales

