

Housing News Update

THE FEDERAL SAVINGS BANK



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Smallest Share of Distressed Sales since 2007

Sales of lender-owned real estate (REO) in May represented the **smallest share of home sales** in nine years. CoreLogic said that the overall share of distressed properties sold during the month, including short sales as well as REO, fell to 9.9 percent. This was 1.7 percentage points lower than the April share and 2.8 percentage points lower than a year earlier. CoreLogic said distressed sales typically decline as a share of sales in May but this May had the lowest since 2007 when it was 5 percent and was the lowest for any month since October 2007's 6 percent.

Short sales have remained fairly stable at less than a 4 percent share - in was 3.5 percent in May - since mid-2014 but REO has fallen steadily - in May it accounted for a 6.4 percent share.

At the peak of market distress in January 2009, distressed sales totaled **32.4 percent** of all sales. There will always be some level of distress in the housing market, and by comparison, the pre-crisis share of distressed sales was traditionally about 2 percent. If the current year-over-year decrease in the distressed sales share continues, it would reach that "normal" 2-percent mark in **mid-2018**.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

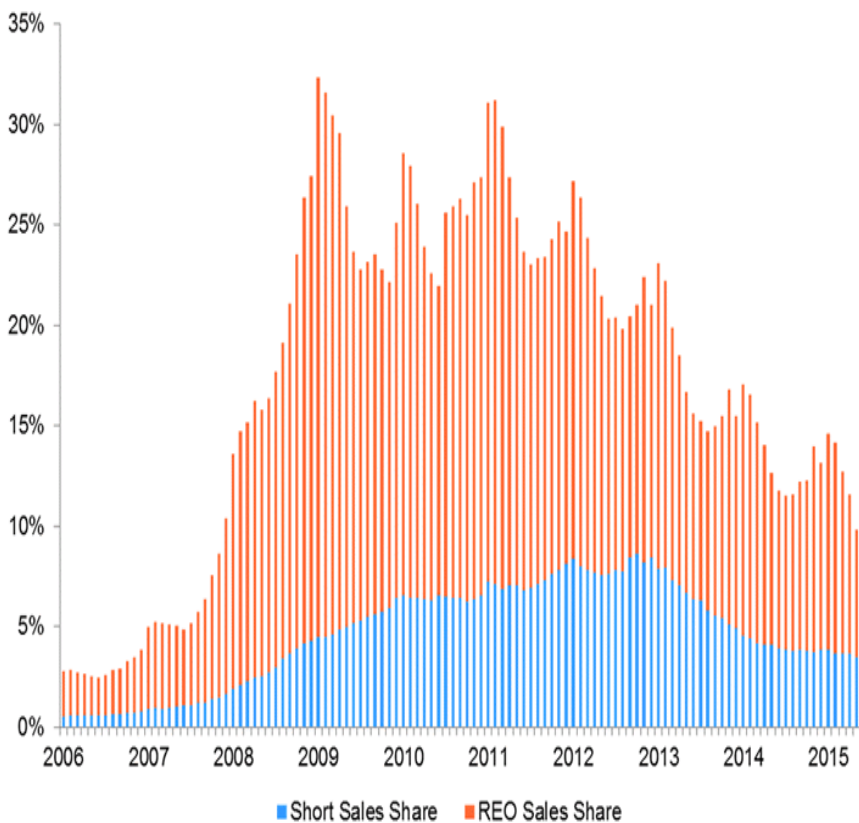
Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
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%

Distressed Sales as Percentage of Total Sales

	Value	Change	
Builder Confidence	Mar	51	+6.25%



Source: CoreLogic May 2015

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CoreLogic noted that the declining share of REO sales is one of the **drivers of rising home prices**. Distressed sales are almost always sold at a discount from market prices but REO properties typically realize a greater discount than short sales.

Michigan had the **largest share** of distressed sales of any state at 21.4 percent in May 2015, followed by Florida (21.3 percent), Maryland (20.3 percent), Illinois (19.4 percent) and Connecticut (19.3 percent).

The **greatest improvement** in distressed sales was in Nevada with a 7.0 percentage point decline in the share from a year earlier. California has dropped the furthest of any state from its crisis peak of 67.5 percent to a current share of 9.4 percent. Only North Dakota and the District of Columbia however are even close to their pre-crisis numbers (within one percentage point).

Numbers one through three of the 25 largest Core Based Statistical Areas (CBSAs) with the greatest share of distressed sales were in Florida; Orlando at 24.6 percent, followed by Miami. (23.3 percent), and Tampa-St. Petersburg (22.9 percent). Chicago (22.2 percent) and Baltimore (20.1 percent) rounded out the top five. The most improved CBSA was Atlanta where the distressed sales share dropped 7.6 percentage points to 14.8 percent in the 12 months ending in May.

Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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