



# beyond the headlines



## **California pending home sales downshift for third straight month in March**

*Source: C.A.R.*

Even with a strong performance in March closed escrow sales, a shortage of available homes and robust price growth that's eating away at affordability stifled pending home sales for the third straight month, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said.

Following seasonal factors, REALTORS® responding to C.A.R.'s March Market Pulse Survey saw elevated market activity, with an increase in floor calls, presentations, and open house traffic for the third month in a row.

### **Making sense of the story**

- Based on signed contracts, statewide pending home sales decreased for the third straight month in March on a seasonally adjusted basis, with the Pending Home Sales Index (PHSI) declining 4.5 percent from 112.5 in March 2016 to 107.4 in March 2017. On a monthly basis, California pending home sales dipped 2.9 percent from the February index of 110.6.
- March's pending sales decline is the greatest so far this year, portending sales activity in the usually busy spring homebuying season will be dampened, primarily due to demand outstripping the supply of active listings, which was 12 percent lower than in March a year ago.
- The share of homes selling above asking price rose from 34 percent a year ago to 39 percent in March. Conversely, the share of properties selling below asking price dipped to 32 percent from 33 percent in March 2016. The remaining 29 percent sold at asking price, down from 34 percent in March 2016.
- For homes that sold above asking price, the premium paid over asking price was essentially unchanged from a year ago at 9.2 percent.
- The 38 percent of homes that sold below asking price sold for an average of 8 percent below asking price in March, compared to nearly 10 percent a year ago.

Full story

<http://www.car.org/aboutus/mediacenter/newsreleases/2017releases/mar2017pendingsales>

## **In other news...**

### **Under Trump tax plan, would you still deduct mortgage interest?**

*Source: Bankrate.com*

The mortgage interest deduction would survive under President Donald Trump's tax reform plan. But fewer homeowners would use it. The reason is that the standard deduction would be almost doubled, leaving the mortgage interest deduction only for homeowners who pay the most interest – those are the people with the biggest home loans.

Tax reform will take a long, convoluted path through Congress. Any bill that is signed into law will differ from what was proposed originally. If the expanded standard deduction makes it through, you'll probably pay less taxes overall, but without using the mortgage interest deduction. Here are some steps you can take:

- If you plan to buy your first home within a few years, consider saving up for a bigger down payment. If you're not going to deduct your mortgage interest, you will benefit from having a smaller mortgage and thus paying less interest.
- If you own a home, consider getting a home equity line of credit before tax reform passes. Your home's value could fall in the future, reducing the equity to borrow from. So you might be able to get a bigger credit line now than you will after tax reform is passed.
- If you file jointly and deduct more than \$24,000 a year, cheer up -- you might get to keep deducting mortgage interest, depending on the details of the tax reform that's eventually passed. Shop for a jumbo mortgage if you're a big earner.

Full story

<http://www.bankrate.com/financing/mortgages/under-trump-tax-plan-would-you-still-deduct-mortgage-interest/>

### **Lenders speed up loan processing**

*Source: Mortgage News Daily*

The share of purchase loans originated in March climbed to 63 percent of all originations from 57 percent in February. Ellie Mae's Origination Insight Report for the month noted that this was the highest share for purchase mortgages since July 2016 when they made up 65 percent of the total.

The average time to close all loans decreased to 43 days in March, down from 46 days in February, the shortest time to close since February of 2015. Similarly, the time to close a refinance dropped to 43 days from 47 days and the timeline for a purchase mortgage was 43 days, down from 45 days in February. All types of loans had shorter timelines.

Closing or pull-through rates were lower for all loan types except FHA refinances. The rate for all loans fell from 70.6 percent in February to 67.9 percent. The pull-through rate for refinances was down 1 percentage point to 65.4 percent and the purchase rate was 74.8 percent compared to 75.9 percent the previous month. Ellie Mae basis closing rates on a sampling of loan applications initiated 90 days earlier, in this case December 2016 applications.

Full story

<http://amp.mortgagenewsdaily.com/article/731219>

## **Here's how much money the average first-time homebuyer makes?**

*Source: CNBC*

First-time buyers are still generally millennials, albeit pretty successful ones, according to data from the National Association of REALTORS®. First-time buyers are, on average, 32 years old and make \$72,000 a year.

That makes them more well-off than the general population, since \$72,000 is roughly the median income for a middle-class family of three. The overall median household income is \$56,516.

Not that long ago, real estate was more accessible, and typical first-time homebuyers were younger and less affluent. In 1981, they were between the ages of 21 and 34. And houses served as a key way of accumulating wealth.

Full story

<http://www.cnbc.com/2017/04/25/heres-how-much-money-the-average-first-time-home-buyer-makes.html>

## **The biggest regrets people have after buying a home**

*Source: The Washington Post*

In many parts of the country, would-be buyers are finding that there aren't enough homes on the market. That could lead them to move more quickly than they would like to increase their chances of getting the home they like, says Tim Manni, a mortgage expert for NerdWallet, a personal-finance site. The home-buying process can have many moving parts, and even people who aren't rushing the process can make mistakes.

In fact, nearly half of homeowners said they wish they had done something differently, according to a survey of more than 1,400 homeowners released by NerdWallet this year.

So before you take the jump, here are some things that others have said they regretted after making their purchase, based on surveys and discussions with industry experts. Keep these in mind as you look for your new home.

Full story

<http://www.standard.net/Business/2017/04/20/The-biggest-regrets-people-have-after-buying-a-home.html>

## **Affordable housing bills hit California Legislature, but will they pass?**

*Source: KPCC Radio*

Especially in today's tight seller's market, homebuyers are looking for any way to get a leg up on the competition when putting in an offer on their desired home.

California legislators will consider a towering stack of bills addressing the state's rising housing costs, a testament, they say, to their recognition of an emergency.

It's unclear how many of the 130 bills will make it through the session. Past leaders such as Toni Atkins, the last speaker of the Assembly, had made housing affordability a priority, but she was unable to get key pieces of legislation passed.

University of Southern California housing specialist Dowell Myers foresees opposition to the housing bills from taxpayer groups and the League of California Cities.

Full story

<http://www.scpr.org/news/2017/04/17/70873/stack-of-housing-bills-hits-ca-legislature/>

### **What you should know**

- The share of homes selling above asking price rose from 34 percent a year ago to 39 percent in March, according to the CALIFORNIA ASSOCIATION OF REALTORS®. Conversely, the share of properties selling below asking price dipped to 32 percent from 33 percent in March 2016. The remaining 29 percent sold at asking price, down from 34 percent in March 2016.
- For homes that sold above asking price, the premium paid over asking price was essentially unchanged from a year ago at 9.2 percent.
- The 38 percent of homes that sold below asking price sold for an average of 8 percent below asking price in March, compared to nearly 10 percent a year ago.
- The share of properties receiving multiple offers trended higher for the third straight month to the highest level since February 2016. Nearly three-fourths of properties for sale (74 percent) received multiple offers in March, up from 50 percent in March 2016.
- The share of properties receiving three or more offers in March was 45 percent, compared to 49 percent a year ago.
- The market for homes priced under \$200,000 was the most competitive in March, posting the largest gain in receiving three or more offers, rising from 31 percent in March 2016 to 47 percent in March 2017.
- As prices become more in line with the market, listing price reductions declined to 19 percent in March, down from 21 percent in March 2016.