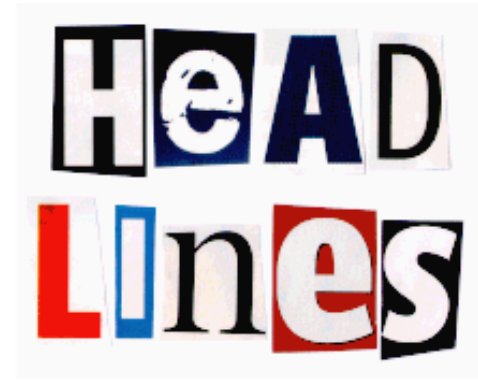




Headlines, Outlook and Confusion... What You Need To Know

David Hall
President, Shore Mortgage
Chief Innovation Officer, United Shore

**BREAKING
NEWS**



WHAT DO YOU BELIEVE?



CONTRADICTORY

INSIGHTFUL

MEDIA

INTERNET

TELEVISION

RADIO

FUNNY

CONFUSING

MAGAZINES

NEWSPAPERS

ATTENTION GRABBING

“New Report from analytics firm CoreLogic predicts that national home prices will experience a healthy rise from Jan 2015 to Jan 2016.”

- *National Mortgage News*, 4/7/15



“Housing starts to see biggest collapse since January 2007. Housing clearly remains under pressure...”

-*Housingwire*, 3/17/15

“Nationwide said on Tuesday overall housing market is healthier than at any time since 2001...downturn unlikely.”

-*Mortgage News Daily*, 3/31/15

This Just In

- March home sale activity up 33.9% from February
- March sales 9.9% higher than March 2014
- Median sales price of \$204,000 in March also up 8.5% from one year ago



Existing home sales explode as spring homebuying season officially arrives

Surges to highest level in 18 months



“...A promising beginning to the spring homebuying season...” -National Association of Realtors

"After a quiet start to the year, sales activity picked up greatly throughout the country in March...The combination of low interest rates and the ongoing stability in the job market is improving buyer confidence..." -NAR Chief Economist, Lawrence Yun

Sales have increased year-over-year for six consecutive months and are now 10.4% above a year ago, the highest annual increase since August 2013 (10.7%).
March's sales increase was the largest monthly increase since December 2010 (6.2%).

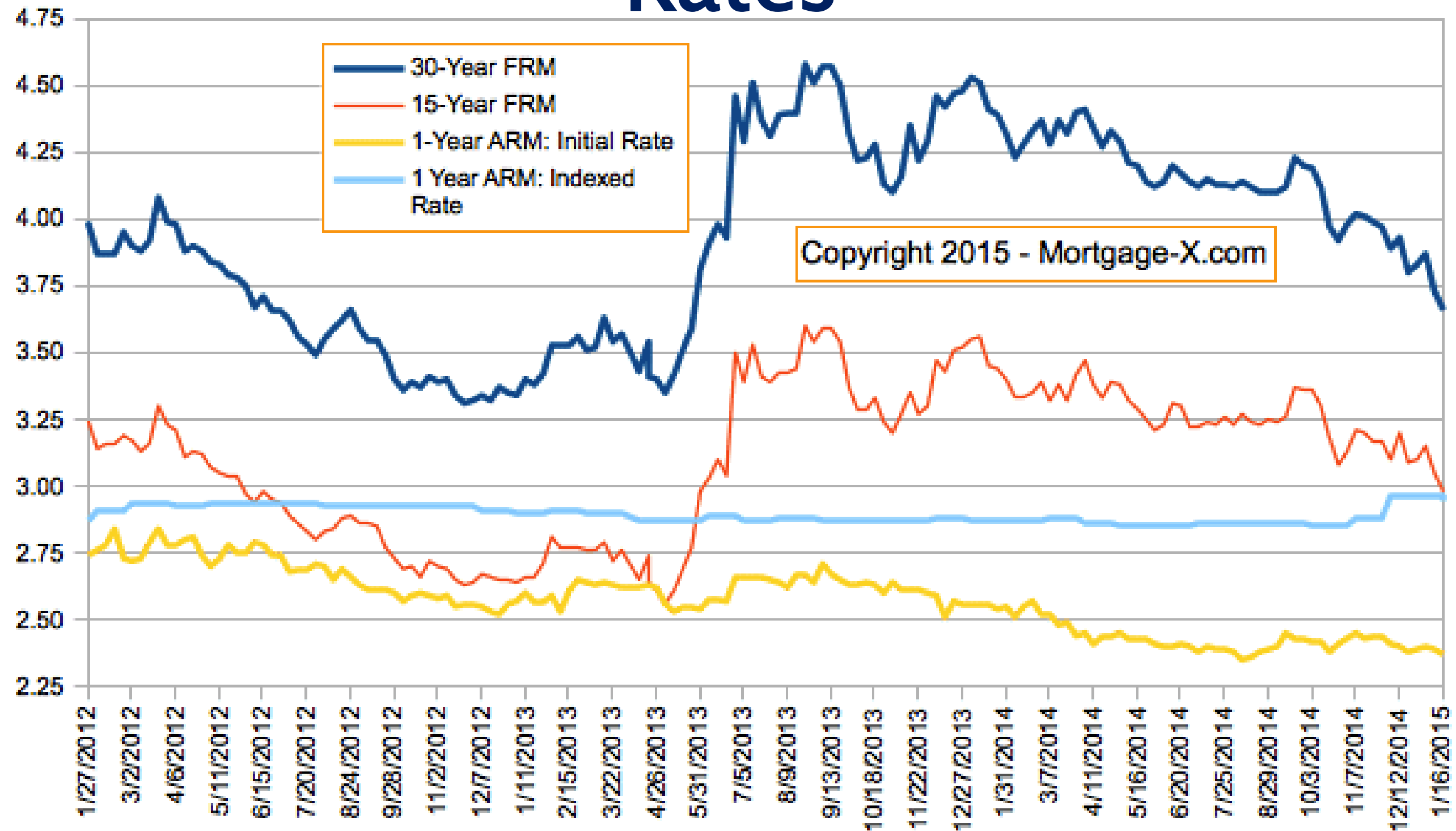
What's Happening

A stylized graphic featuring a bright green comet-like swoosh that curves from the left side of the frame, passing behind the word 'Happening', and then curves upwards and to the right, ending with three small green dots. The text 'What's' is in a blue sans-serif font, and 'Happening' is in a brown sans-serif font. The entire graphic is set against a black rectangular background.



LOW MORTGAGE RATES

3 Year Look at Mortgage Rates



Effective January 26, 2015
FHA reduces the Mortgage
Insurance Premium from 1.35%
to 0.85%,
a reduction of 50 basis points

Housing Market is Improving!!



Millennials

Millennials (also known as the **Millennial Generation**^[1] or **Generation Y**) are the demographic cohort following Generation X.

There are no precise dates when the generation starts and ends. Researchers and commentators use birth years ranging from 1980-1995 generally.

Millennials make up roughly 25% of the U.S population

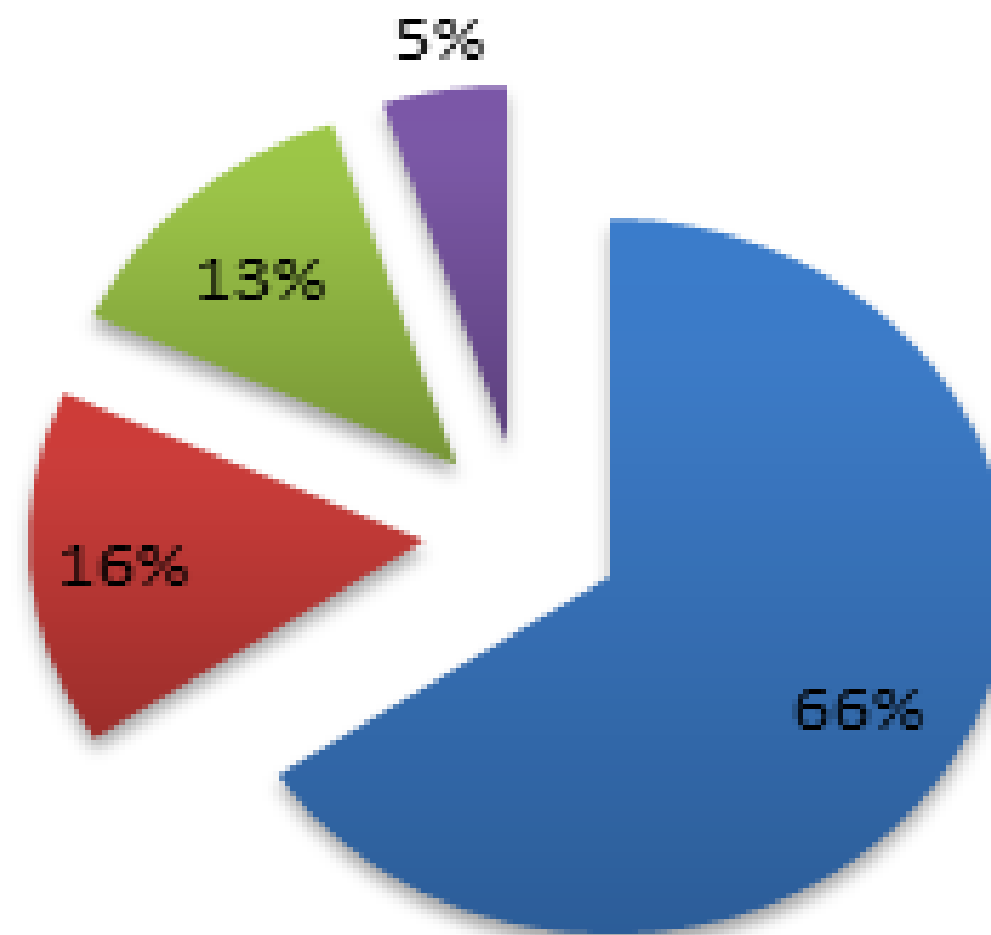
Millennials

- 2nd year in a row that millennials represent largest group of homebuyers in America (32% of market)
- Will have huge impact no matter what their behaviors trend to, due to demographics alone
- Want to live in city, be mobile, live close to work and in walkable neighborhoods (buying condos in city instead of mansions in suburbs)
- Different kind of homebuyer than were used to– later marriage and delayed home purchase after renting for a period of time (and home purchase comes before marriage)

Closing Cost Awareness

Percent of Respondents Unaware of Closing Costs by Age Demographic

■ 18-34 ■ 35-44 ■ 45-54 ■ 55 or over



Source:
National
Mortgage
Professional

Regulatory changes continue

2010: RESPA

- New Settlement Statement
- Fee change restrictions
- Disclosure timeline requirements

2015: TRID

New Settlement Statement & other key document transitions

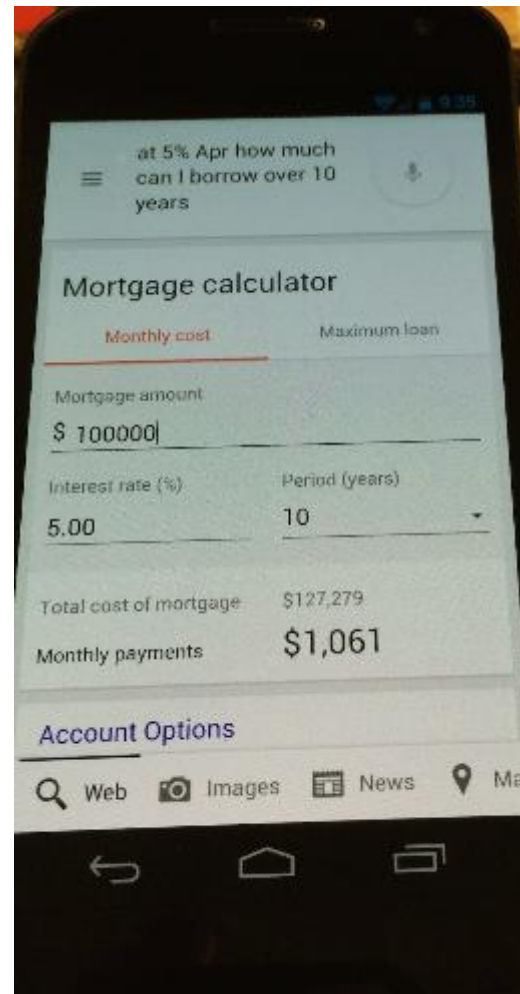
Disclosure timeline requirements

Categorized fees & restrictions

Technology

Google launches built-in mortgage calculator

Consumers will be able to calculate mortgage payments within Google searches



Yahoo launches feature-heavy mortgage calculator

Joins Google in developing native mortgage tool

Mortgage Payment Calculator

Purchase

Refinance

Home Value

\$ 250000

Down Payment

\$ 40000

16 %

Loan Term

30 Years

Interest Rate

3.67 %

Property Taxes

1.3 %

Home Insurance

\$ 1000 /year

Monthly Total

\$1,318

Principal & Interest

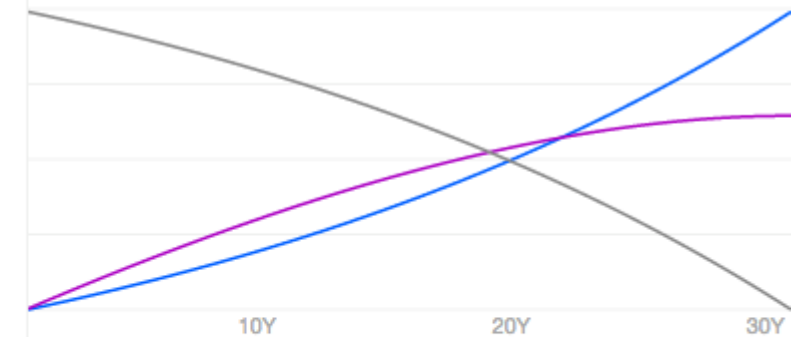
\$964

Insurance

\$84

Tax

\$271



Social Media



Social Media

32%
Spend
1-3 Hours
Per Week

On Social Media
to help support their
real estate business



Hours Per Week

8% 10+

4% 7-9

11% 5-7

23% 3-5

21% 0-1

Social Media

Top 4 Uses of SM

1



HELP PROMOTE
NAME AND
BRAND

2



SHARE REAL
ESTATE NEWS

3



HELP SHOW
OFF LISTINGS

4



COMMUNICATE
WITH CLIENTS

Social Media

Does social media help you generate more business?



MBA Mortgage Finance Forecast

March 20, 2015

	2014				2015				2016						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014	2015	2016
Housing Measures															
Housing Starts (SAAR, Thous)	925	985	1,030	1,065	1,010	1,100	1,120	1,150	1,170	1,200	1,250	1,290	1,001	1,095	1,228
Single-Family	602	625	652	706	660	720	740	760	790	820	860	900	646	720	843
Two or More	323	360	378	359	350	380	380	390	380	380	390	390	355	375	385
Home Sales (SAAR, Thous)															
Total Existing Homes	4,677	4,887	5,057	5,060	4,769	5,132	5,204	5,267	5,307	5,351	5,465	5,541	4,920	5,093	5,416
New Homes	431	427	446	466	470	502	507	521	529	544	572	593	443	500	559
FHFA US House Price Index (YOY % Change)	4.4	4.4	4.3	4.0	3.6	3.3	3.2	3.0	2.5	2.4	2.8	2.9	4.0	3.0	2.9
Median Price of Total Existing Homes (Thous \$)	191.0	211.8	216.4	207.6	206.7	211.0	218.0	211.2	214.5	217.5	221.1	214.6	206.7	211.7	216.9
Median Price of New Homes (Thous \$)	273.5	282.4	278.5	299.9	292.5	299.2	290.4	288.2	289.5	293.7	289.9	286.3	283.6	292.6	289.9
Interest Rates															
30-Year Fixed Rate Mortgage (%)	4.4	4.2	4.1	4.0	3.7	4.0	4.4	4.6	4.7	4.9	5.1	5.4	4.2	4.2	5.0
10-Year Treasury Yield (%)	2.8	2.6	2.5	2.3	2.0	2.2	2.5	2.7	2.8	3.0	3.2	3.5	2.5	2.4	3.1
Mortgage Originations															
Total 1- to 4-Family (Bil \$)	247	297	300	278	288	353	318	272	251	319	316	284	1,122	1,231	1,170
Purchase	124	179	185	150	138	208	210	174	153	223	221	193	638	730	791
Refinance	123	118	115	128	150	145	108	98	98	96	95	91	484	501	379
Refinance Share (%)	50	40	38	46	52	41	34	36	39	30	30	32	43	41	32

COMFORT ZONE: FIXED RATE LOAN

SMART ZONE: ARM LOAN

ARM loans make more sense than you think

1. Most people don't stay in their houses more than 8-10 years on average anymore
2. If you do stay longer than 10 years, you're likely to refinance at least one time anyway.
3. Rates are higher on a fixed rate loan, because the lender is assuming you'll take the full 30 years to pay it back. (Give & Take--- you get security knowing your payment won't fluctuate and the lender gets security knowing they're covered for fluctuating costs in the market because they've got you locked in for 30 years)

If you took out a 30-year mortgage in January 2003 the average fixed rate was 5.92%, according to Freddie Mac.

Ten years of interest and principal payments on a \$200,000 mortgage would have cost you \$142,660.

But if you went with a one-year ARM, which kicked off at 3.99%, according to Freddie Mac, after resetting each year the total cost would have been \$119,181.

Savings of \$23,479



THE AMERICAN DREAM

House Prices Record Annual Gains, Expected to Rise in the Future



Source: S&P/Case-Shiller, CoreLogic.

In our neck of the woods...

- New survey from Realtor.com predicts **Metro-Detroit area will be most affordable** and San Francisco least affordable this year. Source: Realtor.com
- Including distressed sales, the 5 states with the **highest home price appreciation** were: Colorado (+9.8%), South Carolina (+9.3%), **Michigan (+8.5%)**, Texas (+8.5%), and Wyoming (+8.4%). Source: Consumer Affairs
- Metro-Detroit area considered one of 20 **hottest housing markets to watch this spring** Source: Housingwire
- “The spring has finally sprung. I think the affordability factor is key- with **mortgage rates...and jumbo mortgage rates still so very low.**” -Detroit Free Press article featuring Kendra McConnell Hurd, Birmingham Realtor with Coldwell Banker Weir Manual 4/12/15
- With mortgage rates back to rock-bottom lows and a larger selection of houses finally available, metro Detroit’s **housing market is set to turn a corner this spring** and become hotter for buyers and sellers.” Source: Detroit Free Press, 4/12/15

Top 10 Markets with the Highest Gains Since Hitting their Housing Bottom				
Metro Area	15-Feb	Bottom Price	Bottom Date	Pct Change from Bottom
Detroit-Warren-Livonia, MI	\$119,000	\$46,898	May-09	154%
Grand Rapids-Wyoming, MI	\$119,900	\$55,000	Jun-09	118%
San Francisco-Oakland-Fremont, CA	\$599,000	\$279,000	Mar-09	115%
Cape Coral-Fort Myers, FL	\$151,500	\$74,900	Nov-10	102%
San Jose-Sunnyvale-Santa Clara, CA	\$699,000	\$368,537	Mar-09	90%
Modesto, CA	\$219,000	\$127,000	Mar-12	72%

Promising, not
spectacular

How to win a bidding war in today's outrageous housing market

The spring home buying season is in full effect. But there is just one problem: The majority of America is reporting a tight supply of residential real estate in most price points of the market.

And no matter how much the demand is there and how much lenders are willing to lend, it means little if there are no houses to buy.

As a result, the few houses left are fought over in bidding wars, leaving many borrowers without a house.

Inventory Shortage Could Affect 2015 Home



Lending standards
have tightened
severely

Average Credit Score in
2006: 706

Average Credit Score in
2015: 752



3% down is
back

Not all will qualify...

Great credit &
documentation



Buyers

**What will they do to the
market???**

**More conflicting
information!**

Few Who Lost Homes in U.S. Will Buy Again Soon: Study

4/20/15

Only about one in four former homeowners who lost property during the housing crash will soon become buyers again as tight credit keeps many out of the U.S. real estate market, according to a National Association of Realtors study.

"They won't be a significant factor to the housing market going forward," Lawrence Yun, chief economist at the National Association of Realtors, said in a telephone interview. "The majority of the 9.3 million won't be coming back."

The U.S. homeownership rate fell to 64 percent at the end of last year, a two-decade low and down from a high of 69.2 percent in 2004, according to Census Bureau data. The ownership rate will drop to 63.5 percent by 2016 and plateau for years, according to report last week by Goldman Sachs Group Inc. analysts led by Hui Shan.

Source: Bloomberg,

Return Buyers Expected to Re-Enter and Restore Market, Study Shows

4/21/15

Nearly 1 million of the 9.3 million homeowners that underwent a foreclosure, received a deed-in-lieu, or short sold between 2006 and 2014 have likely already purchased a home again, and an additional 1.5 million are likely to become eligible and purchase over the next 5 years!

Source: RIS Media

Recap

- Market overall is improving and we should see a good spring season ahead of us
- Industry regulations are tightening but also balanced with new options like 3% down
- Confusing headlines- don't get caught up in them. The market around you tells the story. Are homes selling fast or sticking around for a long time?
- Millennials are changing the trends we're used to, but they're still buying!
- Low rates are projected to stick around throughout the remainder of 2015
- ARMs might be a good choice to consider next time you purchase or refinance!