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Homebuyer cancelations surge to new high

Source: MPAMag

In January, U.S. homebuyers canceled purchase agreements at an unprecedented rate. Approximately 14.3 percent of sales contracts were terminated during the month, an increase from 13.4 percent in January of the previous year, marking the highest cancelation rate for January since data collection began in 2017, according to a report by Redfin.

Several factors are contributing to buyer hesitation, including elevated mortgage rates, high property prices, and uncertainties stemming from trade tensions and potential federal government spending reductions. Bloomberg reported that this trend raises concerns about the upcoming spring sales season, traditionally a peak period for the housing market.

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LA encourages starter homes on city-owned lots

Source: Yahoo! News

The city of Los Angeles is launching a new initiative to encourage the

construction of starter homes on small, city-owned vacant lots, an effort to provide relatively lower-cost, for-sale housing and show how Los Angeles can densify without turning into Manhattan. The initiative, called Small Lots, Big Impacts, kicked off Wednesday with a design competition for architects and others to craft innovative plans for multiple small homes on one lot, with the hope those units will be less expensive than larger options being built by developers today.

Winnings designs are meant to eventually serve as preapproved city templates that all developers could use. Government officials also plan to start selling off a handful of small, city-owned lots to builders to demonstrate – in real life – what is possible with the designs.

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Insurance regulators urge State Farm to expand coverage in exchange for rate hike

Source: Mercury News

After meeting with State Farm executives in Oakland on Wednesday, California's top insurance regulator said he expects to decide within two weeks whether to approve the insurer's emergency request for a steep rate hike while also promising to press company officials for guarantees of expanded coverage should it be allowed to charge higher premiums.

Earlier this month, State Farm – the state's largest home insurance provider – asked the California Dept. of Insurance to approve statewide rate increases averaging 22 percent for homeowners. It also requested a 15 percent increase for renters and condo owners and a 33 percent hike

for rental owners. The insurer's California-only subsidiary, State Farm General, says the increases are necessary to pay out future claims after it expects to cover \$7.6 billion in estimated losses from the devastating Los Angeles wildfires. The company said it can cover the staggering damage but will need to raise rates to shore up its shaky financial health.

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Tariffs could play a big role in already shaky housing market

Source: Fox Business News

President Donald Trump's tariffs have caused a rise in lumber prices, which homebuilders have warned will increase construction costs and translate into more expensive housing for U.S. consumers. Lumber prices hit their highest level in two-and-a-half years this week and lumber futures are up more than 14 percent year to date as of Wednesday amid worries over tariffs.

Trump signed an executive order this week launching a national security investigation into "vulnerabilities in the wood supply chain from imported timber, lumber and their derivative products." That investigation could result in higher tariffs on Canadian lumber being imposed later this year, in addition to the 14.5 percent anti-dumping and anti-subsidy tariff on Canadian softwood lumber that was in effect prior to Trump's second term, as well as the 25 percent tariff on Canadian imports, including lumber, that took effect on Tuesday. Taken together, that pushed the overall tariff on Canadian lumber to nearly 40 percent.

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What FHA layoffs could signal for homebuyers

Source: CNBC

Tens of thousands of federal workers have lost their jobs in recent weeks as the Trump administration attempts to slash government spending. Employees at the Federal Housing Administration (FHA) could be one of the next targets, according to the American Federation of Government Employees national Council 222, a labor union that represents the largest number of employees at the Dept. of Housing and Urban Development (HUD).

Bloomberg reported a potential 40 percent slash to the agency's headcount. HUD did not return CNBC's requests for comment, but HUD officials told Bloomberg that the 40 percent figure is "not accurate." It's unclear how many and what type of workers are at risk of losing their jobs within the FHA, an agency under HUD.

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Mortgage demand surges 20% as interest rates drop

Source: CNBC

A sharp drop in mortgage interest rates finally lit a fire under loan demand. Both current homeowners and potential homebuyers jumped back into the market after a lackluster showing for this year so far. Total mortgage application volume jumped 20 percent for the week, according to the Mortgage Bankers Association's seasonally adjusted index.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$806,500 or less) decreased to 6.73 percent from 6.88 percent, with points dropping to 0.60 from 0.61 (including the origination fee) for loans with a 20 percent down payment. Applications to refinance a home loan, which are the most sensitive to weekly moves in interest rates, jumped 37 percent for the week and were 83 percent higher than the same week one year ago. Applications for a mortgage to purchase a home rose 9 percent for the week but were still just 2 percent higher than the same week one year ago.

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