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A Message from Jeffrey Chalmers:

"Where are Mortgage Rates headed?"

Purchase Volume Takes a Hit, Responding to Rising Interest Rates

Rising interest rates continued to take a toll on mortgage applications during the week ended April 19. Even purchase mortgage volume fell victim to the increasing rates after rising for six consecutive weeks.

The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, declined by 7.3 percent on a seasonally adjusted basis from the previous week. On an unadjusted basis, the Index was down 6 percent.

The Refinance Index had surged 39 percent at the end of March co-incident with the largest one week drop in mortgage rates in 10 years **but has now erased most of those gains**. It declined another 11 percent last week and the refinancing share of total applications dropped to 39.4 percent from 41.5 percent during the week ended April 12.

The seasonally adjusted and unadjusted Purchase Indices decreased from the previous week by 4 percent and 3 percent respectively, but the latter remained 3 percent higher than the same week one year ago.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

National Average Mortgage Rates



| | Rate | Change | Points |
|--------------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 7.28% | -0.09 | 0.00 |
| 15 Yr. Fixed | 6.75% | -0.07 | 0.00 |
| 30 Yr. FHA | 6.70% | -0.12 | 0.00 |
| 30 Yr. Jumbo | 7.48% | -0.07 | 0.00 |
| 5/1 ARM | 7.35% | -0.07 | 0.00 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 7.22% | -0.22 | 0.00 |
| 15 Yr. Fixed | 6.47% | -0.29 | 0.00 |
| Mortgage Bankers Assoc. | | | |
| 30 Yr. Fixed | 7.24% | +0.11 | 0.66 |
| 15 Yr. Fixed | 6.75% | +0.11 | 0.64 |
| 30 Yr. FHA | 7.01% | +0.11 | 0.94 |
| 30 Yr. Jumbo | 7.45% | +0.05 | 0.56 |
| 5/1 ARM | 6.64% | +0.12 | 0.87 |

Rates as of: 5/3

Recent Housing Data

| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Apr 24 | 196.7 | -2.67% |
| 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% |

| | | Value | Change |
|--------------------|-----|-------|--------|
| Builder Confidence | Mar | 51 | +6.25% |

"The 30-year fixed mortgage rate has risen 10 basis points in three weeks and is now at its highest level in over a month," Mike Fratantoni, MBA Senior Vice President and Chief Economist said. "**Borrowers remain extremely sensitive to rate changes**, which is why there has been a 28 percent drop in refinance applications over this three-week period. Purchase activity also declined but remains almost 3 percent higher than a year ago. Borrowing costs have recently drifted higher because of ebbing geopolitical concerns, as well as signs of strengthening in the U.S. economy, including the recent data pointing to robust retail sales."

Added Fratantoni, "**The strong economy and job market is keeping buyer interest high**, but rising mortgage rates could add pressure to the budgets of some would-be buyers."

The **FHA share of total applications** increased to 9.9 percent from 9.4 percent the prior week and the VA share dipped to 11.3 percent from 11.6 percent. USDA loan applications accounted for 0.6 percent of the total, unchanged from the previous week.

Both the **average contract interest rate** and the effective rate increased for all loan types during the week. The average contract interest rate for 30-year fixed-rate mortgages (FRM) with origination balances at or below the conforming limit of \$484,350 was 4.46 percent, up from 4.44 percent, with points increasing to 0.44 from 0.42.

The average contract rate for **jumbo 30-year FRM**, loans with balances higher than the conforming limit, increased to 4.35 percent from 4.33 percent. Points rose to 0.25 from 0.23 the previous week.

The rate for 30-year FRM backed by the **FHA** averaged 4.49 percent with 0.57 point. The prior week the rate was 4.43 percent with 0.56 point.

Fifteen-year FRM had an average interest rate of 3.87 percent, up 3 basis points from the prior week. Points dipped to 0.44 from 0.45.

The average contract interest rate for **5/1 adjustable rate mortgages** (ARMs) increased to 3.92 percent from 3.88 percent, with points increasing to 0.28 from 0.19. The ARM share of activity decreased to 6.4 percent of total applications from 6.6 percent the previous week.

MBA's Weekly Mortgage Applications Survey been conducted since 1990 and covers over 75 percent of all U.S. retail residential applications Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100 and interest rate information is based on loans with an 80 percent loan-to-value ratio and points that include the origination fee.

Because Integrity Matters™

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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