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Mortgage Apps: Higher-End Buyers Ready for Spring Market

An uptick in mortgage rates was blamed by the Mortgage Bankers Association (MBA) for the first decline in mortgage applications in three weeks. MBA's Market Composite Index, a measure of mortgage loan application volume, decreased 2.5 percent on a seasonally adjusted basis during the week ended March 1. The prior week, which ended February 22, **included an adjustment** for the Presidents' Day holiday. On an unadjusted basis, the Index increased 10 percent.

The **Refinance Index** decreased 2 percent from the previous week and the share of refinancing applications shrank from 40.4 percent of those submitted to 40.0 percent. The seasonally adjusted **Purchase Index** dipped 3 percent from one week earlier but was up 11percent on an unadjusted basis. The unadjusted index was 1 percent higher than during the same week in 2018.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

Mike Fratantoni, MBA's senior vice president and chief economist said, **"Slightly higher mortgage rates last week** led to a decrease in application volume. Furthermore, the average loan size for purchase applications increased to a record high, led by a rise in the average size of conventional loans. This suggests that move-up and higher-end buyers have so far become a greater share of the spring market. Overall, conventional purchase loans are up 2.1 percent relative to last year, indicating that homebuyers continue

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%

to be inspired by the stable rate environment and the modest increase in housing supply."			Value	Change
	Builder Confidence	Mar	51	+6.25%

As Fratantoni said, purchase loans were at a record average of \$324,500 and applications overall averaged an origination balance of \$317,400.

The FHA **share of total applications** increased to 10.3 percent from 10.2 percent the previous week and the VA share dipped to 10.4 percent from 10.7 percent. USDA applications accounted for 0.6 percent of the total, unchanged from the previous week.

The average contract interest rate for 30-year fixed-rate mortgages (FRM) with origination balances at or below the conforming loan limit of \$484,350 rose 2 basis points to 4.67 percent and points increased to 0.44 from 0.42. The effective rate was also higher.

The rate for **jumbo** 30-year FRM, loans with balances higher than the conforming limit, increased to 4.41 percent from 4.40 percent, with points decreasing to 0.25 from 0.29. The effective rate moved lower.

Thirty-year FRM backed by the **FHA** had an average rate of 4.66 percent, up from 4.64 percent. Points were unchanged at 0.48 and the effective rate increased.

The rate for the **15-year** FRM jumped to 4.08 percent with 0.46 point from 4.00 percent with .038 point. The effective rate was also higher.

The average contract interest rate for **5/1 adjustable rate mortgages** (ARMs) increased to 4.08 percent from 3.95 percent. Points dipped to 0.39 from 0.40. The effective rate increased from last week. The ARM share of applications increased to 7.4 percent from 7.3 percent.

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.