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No Surprise: Rate Spike Torpedos Refi Apps

Thanksgiving wreaked the usual holiday-related damage on the Mortgage Bankers Association's report of mortgage activity during the week ended November 25. The company's Market Composite Index, a measure of application volume, **fell by 9.4 percent** on a seasonally adjusted basis compared to results for the week ended November 18. On an unadjusted basis, the Index was down 38 percent. The week's results included an adjustment to account for the holiday.

The **Refinance Index fell 16 percent** and only 55.1 percent of all applications were for refinancing. That was a decline from 58.2 percent during the previous week, and the lowest share since June.

There was a decline of 0.2 percent in the seasonally adjusted **Purchase Index** compared to the previous week and the unadjusted index was down 34 percent. The Purchase Index remained 3 percent higher than during the same week in 2015. The average loan size for purchase applications reached a survey high of \$312,400.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

The **FHA share** of total applications dropped to 10.4 percent from 11.7 percent the previous week and the VA share was down to 11.7 percent from 12.5 percent. The USDA share was unchanged at 0.8 percent.

The average contract interest rate for **30-year fixed-rate** mortgages (FRM) with conforming loan balances (\$417,000 or less) reached the highest level since July 2015, rising to 4.23 percent, from 4.16 percent. Points increased to 0.41 from 0.39. The effective rate for this and all other loan products increased from the previous week.

Jumbo 30-year FRMs, loans with balances greater than \$417,000, had an average rate of 4.18 percent, also the highest since July 2015, with 0.29 point. A week earlier the rate was 4.04 percent, with 0.37 point.

The average rate for 30-year FRM backed by the **FHA** also reached a 17-month high, rising by 10 basis points to 4.00 percent. Points increased to 0.44 from 0.36.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00

Freddie Mac

30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/17

Recent Housing Data

		Value	Change
Mortgage Apps	May 15	198.1	+0.51%
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
The average rate for 15-year FRM was the highest since October 2014, 3.48 percent, up from 3.35 percent a week earlier.	51	+6.25%
Points rose by 1 basis point to an average of 0.33		

There was a minor dip in one rate, that of 5/1 adjustable rate mortgages (ARMs). The average contract rate was 3.23 percent compared to 3.24 percent the prior week. Points, however, jumped to 0.44 from 0.28, pushing the effective rate higher. The adjustable-rate mortgage (**ARM**) share of activity increased to 5.7 percent of total applications, its highest level since last June.

MBA's Weekly Mortgage Applications survey, which has been conducted since 1990, covers over 75 percent of all U.S. retail residential mortgage 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 presumes loans with an 80 percent loan-to-value ratio and points that include the origination fee.

Mortgage Delinquencies are...UP....

More mortgages are delinquent.

Mortgage delinquencies for one-to-four-unit residential properties increased slightly in Q1 2024, reaching 3.94% of all loans outstanding. But delinquencies didn't rise across the board.

They declined for FHA loans and stayed relatively flat for conventional loans. VA loan delinquencies increased.

"Higher unemployment, lower personal savings, increases in property taxes and insurance, and a run-up in credit card debt and delinquency contributed to conditions that would make it tougher for some homeowners to make their mortgage payments," said Marina Walsh from the Mortgage Bankers Association. (MBA)

Although they are higher, the increase is nominal.

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