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Purchase Apps Surge, Driven by Jumbos

Purchase mortgage application activity picked up **significantly** during the week ended November 18. The Mortgage Bankers Association said its Market Composite Index, a measure of application volume, increased 5.5 percent on a seasonally adjusted basis from the week ended November 11 and was up 3.0 percent on an unadjusted basis.

The Refinance Index **lost 3 percent** from its level the previous week dropping to its lowest level since January. The share of applications that were for refinancing also fell, from 61.9 percent a week earlier to 58.2 percent, the lowest level since the week ended June 24, the week of the Brexit vote.

The decline in refinancing was more than offset by purchase activity. The **Purchase Index jumped 19 percent** on a seasonally adjusted basis and 13 percent unadjusted. The unadjusted index was 11 percent higher than during the same week in 2015.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

Michael Fratantoni, Chief Economist and Senior Vice President of Research & Technology at the Mortgage Bankers Association said. "Mortgage rates have continued to move higher in the post-election period, as investors worldwide are looking for increases in growth and inflation, with the 30-year mortgage rate reaching its highest weekly average since the beginning of 2016. Refinance volume dropped further over the week, particularly for refinances of FHA and VA loans. Purchase volume increased sharply for the week compared to both last week, which included the Veteran's Day holiday, and last year, with purchase volume up more than 11 percent on a year over year basis. The increase in purchase activity was **driven by borrowers seeking larger loans** and that drove up the average loan amount on home purchase applications to \$310 thousand, the highest in the survey, which dates back to 1990."

The **FHA share** of total applications decreased to 11.7 percent from 12.2 percent the previous week. The VA share decreased to 12.5 percent from 12.6 percent and the USDA share rose to 0.8 percent from 0.6 percent. The adjustable-rate mortgage (ARM) share of activity increased to 5.2 percent of total applications from 4.7 percent.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%

Interest rates rose on both a contract and effective basis for all mortgage products and fixed rate loans were back to levels last seen in January. The average contract rate for **30-year fixed**-rate mortgages (FRM) with conforming loan balances of \$417,000 or less increased to 4.16 percent, from 3.95 percent. Points were unchanged at 0.39.

The **jumbo** 30-year FRM (balances greater than \$417,000) had an average rate of 4.04 percent with 0.37 point. The previous week the rate was 3.89 percent with 0.26 point.

The contract interest rate for 30-year FRM backed by the **FHA** increased to 3.90 percent, from 3.73 percent. Points increased to 0.36 from 0.28.

The rate for **15-year** FRM rose 20 basis points to 3.35 percent. Points ticked up to 0.32 from 0.29.

The average contract interest rate for 5/1 **ARMs** was at December 2015 levels, up from 3.11 percent to 3.24 percent. Points fell to 0.28 from 0.42.

MBA's Weekly Mortgage Applications Survey has been conducted since 1990 and 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 is based on a mortgage with an 80 percent loan-to-value ratio and points that include the origination fee.

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Breton is a Branch Manager & Sr Loan Officer at the top of his field for over 15 years. Transparency & treating people like family is how he has built a solid network of referral & repeat business over the years. Candor and expertise is how he communicates & consistently closes on time getting the best loan possible. With Geneva Financials' wide array of products & its seamless, straightforward process he will be able to find you the best mortgage structured the right way. With a positive attitude, Breton is consummate pro who is honest, upfront & shoots it to you straight. 949-887-7289

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