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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 | 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% |

The average rate for **15-year FRM** was the highest since October 2014, 3.48 percent, up from 3.35 percent a week earlier. Points rose by 1 basis point to an average of 0.33

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

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.

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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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