



## Mike Baker

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## Refinancing Share Tumbles to 7-1/2 Year Low

Mortgage activity increased during the week ended February 3, with applications for both purchase and refinance mortgages pulling in **small gains**. The Mortgage Bankers Association's (MBA's) Market Composite Index, a measure of application volume rose 2.3 percent, on a seasonally adjusted basis, compared to the week ended January 27 and was 6.0 percent higher before adjustment.

The **Refinance** Index gained 2 percent compared to the previous week and the share of mortgage activity decreased from 49.4 percent a week earlier to 47.9. It was the smallest share of refinancing since June 2009.

The seasonally adjusted **Purchase** Index added 2 percent from week-earlier levels and was up 9 percent unadjusted. The index was 4 percent higher than during the same week in 2016.

### Refi Index vs 30yr Fixed

### Purchase Index vs 30yr Fixed

The **FHA share** of total applications decreased to 11.9 percent from 12.1 percent the previous week and the **VA share** rose to 12.7 percent from 12.4 percent. The **USDA share** of total applications was unchanged at 0.9 percent.

In most cases interest **rates** were slightly lower than during the prior week. The average contract interest rate for 30-year fixed-rate mortgages (FRM) with conforming loan balances (\$424,000 or less) decreased to 4.35 percent from 4.39 percent. Points were unchanged at .34 and the effective rate was down.

The contract rate for 30-year FRM with **jumbo** loan balances (greater than \$424,000) decreased to 4.27 percent from 4.32 percent. Points averaged 0.31, down from 0.34 the previous week and the effective rate dropped as well.

Thirty-year FRM backed by the **FHA** had an average rate of 4.16 percent with 0.37 point. The prior week the rate was 4.16 percent with .35 point. The effective rate was unchanged.

## National Average Mortgage Rates



	Rate	Change	Points
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### Mortgage News Daily

30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00

### Freddie Mac

30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

Rates as of: 6/28

## Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
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
There was a decline of 6 basis points in the contract interest rate of <b>15-year FRM</b> , to an average rate of 3.55 percent. Points ticked up to 0.34 from 0.33 but the effective rate was lower than the prior week's average.	3.55	+6.25%

Applications for adjustable-rate mortgage (**ARM**) increased to their largest share since January 2016, 6.9 percent, from a 6.4 percent share the previous week. The average interest rate for 5/1 ARMs was also up, averaging 3.39 percent compared to 3.33 percent. Points eased to 0.18 from 0.22 and the effective rate was higher.

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

## Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the **ONLY** objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are **NOT** mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do **NOT** have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

Mike Baker

