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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 | 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% |

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.

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.

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