



## Mike Baker

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## Mortgage Apps Managed to Improve Despite Rate Spike

Mortgage activity increased slightly during the week ended February 1. The Mortgage Bankers Association (MBA) says its Market Composite index, a measure of application volume, rose a modest 0.7 percent on a seasonally adjusted basis, and was up 4.0 percent unadjusted. **Activity has been strong** since the first of the year; the index has posted three weekly gains averaging 5.63 percent, offset by a 2.6 percent decline during the week ended January 26.

The **Refinance** Index gained 1 percent compared to the previous week and the seasonally adjusted Purchase Index was unchanged. The unadjusted **Purchase** Index was 7 percent higher week-over-week and 8 percent above its level during the same week in 2017.

### Refi Index vs 30yr Fixed

### Purchase Index vs 30yr Fixed

As interest rates rise, the composition of applications continues to gradually change. The **refinance share** of total applications declined for the fourth consecutive week. It is at the lowest level since last July at 46.4 percent, down from 47.8 percent the week before. The share of applications that were for adjustable rate mortgages (ARMs) increased to 6.1 percent of total applications after hitting a 14-month low of 5.0 percent during the week ended January 5.

**FHA** loans had a 10.4 percent share of the applications submitted during the week, down from 10.7 percent the previous week and the **USDA** portion dipped to 0.7 percent from 0.8 percent. The **VA** share was unchanged at 10.1 percent.

Significant increases in interest **rates** during the week affected both contract and effective quotes for fixed rate mortgage products. The average contract interest rate for 30-year fixed-rate mortgages (FRM) with conforming loan balances of \$453,100 or less reached the highest level since April 2014, 4.50 percent, up from 4.41 percent a week earlier. Points increased to 0.57 from 0.56.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
<b>Mortgage Bankers Assoc.</b>			
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
Rates for <b>jumbo</b> FRM, loans with balances larger than the conforming rate, surged 13 basis points, also reaching the highest level since April 2014, 4.47 percent. Points increased to 0.44 from 0.40.	5.1	+6.25%

The 30-year FRM backed by the **FHA** saw rates increased to 4.47 percent from 4.40 percent. Points rose to 0.69 from 0.68.

**Fifteen**-year FRM rates were at the highest level in seven years; 3.91 percent with 0.65 point. The prior week the rate was 3.85 percent with 0.60 point.

There was a slight easing in rates for **adjustable** products. The average contract interest rate for 5/1 ARMs decreased to 3.77 percent from 3.79 percent, with points increasing to 0.42 from 0.41.

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 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.

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