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## Mortgage App Volumes Continue to Grow as Rates Slide

Mortgage applications soared during the week ended June 7 as interest rates declined further. While applications for home purchases were up, it was **refinancing that again drove the overall numbers**.

The week ended May 31 was shortened by the holiday weekend and we have come to expect numbers both during and after those events to take on a life of their own. However, commentary from the Mortgage Bankers Association (MBA) spokesperson Joel Kan indicated it was **rates more than the calendar that drove results** for both reporting periods.

MBA's Market Composite Index, a measure of mortgage loan application volume, increased 26.8 percent on a seasonally adjusted basis from the week ended May 31. On an unadjusted basis, the Index shot up by 38 percent compared with the previous week.

The Refinance Index gained 47 percent. Applications that were for refinancing accounted for 49.8 percent of the total compared to 42.2 percent a week earlier. It was the **highest level for refinancing** since the 52.2 percent share in mid-January 2018.

The Purchase Index rose 10 percent on a seasonally adjusted basis from one week earlier and 20 percent on an unadjusted basis. Unadjusted it was 10 percent higher than the same week one year ago.

### Refi Index vs 30yr Fixed

### Purchase Index vs 30yr Fixed

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

## Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%

		Value	Change
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Public Confidence	May	51	+6.25%

While the post-holiday week rebound typically mirrors the prior week's slowdown, that was not the case this time. Last week the Composite and Refinancing Indexes were actually up 1.5 percent and 6.25 percent respectively week-over-week. Purchasing did decline by 2 percent.

Kan, MBA's associate vice president of Economic and Industry Forecasting said "Mortgage rates for all loan types fell by a sizeable margin for the second straight week, pulled down by trade tensions with China and Mexico, the financial markets reacting to more **bearish communication from several Fed officials**, and weaker than expected hiring in May. Despite the less positive outlook, both purchase and refinance applications surged, driven mainly by these lower rates. The refinance index jumped 47 percent to its highest level since 2016."

Added Kan, "With the **30-year fixed-rate mortgage at its lowest level since September 2017**, purchase activity was more than 10 percent higher than a year ago. Demand is still relatively strong, but there is likely some restraint from prospective buyers, driven by some economic uncertainty. Furthermore, housing supply is still very tight for first-time buyers."

The FHA share of total applications continues to shrink; declining to 8.9 percent from 9.5 percent the prior week. The VA share decreased to 11.0 percent from 11.3 percent while USDA loan applications accounted for 0.6 percent, unchanged from the previous week.

Rates were down across the board on both a contract and effective basis. The average contract interest rate for 30-year fixed-rate mortgages (FRM) with balances at or under the conforming loan limit of \$484,350 decreased to 4.12 percent from 4.23 percent, with points unchanged at 0.33.

Thirty-year **jumbo** FRM, those loans with origination balances that exceed the conforming limit, had an average rate of 4.04 percent with 0.17 point. The prior week the rate was 4.09 percent with 0.21 point

The average contract interest rate for 30-year fixed-rate mortgages backed by the **FHA** decreased to 4.09 percent from 4.24 percent. Points fell to 0.26 from 0.33.

The average rate for **15-year** fixed-rate mortgages decreased by 12 basis points to 3.53 percent. Points retreated to 0.32 from 0.36.

The average contract interest rate for **5/1 adjustable rate** mortgages (ARMs) made the most significant improvement, declining to 3.43 percent from 3.62 percent while points increased to 0.32 from 0.19. The ARM share of total applications increased to 7.9 percent from 7.1 percent.

MBA's Weekly Mortgage Applications Survey been conducted since 1990 and covers over 75 percent of all U.S. retail residential 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.

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**Stephen Moyer**

