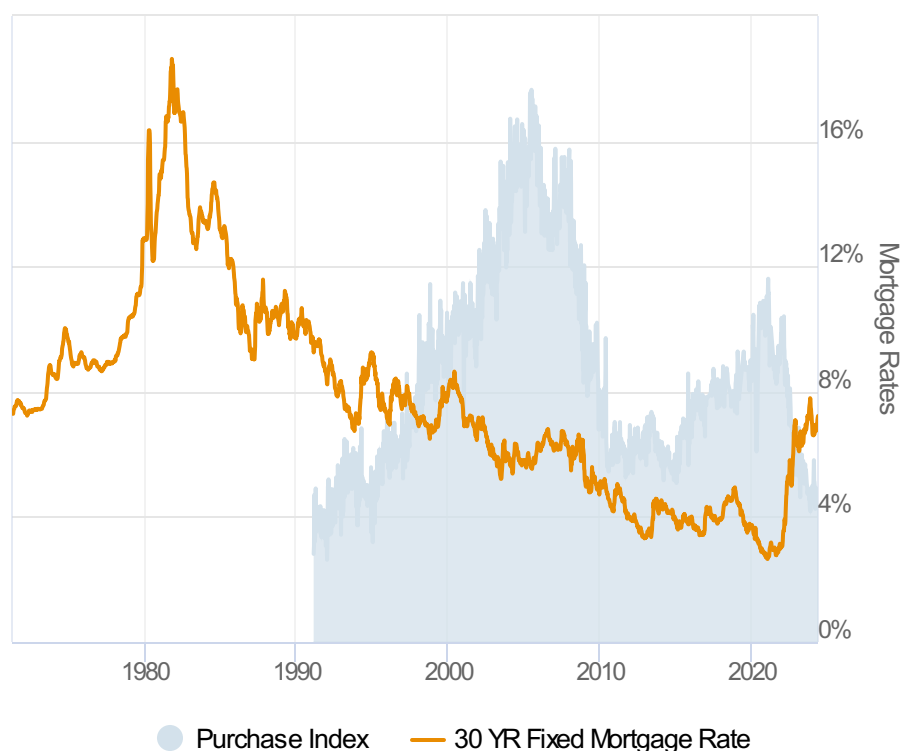




Application Volume Rises Despite Rate Surge

An increase in home purchase activity drove mortgage applications higher during the week ended June 17. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, rose 4.2 percent on a seasonally adjusted basis and was up 3.0 percent from the prior week on an unadjusted basis.

The seasonally adjusted **Purchase Index** increased by **8.0 percent for the second consecutive week** and was 6.0 percent higher before adjustment. Purchase activity continues to lag its performance year-over-year. It was 10 percent lower this week.



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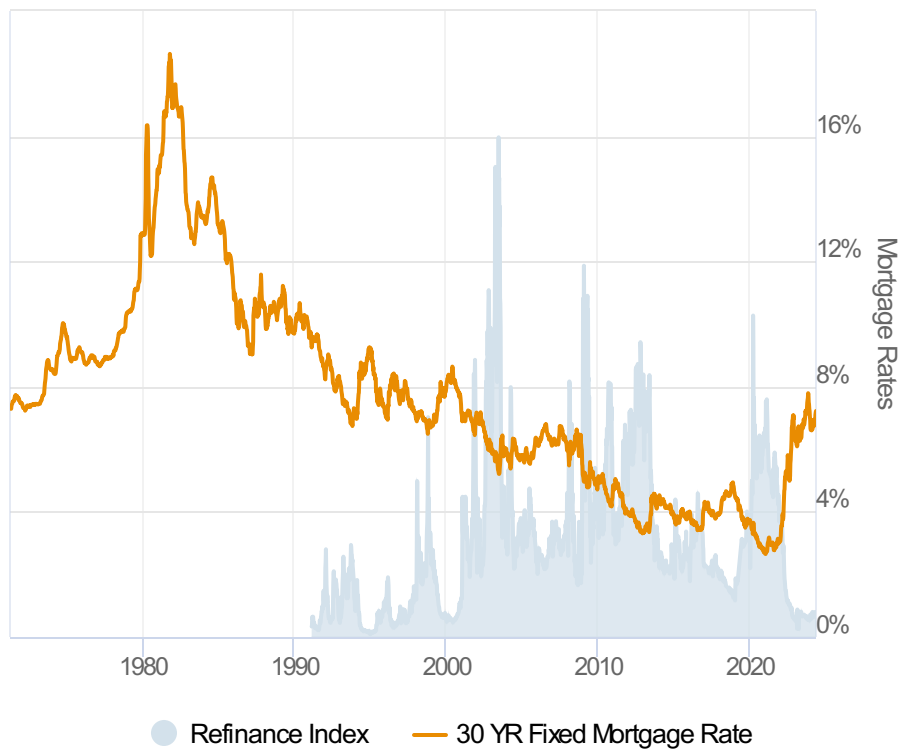
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The Refinance Index, moved lower again, **declining another 3 percent during the past week and was 77 percent lower than the same week one year ago**. The refinance share of applications decreased to 29.7 percent from 31.7 percent the previous week. It appears, from *MortgageNewsDaily* records, to have been the first week since 2008 that the refinancing share failed to top 30 percent.



“Mortgage rates continued to surge last week, with the 30-year fixed mortgage rate jumping 33 basis points to 5.98 percent – **the highest since November 2008 and the largest single-week increase since 2009**. All other loan types also increased by at least 20 basis points, influenced by the Federal Reserve’s

75-basis-point rate hike and commentary that more are coming to slow inflation,” said Joel Kan, MBA’s Associate Vice President of Economic and Industry Forecasting. “Mortgage rates are now almost double what they were a year ago, leading to a 77 percent drop in refinance volume over the past 12 months.”

Added Kan, “Purchase applications increased for the second straight week – driven mainly by conventional applications – and the ARM share of applications jumped back to over 10 percent. However, purchase activity was still 10 percent lower than a year ago, as inventory shortages and higher mortgage rates are dampening demand. The average loan size, at just over \$420,000, is well below its \$460,000 peak earlier this year and is **potentially a sign that home price-growth is moderating**.”

Other highlights from the MBA Weekly Mortgage Applications Survey:

- The FHA share of total applications increased to 12.0 percent from 11.8 percent the week prior and the VA share dropped 1 point to 10.7 percent. USDA applications dipped to an 0.5 percent from 0.6 percent.
- The average interest rate for conforming 30-year fixed-rate mortgages (FRM) increased to 5.98 percent from 5.65 percent, with points increasing to 0.77 from 0.71.
- The average contract interest rate for jumbo 30-year FRM jumped 24 basis points to 5.49 percent. Points decreased to 0.45 from 0.54.
- FHA backed 30-year FRM had an average rate of 5.62 percent with 1.18 points. The previous week the rate was 5.36 percent with 1.00 point.
- The rate for 5/1 adjustable-rate mortgages (ARMs) was 4.78 percent compared to 4.57 percent the previous week. Points rose to 0.84 from 0.80. The adjustable-rate mortgage (ARM) share of activity increased to 10.6 percent of total applications from 8.1 percent a week earlier.
- Loan size averaged \$382,800, up from \$376,000 the prior week.