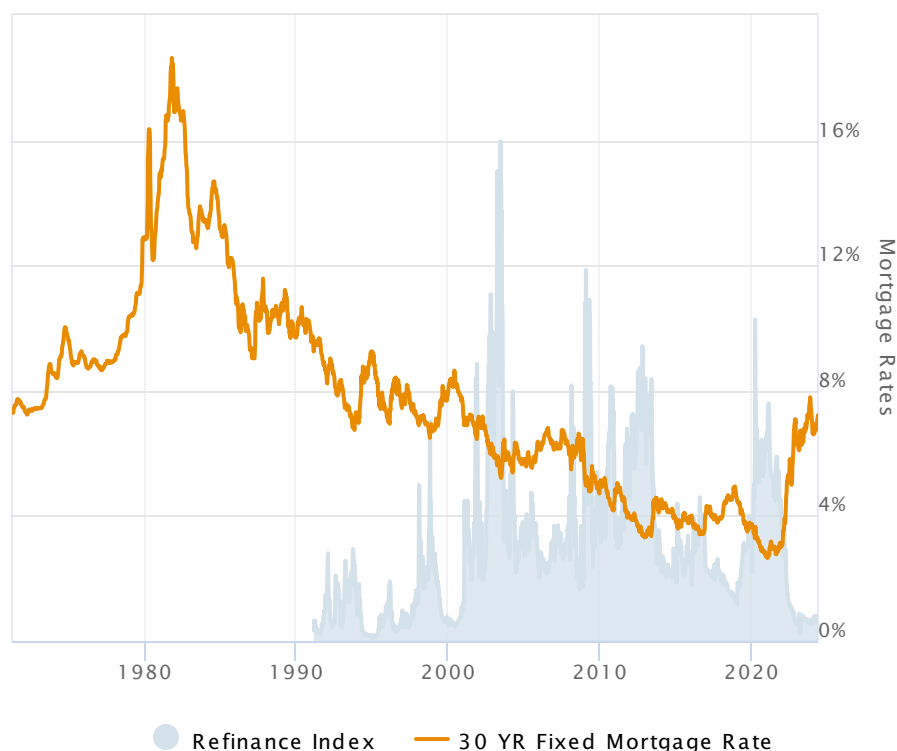




Mortgage Applications Drying Up Rapidly as Rates Rise, Economy Slows

Mortgage application volume declined again last week. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of that volume, **decreased 2.3 percent on a seasonally adjusted basis** during the week ended August 12, giving back its tiny gains over the previous two weeks. On an unadjusted basis, the Index lost 3 percent.

The Refinance Index fell 5 percent to its lowest level since November 2020 and was 82 percent below the same week in 2021. Refinancing applications made up 31.2 percent of the total compared to 32.0 percent the previous week.



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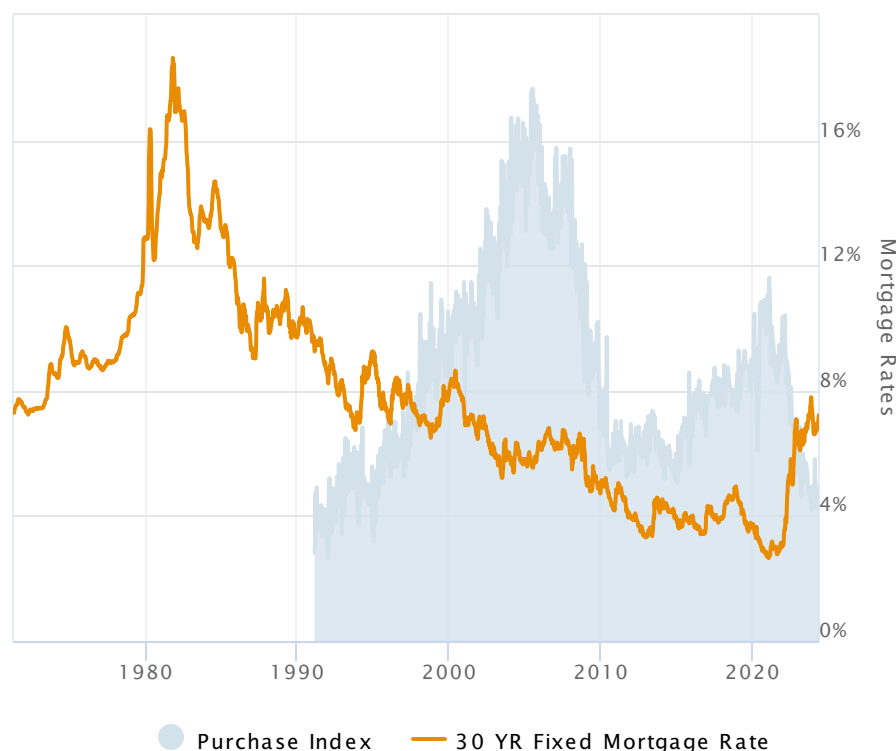
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The seasonally adjusted **Purchase Index** retreated **1 percent** and was down **2 percent** on an unadjusted basis. Purchase applications lagged those during the same week in 2021 by 18 percent.



Overall mortgage applications fell by more than two percent to their **lowest level since 2000**, according to Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "Home purchase applications continued to be held down by rapidly drying up demand, as high mortgage rates, challenging affordability, and a gloomier outlook of the economy kept buyers on the sidelines," he said. "However, if home price growth slows more significantly and mortgage rates move lower, we might see some purchase activity return later in the year."

Kan pointed out that, while the 5.45 percent interest rate for 30-year mortgages during the week was more than two percentage points higher than it was a year ago, it was **still more that 50 basis points below its recent high of 5.98 percent in June 2020**. This did provide some relief for buyers in the market.

Other highlights from MBA's Weekly Mortgage Applications Survey:

- The FHA share of total applications dipped to 12.0 percent from 12.1 percent while the VA share rose to 11.2 percent from 10.9 percent the prior week. USDA applications continued to have an 0.6 percent share.
- The 5.0 percent drop in refinance index was driven by a six percent drop in conventional refinance applications.
- The 5.45 percent rate for conforming 30-year fixed-rate mortgages (FRM) was down 2 basis points from the prior week. Points declined to 0.57 from 0.80.
- The average contract interest rate for jumbo 30-year FRM increased to 5.14 percent from 5.09 percent, with points decreasing to 0.33 from 0.59.
- Thirty-year FRM with FHA guarantees had an average rate of 5.38 percent with 1.01 point. The previous week the rate was 5.35 percent with 1.02 point.
- The rate for 15-year FRM averaged 13 basis points more than the prior week at 4.87 percent. Points increased to 0.64 from 0.62.
- The adjustable-rate mortgage (ARM) share of applications decreased to 7.0 percent of total applications from 7.4 percent in the prior report.
- The interest rate for 5/1 ARMs averaged 4.43 percent with 0.43 point compared to 4.60 percent, with 0.63 point a week earlier.