

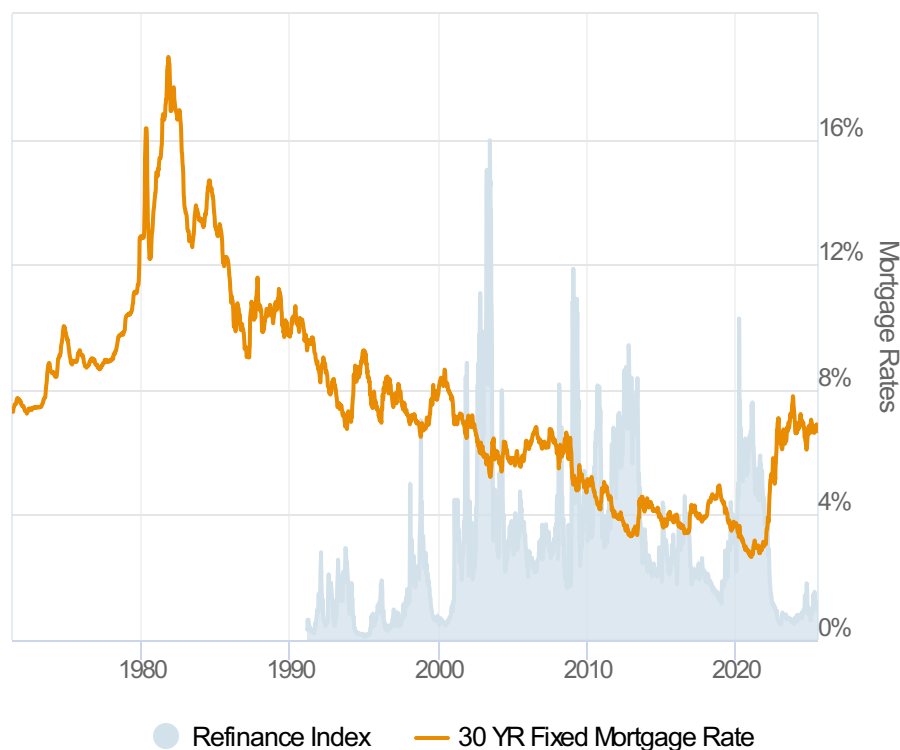


Mortgage Application Volume Pulls Back, Even as Rates Trend Lower

Application volume the past week didn't fully recover from the usual Thanksgiving week losses a week prior. **Refinancing did improve, but purchase volume ended a four-week streak of gains.** Results for the prior week had included an adjustment for the observance of the holiday.

The Mortgage Bankers Association's Market Composite Index, a measure of mortgage loan application volume for the week ended December 2, **decreased 1.9 percent** on a seasonally adjusted basis. The unadjusted Index gained 36 percent compared with the previous week.

The Refinance Index rose by 5 percent from the previous week but was 86 percent lower than the same week in 2021. The refinance share of mortgage activity increased to 28.7 percent of total applications from 26.1 percent the previous week.



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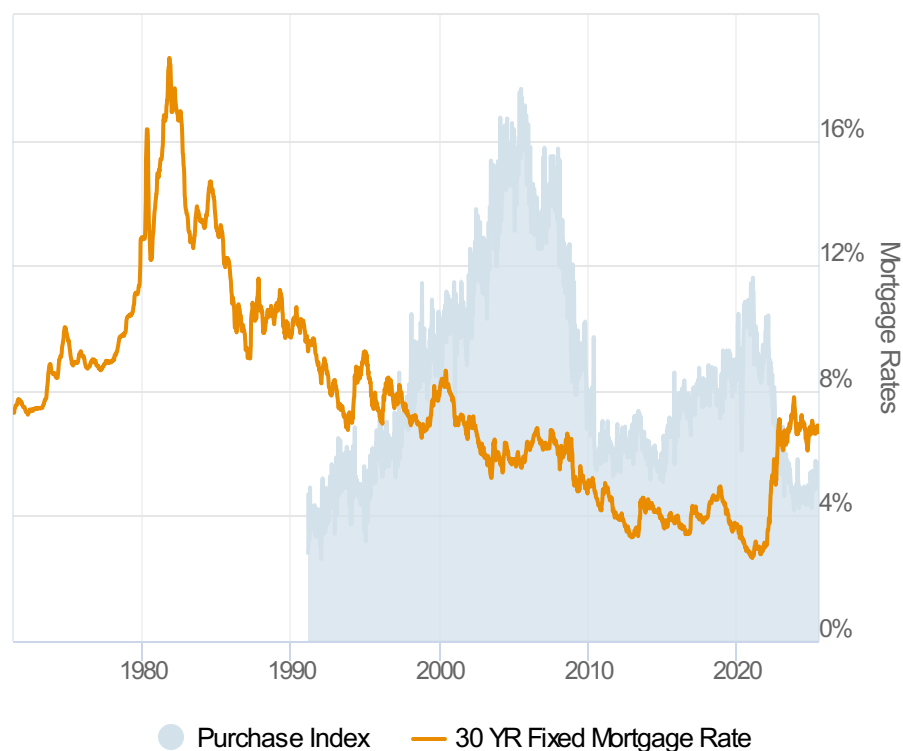
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The Purchase Index was down 3 percent on a seasonally adjusted basis from the prior week but reclaimed the 31 percent loss the preceding week on an unadjusted basis. Purchase volume is down 40 percent from the same period last year.



“Mortgage applications decreased 2 percent compared to the Thanksgiving holiday-adjusted results from the previous week, **even as mortgage rates continued to trend lower**. Rates decreased for most loan products, with the 30-year fixed declining 8 basis points to 6.41 percent after reaching 7.16 percent in October,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “The 30-year fixed rate was

73 basis points lower than a month ago – but was still more than three percentage points higher than in December 2021. Additionally, the pace of refinancing remained around 80 percent lower than a year ago.” Added Kan, “Purchase activity slowed last week, with a drop in conventional purchase applications partially offset by an increase in FHA and USDA loan applications. **The average loan size for purchase applications decreased to \$387,300 – its lowest level since January 2021.** The decrease was consistent with slightly stronger government applications and a **rapidly cooling home-price environment.**”

Overall loan sizes also continued to trend lower. The average size last week was \$351,000 compared to \$367,400 the prior week.

Other highlights from MBA’s Weekly Mortgage Applications Survey included:

- There was an increase in the FHA share of total applications from 12.2 percent to 13.7 percent and in the USDA share from 0.5 to 0.6 percent. The VA portion of applications ticked down from 11.4 to 11.2 percent.
- The 6.41 percent average rate for conforming 30-year fixed-rate mortgages (FRM) was accompanied by a decrease in points from 0.68 to 0.63.
- The average contract interest rate for jumbo 30-year FRM decreased to 6.08 percent from 6.35 percent, with points falling to 0.50 from 0.61.
- Thirty-year FRM backed by the FHA had a rate averaging 6.39 percent with 0.93 point. The prior week the rate was 6.57 percent with 1.14 points.
- The average contract interest rate for 15-year FRM decreased to 5.84 percent from 6.02 percent, with points decreasing to 0.55 from 0.69.
- The share of applications for adjustable-rate mortgages (ARMS) dipped to 7.6 percent from 9 percent as the average rate for 5/1 ARMs rose to 5.59 percent from 5.48 percent and points increased to 0.91 from 0.89.