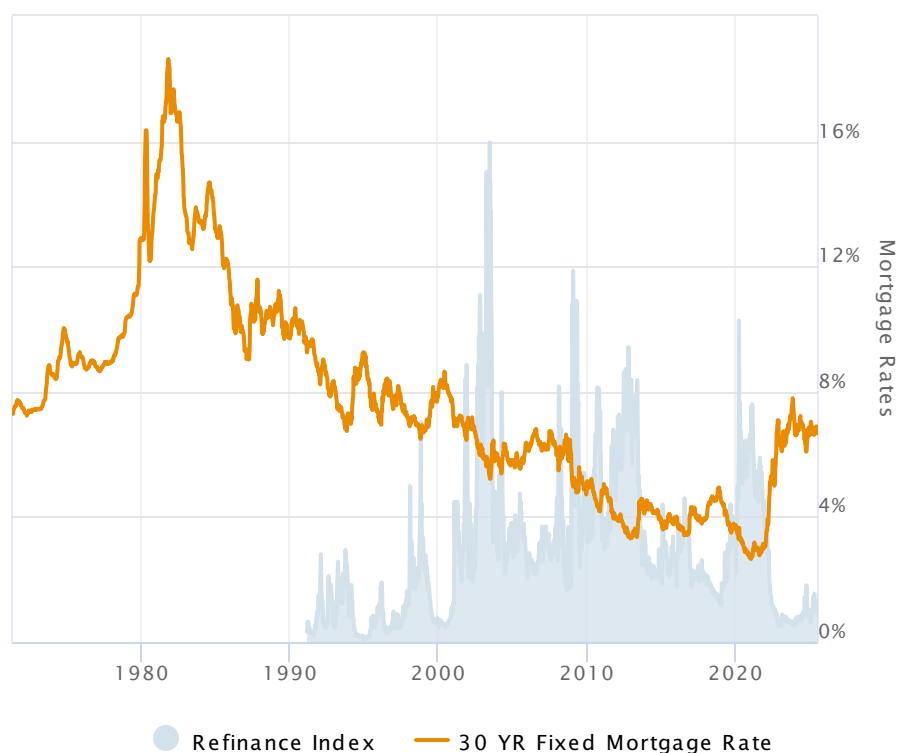


Mortgage Apps are on the Rise as Rates Drift Lower

Mortgage loan activity posted a **third straight gain during the week ended January 20**. The Mortgage Brokers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, increased 7.0 percent on a seasonally adjusted basis from one week earlier and rose 1 percent on an unadjusted basis. The week's results included an adjustment to account for the observance of Martin Luther King Day.

The Refinance Index moved 15 percent higher but was 77 percent below activity during the same week one year ago. That share of the week's applications increased to 31.9 percent from 31.2 percent the previous week.



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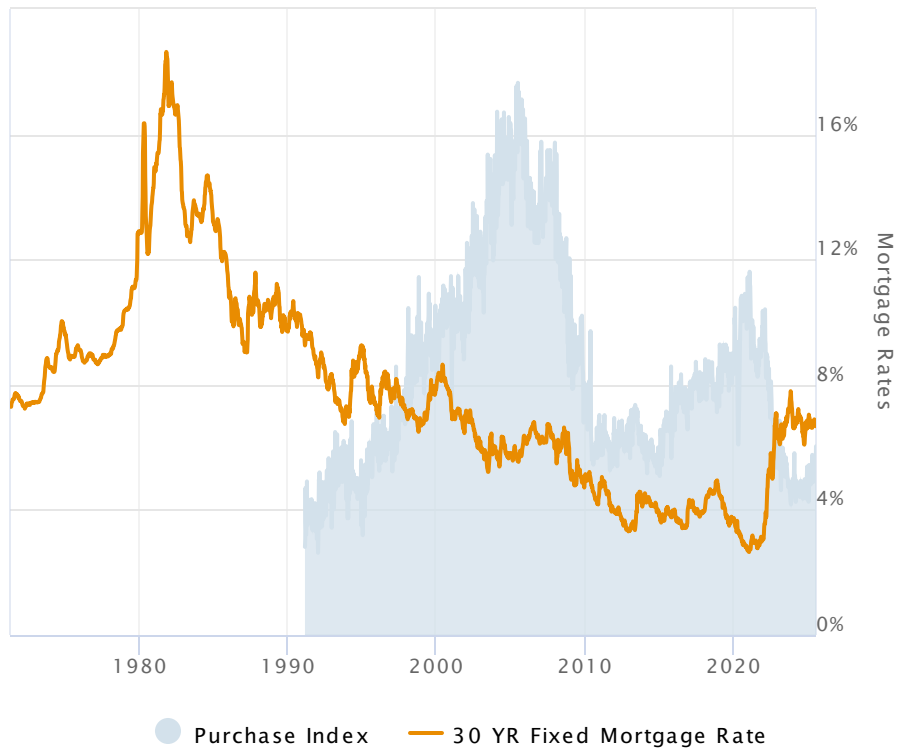
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The seasonally adjusted Purchase Index gained 3 percent and was 1 percent higher on an unadjusted basis. Activity was 39 percent lower than the same week one year ago.



“Mortgage rates declined for the third straight week, which is good news for potential homebuyers looking ahead to the spring homebuying season. Mortgage rates on most loan types decreased last week and the 30-year fixed rate reached its lowest level since September 2022 at 6.2 percent,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Overall applications increased with both gains in purchase and refinance activity, but purchase applications remained almost 39 percent lower than a year ago. Homebuying activity remains tepid, but **if rates continue to fall and home prices cool further, we expect to see potential buyers come back** into the market. Many have been waiting for affordability challenges to subside.”

He added that, while refinances rose, interest rates are still more than two percentage points higher than a year ago, providing very little refinance incentive for most borrowers who are locked into lower rates.”

Other highlights from MBA’s Weekly Mortgage Application Survey:

- Loan sizes continued their recent rebound. The average loan increased by more than \$10,000 to \$368,400 and purchase loans averaged \$415,000, up from \$402,300.
- The FHA share of total applications dropped to 11.9 percent from 13.0 and the VA share increased to 13.0 percent from 11.8 percent. The USDA share was unchanged at 0.6 percent.
- Last week’s 6.20 percent average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) represented a 3-basis point decline from the prior week. Points increased to 0.69 from 0.67.
- The average contract interest rate for jumbo 30-year FRM dropped to 5.92 percent from 6.08 percent, with points increasing to 0.41 from 0.40.
- Thirty-year FRM backed by the FHA had an average rate of 6.22 percent, down from 6.26 percent, with points increasing to 1.10 from 1.05.
- The rate for 15-year FRM averaged 5.54 percent with 0.51 point. The prior week it was 5.58 percent, with 0.54 point.
- Rates for the 5/1 adjustable-rate mortgage (ARM) rose to 5.44 percent from 5.31 percent, with points increasing to 0.83 from 0.74. The ARM share of applications ticked down to 6.5 percent from 6.6 percent.

