



Mortgage App Volume Pulls Back as Rates Rise

The Mortgage Bankers Association (MBA) said its Market Composite Index for the week ended April 14 was down 8.8 percent on a seasonally adjusted basis from one week earlier. The Index, a measure of loan application volume, **declined by 8 percent on an unadjusted basis.**



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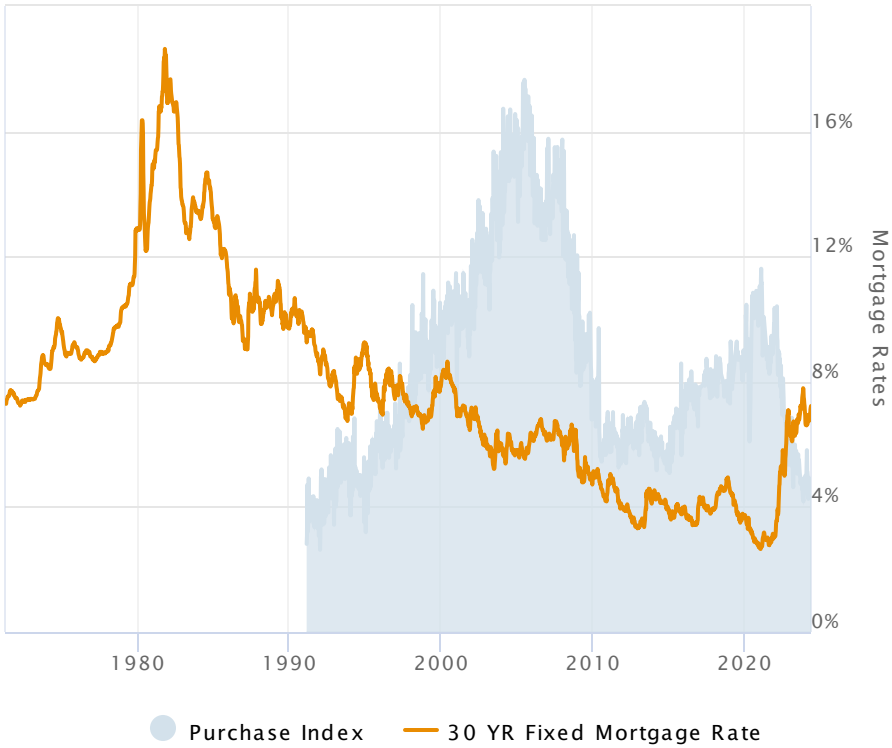
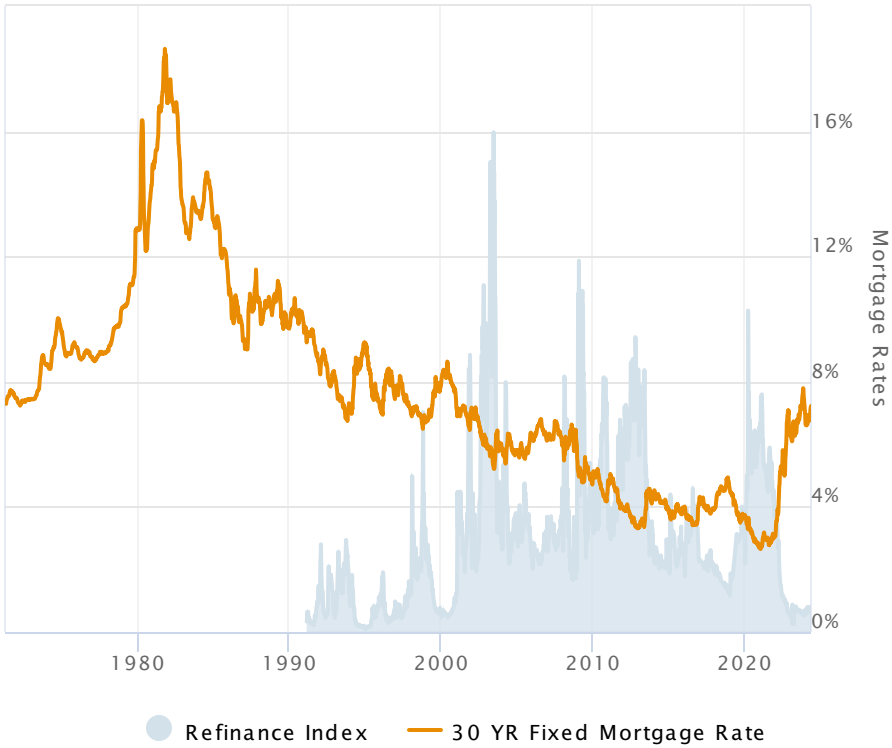
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Applications for both refinancing and home purchasing retreated. The **Refinance Index decreased 6.0 percent from the previous week while the Purchase Index was down 10.0 percent** on a seasonally adjusted basis and 9.0 percent before adjustment. Refinancing activity is now 56 percent lower than the same week one year ago and purchasing has declined by 36 percent.



“Last week’s increase in mortgage rates prompted a pullback in application activity. With more first-time homebuyers in the market, we continue to see increased sensitivity to rate changes. The 30-year fixed rate increased 13 basis points to 6.43 percent, which led to purchase applications declining 10 percent,” said Joel Kan, MBA’s Vice President and Chief Economist. “Affordability challenges persist and there is limited for-sale inventory in many markets across the country, so buyers remain selective on when they act. The 10-percent drop in FHA purchase applications, and the increase in the average purchase loan size to its highest level in a month, are other indications that first-time buyers have pulled back. The spread between the jumbo and conforming 30-year fixed rates widened slightly last week to 15 basis points, but this was a much tighter spread compared to the past year. As banks reduce their willingness to hold jumbo loans, **we expect this narrowing trend to continue.**”

Added Kan, “Refinances also declined and accounted for just over a quarter of all applications, as rates remained more than a full percentage point above the same week a year ago. This leaves very little refinance incentive for most homeowners.”

Additional Highlights from MBA’s Weekly Mortgage Applications Survey

- The refinance share of mortgage activity increased to 27.6 percent of total applications from 27.0 percent the previous week.
- Loan sizes are approaching the levels last seen in the spring of 2022. The average was \$389,200 and purchase loans rose from \$431,900 the previous week to \$437,700.
- The FHA share of total applications increased to 12.7 percent from 12.3 percent and the VA share was 11.7 percent compared to 12.8 percent a week earlier. USDA loans again garnered an 0.5 percent share.
- The average 6.43 percent rate for 30-year fixed-rate mortgages (FRM) was accompanied by an 8-basis point increase in points to 0.63.
- The average contract interest rate for jumbo 30-year FRM increased to 6.28 percent from 6.26 percent, with points rising to 0.51 from 0.42.
- Thirty-year FHA-backed FRM had an average rate of 6.33 percent with 0.94 point. The prior week the rate was 6.29 percent, with 0.91 point.
- Rates for 15-year FRM jumped an average of 11 basis points to 5.89 percent. Points increased to 0.65 from 0.57.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) increased to 5.56 percent from 5.51 percent, with points decreasing to 0.72 from 0.90.
- ARMs accounted for 6.3 percent of the week’s applications compared to 6.0 percent the previous week.