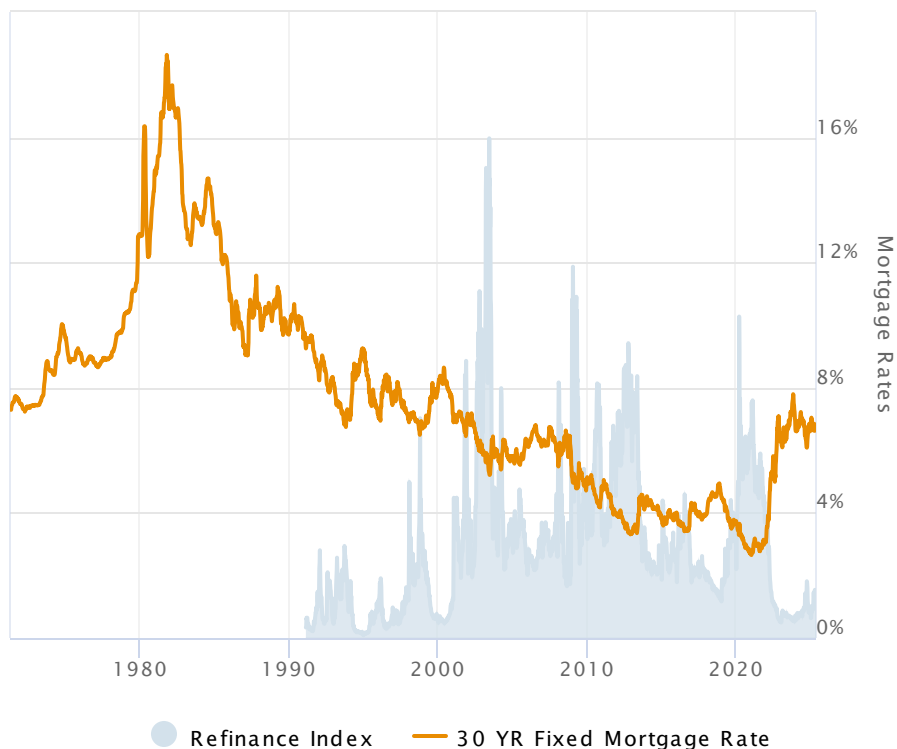




Mortgage App Volume Hindered by Rising Rates

The volume of mortgage applications fell during the last week of June as compared to the prior week which had contained an adjustment to account for the Juneteenth holiday. The Mortgage Bankers Association (MBA) **reported a decline of 4.4 percent in its seasonally adjusted Market Composite Index**. The change ended a three-week streak of volume gains. On an unadjusted basis, however, that index did move 6.0 percent higher.

The **Refinance Index decreased 4 percent** from the previous week and was 30 percent lower than the same week one year ago. The refinance share of applications ticked up to 27.4 percent from 27.2 percent.



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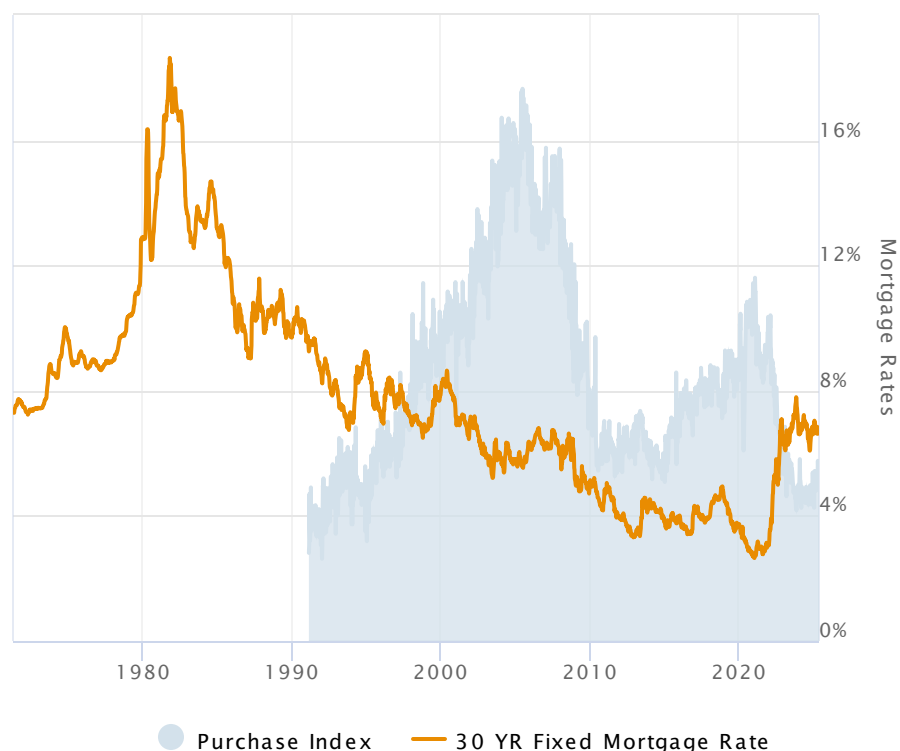
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The seasonally adjusted **Purchase Index** declined 5.0 percent but was 6.0 percent higher before adjustment. Applications were down 22 percent from the same week in 2022.



“Mortgage applications fell to their lowest level in a month last week as rates for most loan types increased. As mortgage-Treasury spreads remained wide, the 30-year fixed rate increased to 6.85 percent, the highest rate since the end of May,” according to Joel Kan, MBA’s Vice President and Deputy Chief Economist. **“Purchase applications decreased for the first time in a month, as homebuyers remained sensitive to rate changes.** Rates are still over a percentage point higher than a year ago, and housing affordability is still a challenge in many parts of the country. However, the average loan size for a purchase application declined to \$423,500 – its lowest level since January 2023. This was likely driven by reduced purchase activity in some high-price markets and more activity in some of the lower price tiers as buyers searched for more affordable options.”

The recent low of \$423,500 cited by Kan for purchase loans was about \$4,500 below the average a week earlier. Overall loan sizes declined from \$384,200 to \$378,800. The last time loan sizes rose was in mid-May.

Other Highlights from MBA/s Weekly Mortgage Applications Survey

- The FHA share of total applications increased to 13.0 percent from 12.9 percent and the Veterans Administration’s share decreased to 11.7 percent from 12.2 percent. USDA applications were unchanged from the prior week at a 0.4 percent share.
- The 6.85 percent average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) represented a 10-basis point increase from the prior week. Points rose to 0.65 from 0.64.
- The rate for jumbo 30-year FRM increased to 6.95 percent from 6.91 percent, with points slipping to 0.64 from 0.69.
- FHA-backed 30-year FRM had a rate of 6.68 percent with 0.98 point. The prior week the rate was 6.63 percent with 1.08 points.
- Fifteen-year FRM rates averaged 6.30 percent, up 7 basis points. Points increased to 0.91 from 0.69.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) dropped to 6.00 percent from 6.28 percent, with points increasing to 1.23 from 1.02.
- The ARM share of activity increased to 6.2 percent from 6.1 percent.