



## Affordability Continues to Crimp Application Volume

The weekly applications report from the Mortgage Bankers Association (MBA) wasn't positive, but it was certainly consistent. MBA said its Market Composite Index, a measure of mortgage loan application volume, was down by 3.0 percent across the board during the week ended July 28. The composite index decreased 3.0 percent on both a seasonally adjusted and unadjusted basis. The same percentage decline held for the Refinance Index and both the adjusted and unadjusted Purchase Indices.



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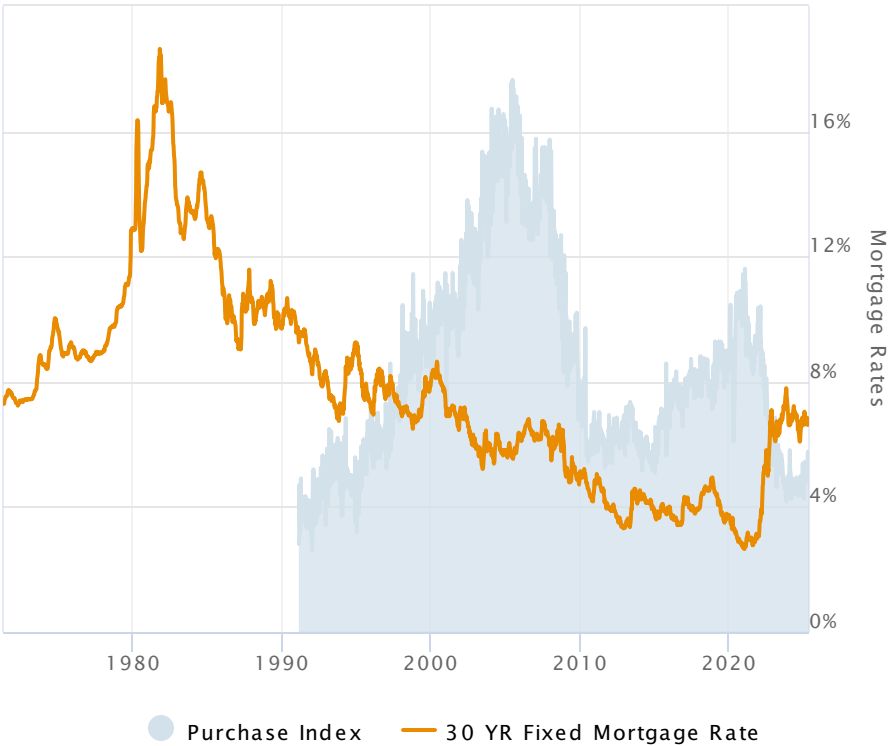
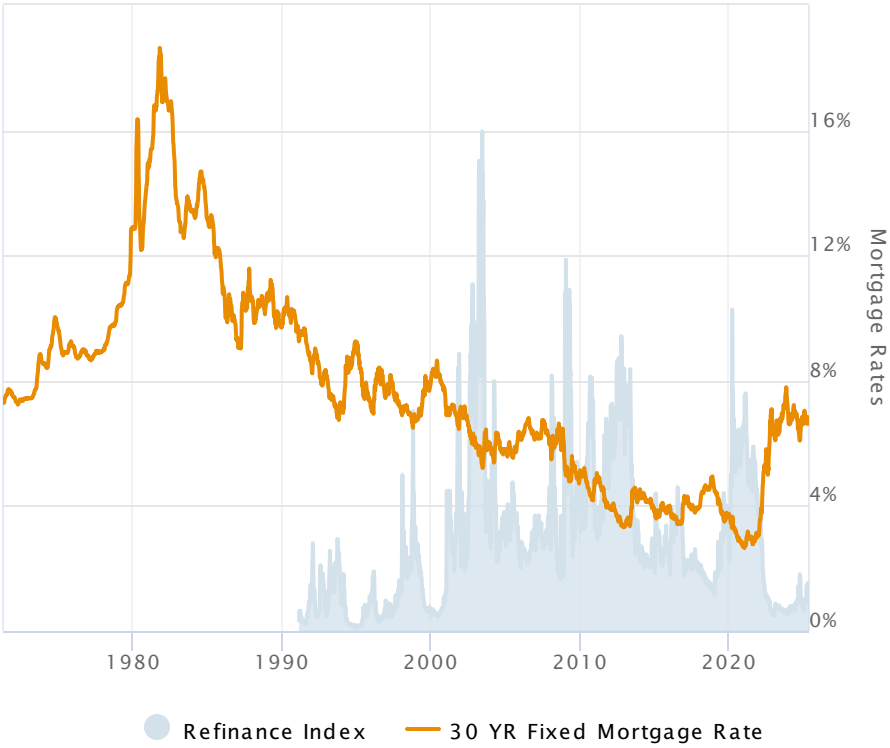
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Applications for refinancing were 32 percent lower than the same week in 2022 and the Purchase Index was down 26 percent year-over-year.



“Mortgage rates edged higher last week, with the 30-year fixed mortgage rate to 6.93 percent and leading to another decline in overall applications,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “The purchase index decreased for the third straight week to its lowest level since the beginning of June and remains 26 percent behind last year’s levels. The decline in purchase activity was driven mainly by weaker conventional purchase application volume, as limited housing inventory and rates still close to 7 percent are crimping affordability for many potential homebuyers. The refinance market continues to feel the impact of these higher rates, and applications trailed last year’s pace by over 30 percent with many homeowners not looking for refinance opportunities.”

#### Highlights from MBA’s Weekly Mortgage Applications Survey

- Loan sizes yo-yoed again, dropping from last week’s spike of \$383,100 to \$375,100. Purchase loan sizes, which averaged \$432,700 the prior week, retreated to \$423,400.
- The FHA share of applications increased to 13.3 percent from 12.7 percent and the VA share decreased to 11.6 percent from 12.1 percent. The USDA share of total applications increased to 0.7 percent from 0.5 percent the prior week.
- The refinance share of mortgage activity increased to 28.9 percent from 28.7 percent week-over-week.
- The 6.93 percent average interest rate for conforming 30-year fixed-rate mortgages (FRM) was a 6-basis point increase from the prior week. Points grew to 0.68 from 0.65.
- The rate for jumbo 30-year FRM dipped to 6.89 percent from 6.90 percent, with points decreasing to 0.58 from 0.64.
- Thirty-year FRM with FHA guarantees had an average rate of 6.85 percent, up from 6.80 percent the prior week. Points ticked up 2 basis points to 1.05.
- The rate for 15-year FRM rose to 6.39 percent from 6.37 percent, with points increasing to 0.78 from 0.75.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) averaged 6.18 percent, a 17 basis point surge, while points dropped to 1.16 from 1.25.
- The adjustable-rate mortgage (ARM) share of applications jumped from 5.9 percent to 6.5 percent.